

Tianyun International Holdings Limited 天韵國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 6836.HK



MORE FRESH & HEALTHY CHOICES



ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT **2021**

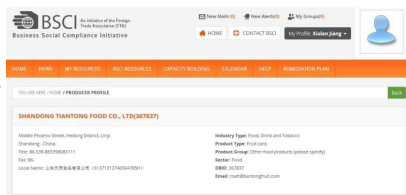


Awards and Recognitions

PROFESSIONAL HONORS, QUALIFICATIONS AND INTERNATIONAL CERTIFICATIONS



BRC(A), IFS Food (High), HALAL, HACCO, SC, KOSHER, BSCI, ISO22000, ISO9001, ISO45001, ISO14001, etc.



Grade A Unit in Food Hygiene

NATIONAL HIGH-TECH ENTERPRISE



Has been granted a number of patents on its innovations, appearance designs, and production technologies, including 5 invention patents, 15 utility model patents, 4 appearance design patents, in which, two applications for the invention patent have been accepted and 6 utility model patents have been granted

INNOVATIVE PLATFORM

- Linyi Enterprise Technology Centre
- “One Enterprise One Technology” municipal-level research centre
- Linyi Canned Fruit Deep Processing and Smart Production Research Centre
- Linyi Fruit and Vegetable Deep Processing Technology Research Centre

THE COMPANY'S AWARDS



- 1 Demonstrative Enterprise in Processing National Agricultural Product
- 2 Leading Enterprise in Agricultural Industrialisation in Shandong Province
- 3 First batch of Companies of the “Three Equals Project”
- 4 Top 10 Canned Food Enterprises of China
- 5 Forbes China’s Most Promising Listed Companies
- 6 “Professional, Specialized, Unique, Innovative” Enterprise
- 7 Demonstrative Enterprise in Processing Products under “Shandong Food Safety”
- 8 Linyi Mayor Quality Award
- 9 Linyi Scientific and Technological Advancement Award

AWARDS 2021

- 1 Won the Advanced Group for Technological Innovation in the Light Industry during the 13th Five-Year Plan (十三五轻工行业科技创新先进集体) at the National Light Industry Science and Technology Innovation and Industrial Development Conference
- 2 Once again selected as the “Brand Linyi (品牌临沂)” enterprise, and was recognized as a High-quality Branded Enterprise in Shandong (山东优质品牌培育企业).
- 3 Was listed as a 2021 Top 100 China Food OEM Enterprise and was ranked 21st nationally





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Introduction

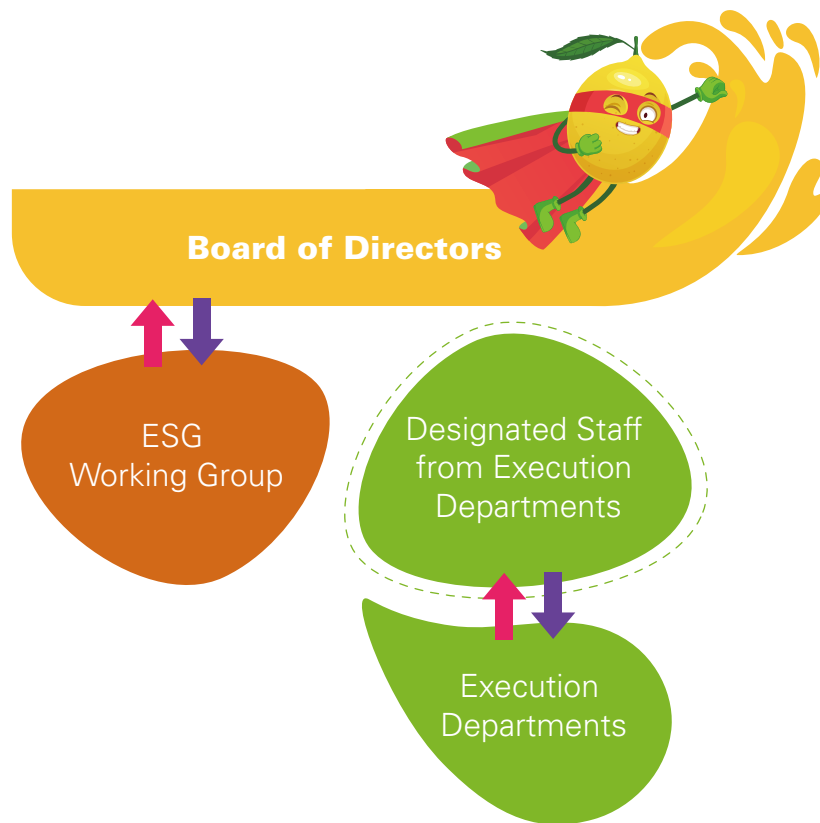
Tianyun International Holdings Limited (the "Group" or "Tianyun International") has the pleasure in presenting the Environmental, Social and Governance Report (the "Report") for the year ended 31 December, 2021, which discloses the target projects, performance and measures in relation to the Environmental, Social and Governance ("ESG") in 2021, in response to what all stakeholders are concerned about. The Group regards ESG as the foundation for creating long-term value over our operational strategy and a necessary factor for us to expand our business, invest in the community and protect the environment. The sustainable development management considering aspects of ESG has been introduced progressively for improving the effectiveness of daily operations and governance, and reducing the environmental impacts of production and operation activities, so as to assist the Group in formulating more specific ESG plans to address the changing social environment and climate.

The Group is an industry-leading seller and manufacturer of processed fruit products (including jellies) and beverages in the Peoples Republic of China (the "PRC"), who engaged in the research and development, production and sale of processed fruit products (including jellies) and beverages packaged in metal cans, plastic bottles, glass bottles and aluminium foil bags, as well as fresh fruit trading. Its own brands include "Bingo Time" (繽果時代), "fruit zz" (果小懶), "Tiantong Times" (天同時代), "享派Shiok Party", and "妖果季" etc. When developing new products, the Group is committed to providing healthy, safe, nutritious, delicious and convenient fruit-based products and drinks for consumers of all ages in course of developing new products, and promoting a healthy eating culture.

In terms of environmental resource conservation, the Group actively promotes green office and paperless office, significantly reduces the amount of paper used in daily office work, continues to strengthen its management of product production process, and enhances the energy and resource efficiency. In terms of product responsibility, the Group has allocated more resources for product research and development on microbiological testing and analysis to improve product safety and verification for shelf-lives, in order to ensure food safety. In terms of corporate governance, the Group continues to implement policies in line with its commitment to caring for employees, provides trainings to all staff in a systematic way, improves overall working environment, and promotes safe production and product quality. The Group also enhances the happiness of its employees by providing ideal remuneration and welfare packages, and creating an inclusive corporate culture.

ESG Governance Structure



We believe that sustainable long-term business development strategies and operational management are extremely important. The Board of Directors (the “Board”) applies a top-down approach to manage its ESG issues, and is responsible for overseeing and formulating ESG strategies and policies to build a solid foundation for long-term development. The Board can effectively integrate ESG factors into the Group’s business strategies to ensure the comprehensiveness of the ESG mechanisms of the Group. The Board will also assess the implementation and effectiveness of the internal control system in due course, review and examine relevant objectives, targets, as well as relevant performance. For the day-to-day operations and management related to ESG, the Group has established an ESG working group, which is comprised of designated staff from execution departments, to be responsible for collecting relevant data on ESG, keeping in touch with stakeholders, and reporting to the Board regularly in order to assist the Board to identify and assess relevant risks, as well as to continuously improve the ESG management system.



ESG Risk Management

An effective ESG risk management is critical to the long-term growth and sustainable development of the Group’s business. The Board oversees the relevant risk identification process of the Group. The Board evaluates and determines the nature and extent of the risks which the Group can accept in the course of achieving strategic objectives, so as to assist the Group in formulating more specific ESG risk management policies. For ensuring the effectiveness of the risk management and internal control system, the Group adopts a systematic risk management approach and establishes an organizational structure for risk management and internal control with clear responsibilities and reporting procedures under the supervision and guidance of the Board, so as to achieve ESG related risk management and target setting.

During the Reporting Year, the Group identified, analyzed and assessed potential ESG risks through the above risk management process, and adopted appropriate management methods to deal with them, so that all risks can be effectively controlled. The risks associated with sustainable development are listed below:

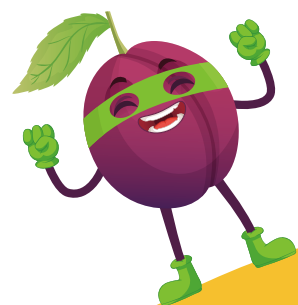
Categories	Identified ESG-related risks	Measures taken by the Group
 <p>Corporate Governance and Employee Safety</p>	<p>Risk in Public Emergency</p> <p>The business and operations of the Group may be affected by public emergencies, such as the COVID-19 pandemic, resulting in the inability to run the business properly.</p>	<ul style="list-style-type: none"> A response mechanism has been established for public emergencies, such as the establishment of an emergency leading group for pandemic prevention and control.
 <p>Product Responsibility</p>	<p>Risk in Product Quality and Food Safety</p> <p>Any incidents in connection with product quality and food safety may adversely affect the confidence of the public towards the products of the Group, which in turn may affect the business and results of operation of the Group.</p>	<ul style="list-style-type: none"> Controlling risks from different perspectives and the establishment of an effective supplier evaluation mechanism, to ensure that the credit and product quality of the cooperating suppliers are guaranteed, ensuring product quality and safety from source.

Chairman's Statement

On behalf of the Board of Directors (the “Board”) of Tianyun International Holdings Limited (the “Group” or “Tianyun International”, together with its subsidiaries, the “Group” or “we”), I am pleased to present the Environmental, Social and Governance Report for the year ended 31 December 2021, which sets out the Group’s performance on environmental protection, corporate operations, product responsibility, employee benefits and social responsibility in 2021. They are reflecting the Group’s emphasis on sustainability. At the same time, the Group actively improves efficiency of resource use. We have done our utmost to mitigate the impact of production processes on our environment, strengthen our productivity and product inspections, promote the development of the Company while enhancing environmental and social benefits.

As a consumer goods enterprise, the Group is committed to researching and developing new products to provide customers with wider range of product types to meet the market demand for different fruit-based products and drinks. With the pandemic prevention and control gradually going normalized, the Group has actively expanded its business and developed more product types in 2021, including the vitamin sports drink series of the new self-own brand “享派Shiok Party” and the tailor-made chunky fruit drink “妖果季”, that have become the best choice of healthy drinks for consumers of all ages. In addition, the Group has launched new products with the “Phoenix Pearl” Fruit Ball (鳴鳳之珠) series such as granules fruit and fruit pastes, in order to expand its customer base and enhance its market competitiveness. With the mission to focus on product quality and commitment to customers, the Group was listed as a 2021 Top 100 China Food OEM Enterprise (2021中國食品代工企業百強榜) during the Reporting Year. Being ranked the 21st enterprise in China, it indicates that our consumers highly recognized our product and service quality.

In response to changing demand of consumers and customers, the Group has been more proactive in improving production technology, promoting a wider range of product types, and demonstrating our innovation capabilities to the industry. During the Reporting Year, Shandong Tiantong Food Co., Ltd. (“Shandong Tiantong Food”), a wholly-owned subsidiary of the Group, was awarded the Advanced Group for Technological Innovation in the Light Industry during the 13th Five-Year Plan Period (十三五輕工行業科技創新先進集體) by the China National Light Industry Council (中國輕工業聯合會). Ms. Lu Chunxia, deputy general manager of the group, as well as a technical research and development consultant, was also awarded the “Advanced Individual in Technological Innovation in Light Industry during the 13th Five-Year Plan (十三五輕工行業科技創新先進個人). The awards demonstrate that the Group’s product



innovation with technology was highly recognized. The Group strives to develop and enhance their range of product types, while actively exploring possibility of environmentally-friendly packaging materials to provide the market with wider range of product choices.

I, on behalf of the Board of Directors, would like to express my sincere gratitude to our shareholders, business partners, customers and consumers for their trust. With the rapid expansion of the Group's production capacity and distribution network, the Group will reach a new rapid development cycle. We hope to establish a solid business foundation for development through good corporate governance and adherence to the sustainable development, and bring longer-term returns to investors and the society.

In the future, the Group will actively implement various sustainability measures, expand community investment, and fulfill its corporate social responsibilities while developing and launching more healthy, safe and delicious products to respond to the expectations of the stakeholders.

Yang Ziyuan

Chairman and Chief Executive Officer

24 October 2022



About This Report

REPORTING FRAMEWORK

This report has been prepared in accordance with the “Mandatory Disclosure” and “Comply or Explain” in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 27 of the Rules Governing the Listing of Securities (the “Main Board Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The preparation of the report covers four reporting principles - Materiality, Quantitative, Balance and Consistency.

Materiality	Based on the nature of the Group’s business, to conduct questionnaire surveys with internal and external stakeholders, conduct materiality assessment, identify important issues related to the ESG, and establish a reporting framework in line with the importance of the issues which including all relevant material issues. The relevant results of stakeholder communications and materiality matrix have been disclosed in the sections headed “Stakeholder Engagement” and “Materiality Analysis”.
Quantitative	Specify quantitative information for key performance indicators, criteria, estimation methods, assumptions and reference data, and state comparative data where appropriate.
Balance	The report fully discloses the performance of the Group. The Group avoids biased selections, omissions, or presentation formats that may inappropriately influence the decisions or judgment of the readers of this Report.
Consistency	To facilitate comparability of the data, the Group uses consistent methodologies for reporting. When changes occur, the Group discloses changes to the methods used or other relevant factors that interpret meaningful comparisons.

The Group’s governance structure and practices are set out in the Corporate Governance Report on pages 21 to 31 of the 2021 Annual Report.

REPORTING PERIOD

This report covers the performance and results of the Group’s Environmental, Social and Governance (“ESG”) from 1 January 2021 to 31 December 2021 (the “Reporting Year” or “2021”).







Reporting Scope

The Group has production bases in Shandong Province and other provinces in the PRC. The production base in Shandong is our principal base for the production which accounts for the largest annual production volume. Therefore, as required by the principle of Consistency stipulated in the ESG Reporting Guide of the Stock Exchange, the reporting scope of this Report covers the Group’s production base in Linyi City, Shandong Province in the PRC (“Linyi Production Base”), that is in line with that of last year. The disclosures of the performance in fulfilling policies, measures and complying with laws and regulations in relation to the ESG, are based on the Group as a whole. The Group will continue to review the scope of disclosure according to future business development and make adjustments in due course.

Stakeholder Engagement

The Group always listens to the views of different stakeholders. Their ESG-related views drive our business to continuous improvement and development. Therefore, the Group collects opinions from external and internal stakeholders through various channels to explore more ways to keep in touch with stakeholders and get diversified views and suggestions.

The relevant stakeholders of the Group and their communication channels with the Group during the Reporting Year are set out below:

Stakeholders	Communication Channels	Concerned Areas
External Stakeholders		
Investors and Shareholders 	<ul style="list-style-type: none"> • Annual general meeting and other general meetings • Annual report and interim report • Group announcements and circulars • ESG report • Corporate communications and press releases • Company website and contact email • Opinion surveys and questionnaires • Field trip 	<ul style="list-style-type: none"> • Comply with relevant laws and regulations, including the Listing Rules • Return on investment • Enterprise development
Clients and Customers 	<ul style="list-style-type: none"> • Hotline and email • Customer satisfaction survey • Official account and company website 	<ul style="list-style-type: none"> • Stable relationship • Product quality • Protect customer privacy • Business integrity and ethics
Suppliers 	<ul style="list-style-type: none"> • Business meetings, emails and phone calls • Regular meetings • Supplier code • Bidding and procurement process 	<ul style="list-style-type: none"> • Long-term cooperative relationship • Business ethics and reputation • Fair bidding
Government and Regulatory Authorities 	<ul style="list-style-type: none"> • Group authorized representative • Field trip • Company website • Legal counsel • Meetings, emails and phone calls 	<ul style="list-style-type: none"> • Law and regulation compliance • Implementation of the policy • Pay taxes
Community, NGOs & Media 	<ul style="list-style-type: none"> • Media interviews and communications • Press release • ESG report 	<ul style="list-style-type: none"> • Contribution to the society • Environmental protection • Social welfare • Health and safety
Internal Stakeholders		
Employees 	<ul style="list-style-type: none"> • Training and seminars • Employee performance appraisal • Cultural and sports activities • Staff meetings • Internal communication hotline and email 	<ul style="list-style-type: none"> • Career development opportunities • Health and safety • Salary and benefits • Work environment

Materiality Assessment

As required by the reporting principle of Materiality suggested by the Stock Exchange, the Group employed an external consultant to design questionnaires, and distributed the questionnaires to internal and external stakeholders for rating the importance of the ESG issues. The course of its inquiry is as follows:

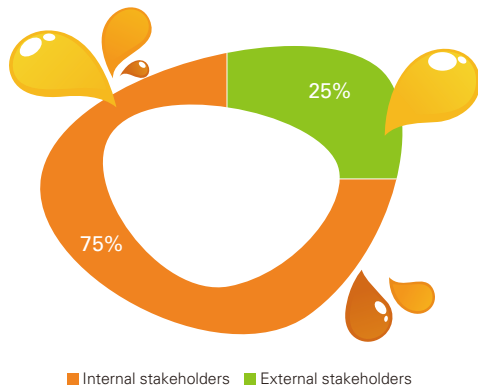
1. IDENTIFICATION OF TOPICS

An external consultant is hired by the Group to assist in the integration of 22 ESG topics related to the Group’s business, such as Environmental Protection, Employment and Labor Practices, Operational practices, Community Investment and Other Issues, according to the latest reporting requirements set out by the Stock Exchange. Having regard to the industry characteristics and market development, new topics such as Green Procurement, Community Investment, New Product, and Crisis management have been introduced during the Reporting Year.

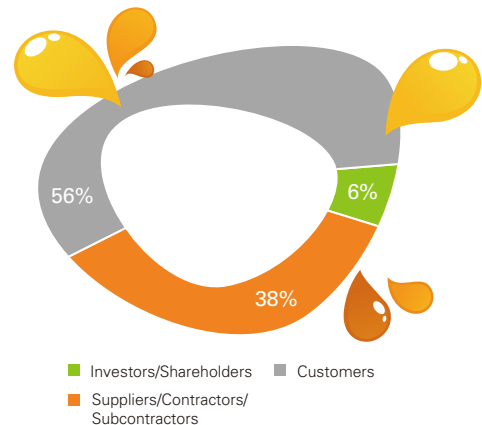
2. PRIORITIZATION OF TOPICS

The Group collects opinions and suggestions from external and internal stakeholders by means of questionnaires which is intended for rating the importance of 22 ESG issues. The percentage of the types of stakeholders involved in the process is as follows:

Proportion of Stakeholder Groups

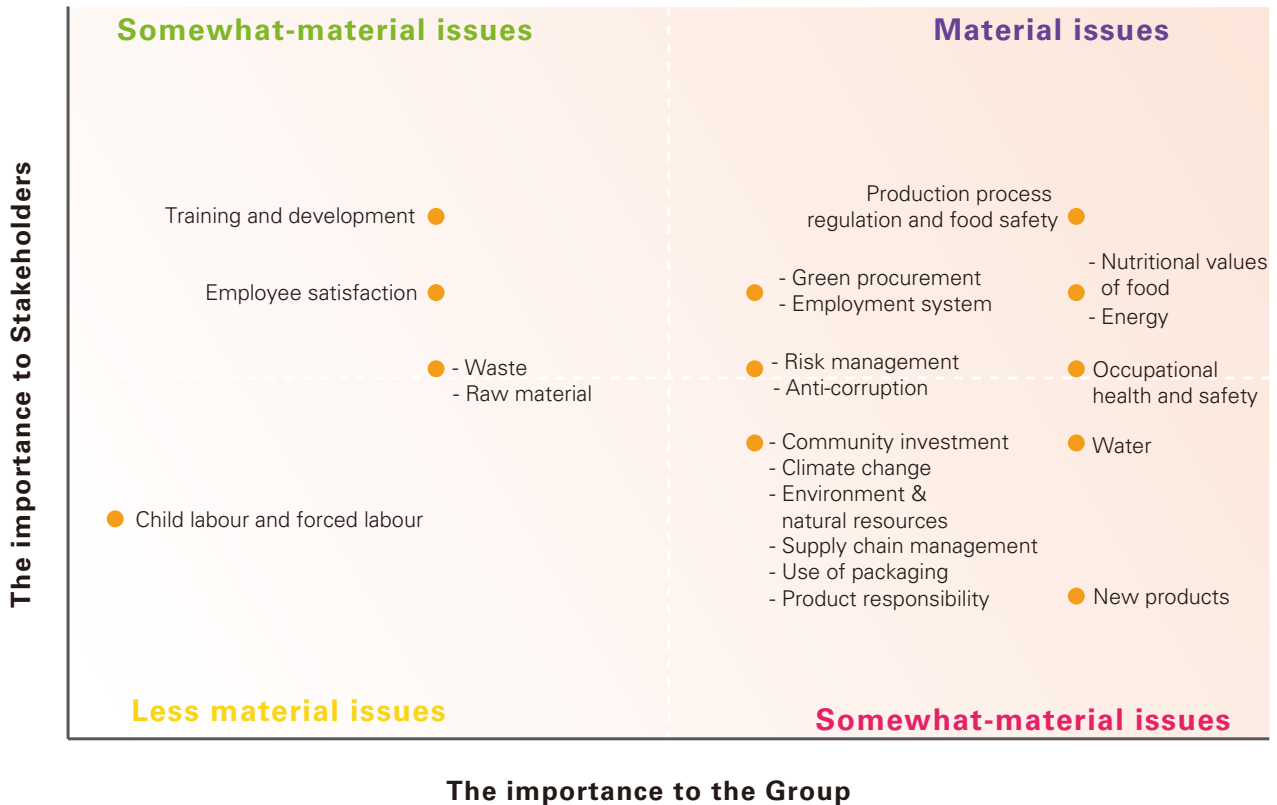


Proportion of External Stakeholder Groups



3. MATERIALITY ANALYSIS

Five most important issues and eleven relatively important issues are generated with the Materiality Matrix, after finalizing the ratings by the stakeholders. The detailed results are listed in the following matrix:



On the whole, the issues most concerned by the Group’s stakeholders are mainly in the areas of Operational Practices, Employment and Labor Practices as well as issues related to product responsibility, in which, external stakeholders are more concerned about the Group’s Environmental Practices than internal stakeholders. In response to the concerns of stakeholders and in compliance with the principle of Materiality required by the Stock Exchange, the results of this materiality assessment constitute the reporting framework of the Report, and adjust the disclosure content according to the materiality of each issue.

Top 5 issues stakeholders most concerned about		
	External stakeholders	Internal stakeholders
1	Waste	Anti-corruption
2	Energy	Waste
3	Water	Risk management
4	Raw material	Use of packaging
5	Environment and natural resources	Employment system
6	Climate change	Occupational health and safety

CONTACT US

The contents set out in this report are derived from the internal documents, data and the estimation of the Group and relevant subsidiaries, which have been reviewed and approved by the Board. For the convenience of the readers and easy understandability, a complete index is attached to the last chapter of this Report for reference. This report is available in Chinese and English and has been uploaded to the HKEx website (www.hkexnews.hk). If there is any conflict or discrepancy in the Chinese and English versions, the Chinese version shall prevail.

The stakeholders are welcome to provide comments on the content of this Report, to facilitate the Group in establishing a better sustainability strategy in the future. If you have any questions or suggestions about the contents of this Report, please reach out to us by the following channels:

Email : info@tianyuninternational.com

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Part 1 | Products and Governance

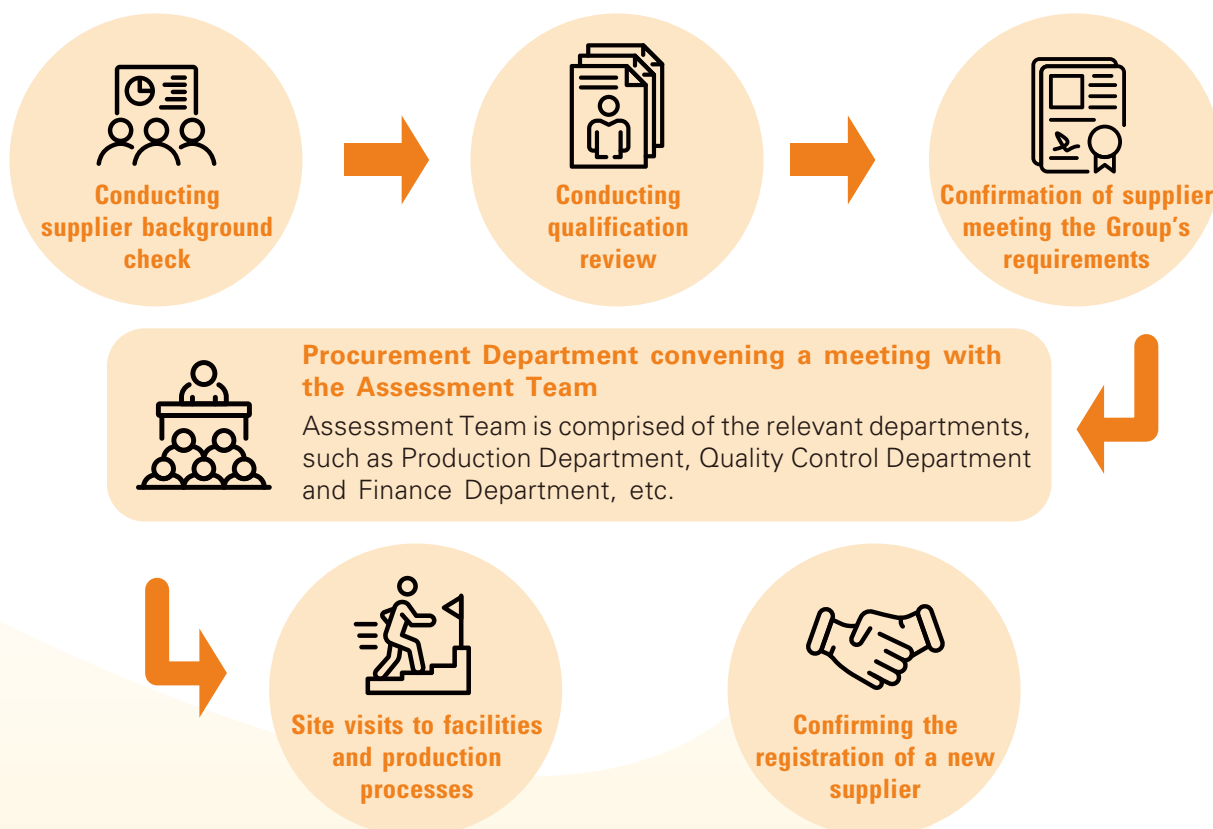
As a leading fruit processing producer in China, the Group is committed to promoting a good corporate culture, creating a fair and diverse work cultures for employees, and ensuring employee safety. Meanwhile, we hope to provide customers with high-quality fruit-based products, and provide healthy food which meets hygienic requirements to the public by enhancing the quality of corporate governance.

SUPPLY CHAIN MANAGEMENT

In addition to the production of high-quality products under its own brand, the Group also provides reliable and comprehensive OEM services to a number of internationally renowned brands, as well as keeping pace with international production standards. In order to keep stable product quality, the Group has formulated stringent supplier selection criteria to ensure that the stability and performance of the supply chain are up to expectations, and consider suppliers which produce their products in an environmental way, so that customers can have the fruit-based processed food of high quality.

Selection and Management of Suppliers

The Group's major suppliers mainly include packaging, fruit suppliers and processing companies that provide OEM services. The Group maintains long-term cooperative relationships with its major suppliers to ensure a stable supply of raw materials. All suppliers are carefully selected, and their performance is regularly monitored and evaluated to ensure that the quality of the food produced is stable and meet our stringent standards. The Group clarifies the responsibilities of each department in the procurement process, while strictly regulating the selection and management of suppliers, and specifying the relevant measures in our Food Safety Manual and Procurement Control Procedures for employees to follow. The process of selecting a new supplier is as follows:

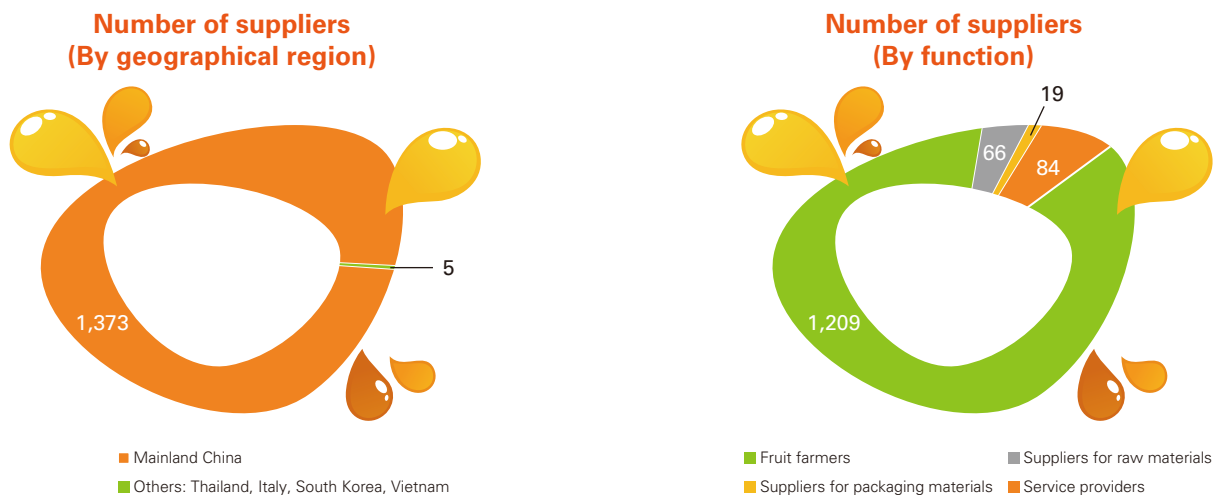


Part 1 | Products and Governance

The Group understands that any problems concerning product quality and food safety occurred could influence the public confidence in the Group's products, which would in turn harm our reputation. Therefore, the Group will continue to strengthen the supervision over the procurement of raw and auxiliary materials, and ensure the responsibility and quality assurance of our supplier through the establishment of an effective supplier evaluation mechanism, so as to ensure product quality and safety from the source. Since most of the packaging materials used by the Group were specifically designated by customers, we may not be able to choose more environmentally friendly packaging materials. In order to promote environmental performance of our supply chain, the Group encourages suppliers to obtain system certifications related to the environment, of which certifications will affect their ratings under our evaluation mechanism.

During the Reporting Year, 29 of our suppliers have obtained ISO 9001 System Certification, and another 13 suppliers obtained ISO 14001 Certification.

During the Reporting Year, the Group had a total of 1,378 suppliers. The following shows the number of suppliers by region and function:



Supplier's Environmental and Social Risks

In order to manage environmental and social risks in its supply chain, we put forward quality-related requirements and criteria in the process of supplier selection and procurement. We would take the environmental and social performance of the suppliers into consideration, and conduct a comprehensive assessment before engagement of suppliers. According to the Suppliers Code of Conduct which is formulated by the Group, suppliers must provide stable supply and service quality, must be socially responsible and avoid forced labor or child labor. A responsible supplier has to ensure that all their employees are provided with a safe and fair working environment, while safeguarding the rights and interests of the workers. To ensure that our suppliers effectively implement relevant requirements, we have conducted on-site supervision and inspection according to the Group's supply chain management process; if our procurement department finds appropriate, the Group would remove suppliers that fall below standards from the list of approved suppliers.



Part 1 | Products and Governance

Fair and Open Procurement

The Group's procurement process is conducted under open, fair and equitable conditions in compliance with the Law of the PRC on Tendering and Bidding and other relevant regulations. Any parties with an interest will not be allowed to participate in the relevant procurement activities to ensure that the Group treats all suppliers fairly and works with them with same standards. To maintain our commitment to act with integrity in all our activities, the Group has zero tolerance for bribery and corruption, and refuses to obtain procurement contracts or develop cooperative relationships with suppliers and partners with any form of advantage transfers. For more relevant measures, please refer to the section headed "Anti-Corruption".

PRODUCT RESPONSIBILITY

The Group regards product responsibility as an important foundation for providing products of high quality, and also as a cornerstone for our reputation. We always target to meet international standards for food safety. We try to improve consumers' confidence in our products by applying for international certification and being re-examined for it regularly.

During the Reporting Year, the Group strictly complied with the Product Quality Law of the PRC, the Consumer Rights Protection Law of the PRC and the Advertising Law of the PRC and other laws and regulations. During the Reporting Year, the Group was not aware of any non-compliance with the laws and regulations relating to health and safety, advertising, labelling and privacy matters in relation to products and services and remedies that would have a significant impact on the Group.

Quality Management of Raw Materials

The quality of raw materials is the key to the quality of the end products, so the Group attaches great importance to the procurement and inspection of raw materials. By establishing the Procurement Control Procedures and Raw Material Inbound Inspection Control Procedures, all employees are able to manage raw materials in accordance with the Group's requirements, that providing the most important foundation for good product quality.

Part 1 | Products and Governance

Before fruit sourcing



Stringent scrutiny and inspection of suppliers and the fruits they supply in accordance with established codes

Variety, specification, color, maturity of raw materials

Make the purchasing decision

Agreements are entered into with different planting bases

Conduct regular site visit for monitoring the management of the planting base, standardize the requirements of pesticides, fertilizers, as well as the irrigation, etc.



Make sure the pesticide residues and heavy metal contents of the fruits meet the international safety standards

Before delivery



Test the pesticide residues and heavy metal contents of the raw materials according to the annual inspection plan formulated by the Company



Ensure the quality meets national standards and customs regulations

Establish a List of Qualified Suppliers based on factors such as food safety, quality, timeliness and price of supplies according to the Supplier Evaluation System

The List of Qualified Suppliers is reviewed annually to ensure that suppliers can maintain a stable quality of their supplies

During the fruit harvest period, the companies which entered into the agreement must assign a buyer to supervise the harvest

After raw materials are delivered to the factory



Check the conditions of raw materials



Inspectors will judge the best use time of raw materials according to the origin of the goods, the time of departure, the transportation and other conditions.

The relevant staff will then check the specifications of the raw materials according to the internal procurement standards



Unload the supplies after confirming the condition of that meet the standards, and put a label on it



If the quality of the raw materials is not up to standard, the Group will return to supplier



Supplies of ancillary materials and packaging materials



Screen the list of qualified suppliers according to strict requirements



Review and update annually



For the inner packaging materials, the Group purchases the materials from factories that have been registered with the Customs Bureau of the PRC to ensure the quality meets requirements.



Part 1 | Products and Governance

Production Process Control

The Group has a wide range of product types and needs to meet the import requirements for different brands and of different regions, leading to a complex production process. In order to ensure the product quality meets the standards and the requirements of different customers, we formulate clear standards for each step in the production process, while keeping communication with front-line staff to ensure the unification of the process and maintain product quality. In order to strengthen the management of the work flow, we have established a detailed processing flow chart for each type of product, allowing employees to identify the production requirements of different products and minimizing the chance of recalling products which do not meet the standards.

In addition, in order to ensure the hygiene and safety of products and minimize the chance of food contamination, the Group implements strict quality control procedures, regularly inspects the hygiene conditions of the production process, and conducts physical sensory inspections on semi-finished products to avoid product contamination during the packaging process.

Technological Innovation — Innovative Products

To seize opportunities in the fast-moving market, the Group has been actively developing new products, in hope of seizing market share through producing innovative products of high-quality. For the innovation and research and development capabilities, the Group has established a professional research and development team which is comprised of scientists and experts in various fields such as food science, food inspection, food engineering, and agricultural product processing and storage, bringing far-reaching innovation initiatives to the Group. The work of this team includes market research, technology research and development, product development, quality control and other works. In addition, the Group cooperates with a Japanese food development institution, a leading scientific research institution in the domestic food field, a supplier in the packaging field, a material supplier and other partners to build a research and development platform, which is expected to accelerate product development and technology introduction through close cooperation, to support the Group in producing new products.

The Group has established different laboratories to conduct research and development for different types of products:

<p>Product Development Laboratory</p> 	<ul style="list-style-type: none"> • Set up equipment for product development such as emulsifier, homogenizer, etc. • Completed the development and design of canned fruit products, sports drinks, chunky fruit drinks, and various jelly products successively • Recently, the Group has developed more than 10 new products, and the new product research and development projects including “new canned fruit jelly” and “instant fresh-cut fruit”
<p>Microbiology Laboratory</p> 	<ul style="list-style-type: none"> • Set up equipment and facilities such as electronic microscope, ultra-clean workbench, sterile room, etc. • Microbiological testing and analysis are available to verify product safety and shelf life
<p>Packaging Testing Laboratory</p> 	<ul style="list-style-type: none"> • The major research directions cover development and application of new product packaging, management and application of color patterns on the packaging, and testing of physical packaging and sealability • Equipped with different packaging testing and analysis instruments to develop a variety of packaging

Food Safety and Product Recall

The Group formulates food safety guidelines in accordance with the highest national standard and industry norms, and continuously develops the food safety policies and the control measures for production facilities. Rigorous inspection procedures for purchasing materials, production, packaging process and finished product inspection are in place to ensure strict control of production quality.

For quality control, the Group has established a Food Safety Team to check product quality:

Composition of the Food Safety Team



Principal duties :

- Preparation of the Food Safety Quality Manual
- Ensure the processes required for the food safety management system are established, implemented, maintained and updated
- Report the control of the food safety and quality management system to the top management
- Review performance and follow up on the areas required for improvement
- Liaise with relevant parties on matters related to food safety management systems
- If problems or potential risks are found during quality inspection, the Food Safety Team will issue a Corrective Action and Preventive Action Handling Form
- If the product quality is found to be unqualified in the re-examination, the Quality Control Department will issue a “Non-Conforming Product” Report, and determine the handling of such unqualified products such as isolation, scrapping and return



Part 1 | Products and Governance

In order to ensure our products on the market meet the safety standards, the Group adopts a distribution right system to evaluate and select cooperative distributors through a centralized management model. We enter into agreements with all our distributors, which stipulate that the products with shelf lives less than three months must be replaced. If any expired products are found to be out of the market, the Group reserves the right to purchase any expired products from the store at the retail price for proper disposal and to charge the distributors for the cost.

When there are products that need to be removed from the shelves and recalled due to safety problems, the Group will deal with them in accordance with the Product Recall Control Procedure. After receiving complaints, the Group can trace the flow of all affected products within 4 hours and activate the assessment mechanism. The Food Safety Team leader will hold a meeting to discuss about such problem. When such product is confirmed necessary to be recalled, the Trading Department shall implement the recall procedure and supervise the whole procedure. In order to ensure the effective and timely implementation of the relevant recall procedure, the Group will conduct two or more drills each year, and modify the procedure according to the real situation. During the Reporting Year, there were no products sold or shipped required recalls due to safety and health reasons.

External Certifications and Product Quality

As one of the processed food producers with the most complete quality certifications in China, we can meet the needs of many oversea brands according to domestic and foreign production standards. We rigorously adhere to stringent international production standards and are accredited with the global food safety standards BRC (A), International Food Standard IFS (Advanced), International Organization for Standardization (ISO) 22000, Hazard Analysis Critical Control Point (HACCP), Halal Certification (HALAL), Kosher Certification (KOSHER), US Food and Drug Administration (FDA), BSCI and ISO22000 Certification, ISO 9001 certification, ISO 45001 certification, ISO 14001 certification, in respect of our production facilities, quality control and management. The Group has also passed the internal food production standards reviews and audits from several UK and US supermarket chains. At the same time, as a Chinese “Equal production line; Equal standard; Equal quality” food production and export enterprise, the Group has been supplying products of equivalent quality to domestic and international markets.

The Group has always attached great importance to the protection of customers’ rights and interests, and is committed to providing customers with an effective protection mechanism through various policies and measures, so as to enhance customer satisfaction in food and services provided by the Group.



Part 1 | Products and Governance

Customer Service and Customer Privacy Protection

Customers' opinions, satisfaction and confidence in our food and services are the keys to the Group's development direction, brand image and reputation. By means of hotline and email, customer satisfaction survey, official account and website, the Group has established a good communication channel with customers, in hope of collecting their opinions and improving the quality of our food and services.

In order to better understand the needs and opinions of customers in a more thorough, comprehensive and timely manner, and duly handle each of customer complaints by establishing a "Customer Complaint Control Procedure", and classifying and recording each complaint in accordance with various internal guidelines, such as the "Product Quality Information Feedback Handling Form", "Health and Safety Complaint File" and "Complaint Classification Criteria".

The Group pay extra attention on following up the same complaint case happens repeatedly or the cases reported by a same customer. Staff of the Trade Department must report the details of the complaint to the Food Safety Team of Hazard Analysis Control Point (HACCP), and the Team will review and deal with the relevant production process. HACCP is a science-based management system that can identify, evaluate and control possible hazards in every step of the food processing and production process with a bottom-up approach, to ensure product safety, improve customer satisfaction and maintain the Group's reputation.

During the Reporting Year, the Group received 1 complaint case, that foreign object was found on the packing of the square-shaped canned apples. After the investigation by the Quality Inspection Department, it is found that the surface of the packing case had not dried out after sterilization, so dust was trapped on the packing case. The case appears to have been an isolated incident. During the Reporting Year, the Group did not have any products sold or shipped that had to be recalled for safety and health reasons.

For the protection of customer privacy, the Group strictly follows the internal Customer Information Privacy Policy. We will not retain customer information and personal data in writing unless necessary. Where requisite, employees will be required to obtain approval from the head of department before printing, stamp the printout with "Controlled Documents" and the expiry date, and have it signed for by the recipient. The Group believes that the risk of data leakage can be effectively minimized by monitoring the flow of customer data.



Part 1 | Products and Governance

Advertising and Labeling

The Group understands that customers see the information on the label as guideline on the use of food. Therefore, we always avoid the use of misleading advertisements and labels to ensure the data and information obtained by consumers are objective and accurate, so as to protect their right to know about the information and thereby make a correct buying decision. During the Reporting Year, the Group has complied with all laws and regulations on health and safety, advertising, labeling and privacy matters and remedies relevant to products and services, including but not limited to the Food Safety Law, the Advertising Law, the Trademark Law, the Implementation Regulations of the Food Safety Law, the Food Labelling Administration Regulations, the Food Safety National Standards for Labelling on Pre-packaged Food General Rules (GB 7718) and the Food Safety National Standards for Nutrition Labelling on Pre-packaged Food General Rules (GB 28050).

Intellectual Property

The Group has continued to invest resources in research and development of products and optimize the production process. Its intellectual property such as technical know-how, product formulations and processes are undoubtedly the valuable assets of the Group.

The Group has fully patented our relevant intellectual property rights to safeguard our intellectual properties. Whenever a new product or technology is successfully developed, the Group will file a patent application with the patent application authority in a timely manner. The Group currently has multiple patents, including 5 patents of invention and 15 utility model patents. In addition, the Group enters into confidentiality agreements with its employees to set out the scope of confidentiality and liability for the breach of contract to prevent leakage of confidential information due to employee turnover.

ANTI-CORRUPTION

Anti-corruption is one of the most important issues for internal stakeholders. The Group understands that, committed to integrity, honesty and fairness in conducting its business will lead to its long-term sustainable development. The Group has zero tolerance for all corruption, fraud and all other unethical conduct.

During the Reporting Year, the Group has complied with all relevant laws and regulations related to bribery, extortion, fraud and money laundering, including the Corruption Law of the PRC. The Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering that would have a material impact on the Group, and it has not been involved in any matter relating to bribery, extortion, fraud and money laundering that would have a material impact. There were no concluded legal cases regarding corrupt practices brought against the Group or its employees.



Part 1 | Products and Governance

Corporate Governance

The Group prohibits corrupt practices by its employees and has established anti-corruption complaint management practices to prevent corruption. The Group clearly explained to all units the relevant anti-bribery laws, including the Anti-Money Laundering Law of the People's Republic of China and the Criminal Law of the People's Republic of China, and required all units to comply with its internal "Commercial Bribery Prevention and Corruption Control Procedures" and "Corporate Integrity Management System" to ensure our business is developed based on integrity.

In order to enhance the awareness of all staff of the Group on corruption, fraud and professional ethics, the Group provides anti-corruption training to the Board of Directors and all staff to enhance their awareness of professional ethics and promote an operating culture of integrity. The trainings include online course to explain anti-corruption regulations, case studies, introduction of corruption topics in staff meetings, etc. The relevant regulations and guidelines are also specified in the Group's staff handbook provide ready reference for all employees.

Whistle-blowing Mechanism

In the event of an employee discovering a suspected corruption incident, he or she can report the incident in confidence with the internal reporting system established by the Group. The management will investigate the relevant case. If the case is confirmed to be true, the Group will take actions, including but not limited to dismissing relevant persons and reporting to judicial authorities. The whistle-blowing mechanism applies to all stakeholders, including but not limited to employees, shareholders, customers and suppliers, leading to a more effective monitoring of the Group's operations.

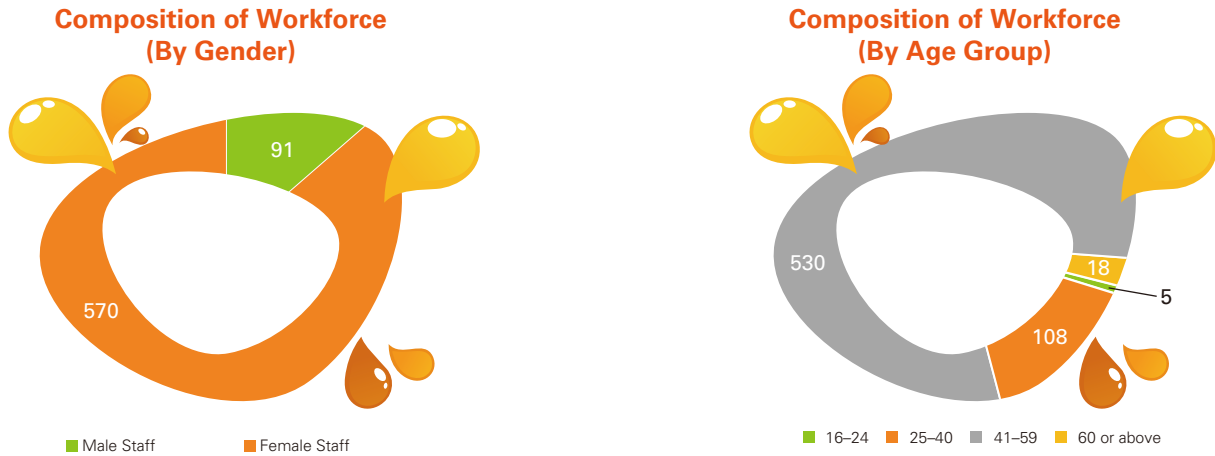
WORKFORCE MANAGEMENT

The Group regards human resources as its valuable asset, and strives to enhance the sense of belonging and happiness of employees, while enhancing the competitiveness of the Group. Therefore, the Group has formulated comprehensive policies and measures in respect of employees' treatment and welfare, health and safety, training and promotion, and labor practices. In order to protect the rights and interests of employees, the Group has formulated a number of internal reference documents such as "Employee Handbook", "Social Responsibility Management Manual" and "Social Responsibility Procedure Document", which include recruitment, salary, promotion, various employee benefits, training as well as promotion opportunities and equal opportunities, etc., so that employees can have a system to follow and to protect their rights.

During the Reporting Year, the Group has complied with all laws and regulations relevant to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. The relevant laws and regulations include but not limited to Labour Contract Law of the PRC and Labour Law of the PRC. The Group did not discover any violations of local relevant labour laws and regulations that have a significant impact on the Group.

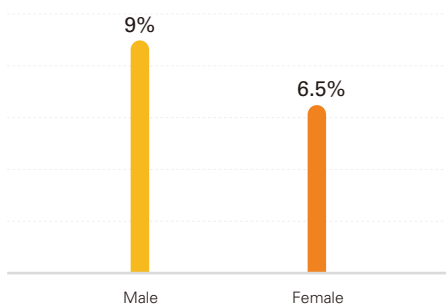
Part 1 | Products and Governance

During the Reporting Year, the Linyi Production Base had a total of 661 employees, all of whom were full-time workers in Mainland China. The composition of workforce is as follows:

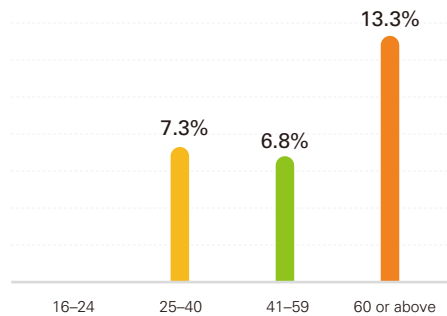


During the Reporting Year, the overall employee turnover rate of the Linyi Production Base was approximately 6.90%.

Employee Turnover Rates (By Gender)



Employee Turnover Rates (By Age Group)



Note: Turnover rate = total number of employees in the specified category during the Reporting Year / [(total number of employees in the specified category at the beginning of the Report Year + total number of employees in the specified category at the end of the Reporting Year) ÷ 2] × 100%



Part 1 | Products and Governance

Employment Practices/Labor Standards

The Group strictly abides by national and local employment laws and regulations, and completely prohibits child labor and forced labor in its business operations.

The Human Resources Department will check personal information of candidates, such as academic certificates, identity documents and other official documents during the process of recruitment and before joining the Company, to ensure the information is correct and prevent child labor by taking various administrative measures. At the same time, the Group has established an “Anti-human trafficking Management Procedure” and has made it mandatory for all foreign workers to undergo identity verification and background checks, as well as formed a task force to implement and monitor the implementation of the policy, to avoid forced labor. The Group will also conduct regular audits and inspections. If any violation is found, we will hold relevant staff accountable in accordance with established procedures while protecting the safety of the victim. If the situation involves illegal acts, the Group will report to the regulatory authorities and judicial authorities.

Regarding the working hours, the Group’s employees work overtime voluntarily only when necessary. The Group does not allow taking any negative actions such as verbal abuse, corporal punishment, physical abuse, oppression, sexual harassment, etc., against its employees for any reason, or to force employee to accept overtime work.

During the Reporting Year, the Group has complied with all laws and regulations related to the prevention of child labor or forced labor, including but not limited to the Labor Law of the PRC and the Prohibition of Child Labor of the PRC. The Group did not discover any violations of relevant local employment laws and regulations that had a significant impact on the Group.

Diversity and Anti-discrimination

The Group has been committed to creating a diverse and inclusive working environment, promoting a fair working culture and giving employees opportunities to develop themselves. All employees have equal opportunities in the workplace and are free from discrimination, any physical or verbal harassment in the workplace due to their race, religion, color, gender, physical or mental disability, age, place of birth, marital status, or sexual orientation. The Group strives to respond to employees’ dissatisfaction and concerns, and handle their complaints as promptly and confidentially as possible, by the establishment of a redress mechanism. The Group has zero tolerance for any form of sexual harassment or discrimination in the workplace.



Part 1 | Products and Governance

Recruitment, Promotion and Dismissal

The recruitment process of the Group is sound and transparent. Based on the principles of openness, fairness and equality, applicants are only selected according to their strengths, abilities and experience, and they will be arranged for suitable positions so that they can develop their strengths and meet our development needs. The Group advocates equal opportunities, and all applicants will not be discriminated against or treated differently because of their religious, gender, age, race and other factors.

The Group has formulated guidelines for the recruitment and staffing to ensure that all aspects are in compliance with national laws and regulations. The Group reviews the internal guidelines specified on the Employee Handbook regularly, revises and updates the related policies when necessary, to ensure the content of the Code keeps up with the times.

In terms of promotion, the Group provides employees with a fair and objective promotion path and encourages employees to actively demonstrate their ability. In order to make the establishment of the promotion system effective, the Group has standardized the management procedure in the Social Responsibility Procedure Document, and will regularly evaluate the performance of employees. The Group will consider the promotion, remuneration and benefits of employees based on their targets, plans and duties. Performance assessment will be carried out by their immediate supervisors, department heads and the Chairman's Office, and those with good performance will be considered for promotion or as reserve cadres; while those with poor performance may be considered for being transferred to other posts, demotion or dismissal.

For the outgoing employees, whether they are dismissed by the Group or voluntarily resigned from their position, the Group will provide appropriate notice period or payment in lieu of notice based on the reason for the Group's human resources policies, in compliance with the labor laws and regulations of Hong Kong and Mainland China, to make sure they get the remuneration they deserve and are treated with due respect.

Remuneration and Benefits

The Group adheres to the principle of fairness and objectivity to ensures employees' interests in terms of remuneration and benefits. The remuneration of employee is mainly determined according to the prevailing market level of remuneration in where the Company operates in, job duties, performance, work experience and educational background. The employment contracts entered into between the Group and its employees is principally drafted with reference to the Labor Contract Law of the PRC. The Group purchases endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund for employees ("Five Social Insurances and One Housing Fund") for employees, to provide them with adequate protection.



Part 1 | Products and Governance

The Group protects the legitimate rights and interests of employees in terms of providing rest and leave days according to the requirements of labor laws and regulations in Hong Kong and Mainland China. The Group provides personal leave, sick leave, marriage leave, maternity leave, bereavement leave, annual welfare leave, work-related injury leave, etc. In addition, the Group will also provide employees with flexible working hours according to the actual operating conditions.

For other benefits, as the Group cares about the quality of employees' life, it provides its factory employees with fully-equipped accommodation and subsidized meals to ensure that they can live a decent life. The Group also provides free labor protection supplies for certain positions to ensure their work safety.

In terms of our corporate culture, the Group attaches great importance to the physical and mental health of its employees and further enriches the daily lives of them, for example, the Group gives additional benefits to employees on festivals, such as giving out gifts to female employees on the Women's Day. At the same time, the Group also encourages its employees to keep their health. During the Reporting Year, all employees have been arranged for annual health examinations, and organized a basketball friendly match for male employees, in order to maintain their physical and mental health. During the Reporting Year, the Group was unable to arrange annual travel for its employees due to pandemic.

Communication Channel






The Group believes that a good two-way communication is key to achieving good relations between employees and management, so the Group has set up various communication channels, such as staff meetings, training and seminars, internal communication hotlines and emails to embrace different views and strengthen internal communication. For example, the Group has established a legal aid centre with the Hedong District Employees General Union to provide assistance to the employees regarding the internal labor relations, staff disputes and legal assistance for employees' families. At the same time, the Group encourages employees to express their opinions and concerns directly to their supervisors or senior management, and take remedial actions if practicable. The management will analyze the opinions and discuss employees' views on opinions on remuneration and benefits, responsibilities, working environment, organization, and employee relations on the regular meetings to respond to the employees.

HEALTH AND SAFETY

We understand that internal stakeholders are concerned about their own health and safety, the Group takes the safety of each employee seriously. The Group reviews the design of each process, considers environmental management, and enhances the safety awareness of employees in compliance with the Production Safety Management Regulations, to avoid any accident.

Employee Safety Management

The Group promotes a “safety first” working environment to minimize the risk of employees being injured, with support and management of safety for employees in the following five areas:

<p>Safety and Security Practice</p>		<ul style="list-style-type: none"> • Wear the labor protective equipment provided by the Group before work according to the provisions in the staff handbook • Pass safety inspections before operating the equipment • The Group checks the performance of protective equipment regularly in accordance with the established system • Organize annual health checks for employees
<p>Dangerous Goods Handling</p>		<ul style="list-style-type: none"> • In handling of any flammable, explosive, highly toxic, radioactive or corrosive materials, they must be classified according to the regulations and supervised by designated staff • Special operators must undergo professional training and assessment, and only those who are qualified with a license can do the relevant work.
<p>Regular Check on Equipment</p>		<ul style="list-style-type: none"> • The equipment must be thoroughly tested, hygienic and safe to use • Assign relevant departments to conduct occupational health and environmental testing
<p>Publicity and Training</p>		<ul style="list-style-type: none"> • Hold safety meetings from time to time • Review and evaluate the effectiveness of the safety meetings • Regularly organize fire drills for employees • Organize internal and external trainings
<p>Covid-19 Pandemic</p>		<ul style="list-style-type: none"> • An emergency leadership team for pandemic prevention and control formulates an emergency plan and refines the emergency prevention and control plan and implements the prevention and control measures. Detailed arrangements and measures were made in terms of pandemic control, production arrangements, wages, employee return, post-holiday safety and insurance, and resumption of work arrangement after the holiday. • Provide sufficient anti-pandemic and disinfection materials



Part 1 | Products and Governance

During the Reporting Year, the Group has complied with all laws and regulations relevant to providing a safe working environment and protecting employees from occupational hazards, including but not limited to the Labor Law of the PRC and the Labor Contract Law of the PRC. During the Reporting Year, there were no accidents that caused serious physical injury, or loss of working days and claims or compensation due to work-related injuries, and no violations of laws related to employee health and safety occurred in the Group's production bases. No work-related fatalities were recorded from 2019 to 2021.

DEVELOPMENT AND TRAINING

The Group attaches great importance to the cultivation of talents, and believes that enhancing the capabilities of employees and exploring the potential of employees can facilitate the development of the Group. The Group will provide employees with appropriate trainings according to the needs of different positions and the development needs of the Group.

Employee Training Scheme

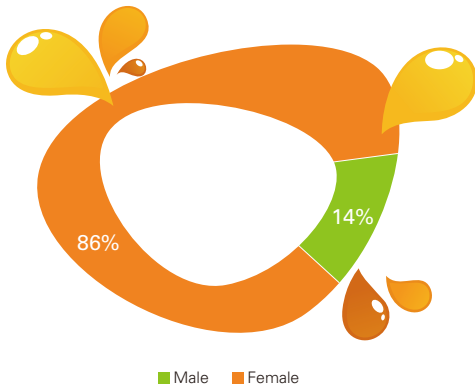
The Group formulates an annual training plan for all employees every year, and provides employees with trainings according to the plan. As for specific duties, such as key positions in the work units including sealing, sterilization, forklift operators, electricians and quality control personnel, the Group provides them with additional external trainings to ensure that they can acquire corresponding skills in response to changing production standards. For laboratory-related positions, the Group invites industry experts to conduct professional trainings for staff who is responsible for laboratory analysis.

In order to effectively improve the safety awareness and work ability of employees, the Group organizes extensive safety-related trainings regularly in various aspects, such as production, quality, fire prevention and transportation. For tackling emergency situations, the Group arranges training workshops on emergency knowledge management for employees, conducts course in first aid once a year, and organizes emergency practices to ensure a safe workplace. In addition, the Group invites firemen to conduct training on fire safety every year, and invites all employees to take part in fire drills. The Group also holds a quality safety meeting every month and safety production meeting every three months to discuss safety issues and adjust the training direction.

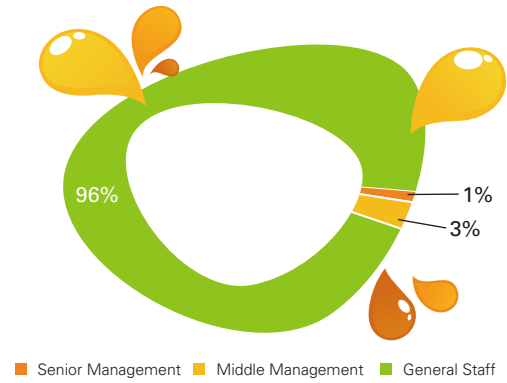
Part 1 | Products and Governance

During the Reporting Year, the percentage of trained employees in the Linyi Production Base was 100%. The following shows the details of the employees being trained:

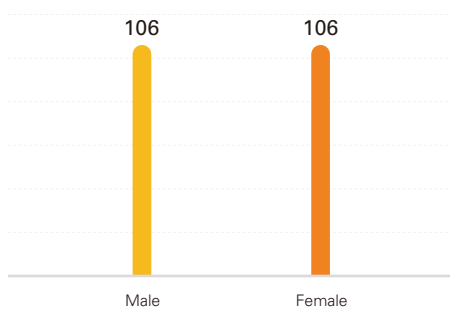
**Percentage of Employee Trained
(By Gender)**



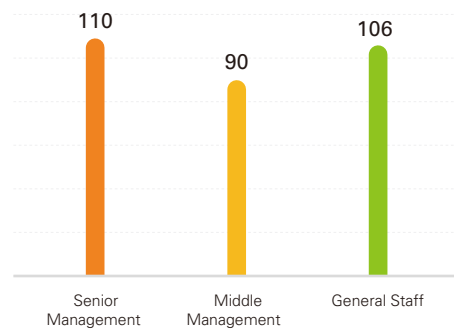
**Percentage of Employee Trained
(By Employee Category)**



**Average Training Hours per Employee
(By Gender)**



**Average Training Hours per Employee
(By Employee Category)**



Part II | Environment and Community

The Group's business operations are closely related to the natural environment. High-quality fruit is key to our high-quality products. Therefore, the Group is always concerned about our environmental performance, and expects to achieve a balance between business development and environmental protection, so as to build up a base for the long-term development of the business. The Group fully implements the national policies on energy conservation and environmental protection. Since 2014, it has continuously improved its technology for production to minimize the impacts on the environment, and introduced nearly 20 improvement measures. The measures of early implementation includes the transforming of boiler design by replacing coal-fired boilers with cleaner gas-fired boilers, building sewage treatment plant, installing sewage biochemical tanks and secondary sedimentation tanks that enhanced the sewage treatment capacity. In recent years, the Group has also purchased electric fork-lift trucks to replace the original diesel fork-lift trucks, to further reduce greenhouse gas emissions and minimize the air pollution.

EMISSIONS

The Group and many external stakeholders are both deeply concerned about the impact of its business on the environment, especially air emissions, greenhouse gas (GHG) emissions and waste that bring direct impact on the environment. The Group continues to reduce waste from the source in its operations and adopts a number of emission reduction measures, while educating employees to pay attention to the efficient use of resources, including encouraging energy conservation, green office, green travel, recycling and reusing materials, etc., to ensure the Group's operations are in stringent compliance with the environmental laws and regulations, and an environmentally responsible production is in place.

The Group strictly abides by the Environmental Protection Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Atmospheric Pollution Prevention and Control Law of the PRC, Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and other laws and regulations related to environmental protection, and has paid the environmental protection tax in accordance with the Environmental Protection Tax Law of the PRC. During the Reporting Year, the Group did not discover any non-compliance with laws and regulations having a significant impact on the Group relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous wastes. The Group will calculate the amount and evaluate the performances of air emissions, GHG emissions, hazardous waste generation and non-hazardous waste generation, hence set further reduction targets in future.

Air Emissions

Vehicle emission is the main emission source of the Group. In order to reduce emissions, the Group promotes green travel and reduces exhaust emissions. For example, the Group encourages employees to reduce unnecessary use of cars, or avoid driving alone, and encourages employees to choose electric vehicles. During the Reporting Year, the Group achieved remarkable results in emission reduction. In 2021, the mileage driven by our vehicles was reduced by 62.7% as compared to that of 2020.

The exhaust gas emission performance of the Group's Linyi Production Base is as follows:



Part II | Environment and Community

Types of Air Emissions ¹	Unit	Emissions		
		2021	2020	2019
Nitrogen oxides	Kg	1.24	14.59	N/A
Sulphur oxides ²	Kg	0.10	0.11	N/A
Particulate matter	kg	0.22	1.07	N/A

GHG Emissions

Emission sources of direct GHG emissions of the Group include fuel used in transportation, fuel oil consumed by oil loaders, natural gas and refrigerant used in cooking, while that of indirect greenhouse gas emission sources are mainly purchased electricity.

The GHG emission performance of the Group's Linyi Production Base is as follows:

GHG Emissions	Unit	Emissions ³		
		2021	2020	2019
Direct GHG emissions (Scope 1)	tonnes CO ₂ e	4,606.87	3,894.55	4,907.60
Energy indirect GHG emissions (Scope 2) ⁴	tonnes CO ₂ e	4,426.11	5,624.46	6,231.20
Total GHG emissions	tonnes CO ₂ e	9,032.98	9,519.01	11,138.80
GHG emissions intensity ⁵	tonnes CO ₂ e/RMB million revenue	10.37	14.17	13.36

¹ The data in the table do not include gas emissions related to natural gas. During the Reporting Year, the Group further improved its data collection and disclosure methods, with using the Emission Factors and AP 42 (the Fifth Edition, Chapter 1.4 - Combustion of Natural Gas) published by the US Environmental Protection Agency to calculate the emissions associated with natural gas. However, the data are not listed out in the table in consideration of the consistency of data comparison. During the Reporting Year, the emissions of nitrogen oxides and suspended particulates from natural gas were 2895.07 and 0.51 kg respectively; while those in 2020 were 2185.88 and 0.39 kg respectively.

² Sulphur content was 10ppm in calculations for 2021 emission.

³ The data of GHG emissions is presented in terms of carbon dioxide equivalent and based on, but not limited to, the "How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, and Emission Factors for the Greenhouse Gas Inventories (Update April 2021) published by the U.S. Environmental Protection Agency.

⁴ According to the revised instructions of the "Amendment to Instructions on Greenhouse Gas Emission Accounting and Reporting for Power Generating Equipment of Enterprises" (Revised in 2021) (Draft for Comment), the national grid average emission factor in 2021 is 0.5839tCO₂/MWh. When using the emission factor in 2020 for calculation, the Scope 2 emissions for 2021 is 7139.84 tonnes CO₂e.

⁵ The Group will use the total revenue of the production base mentioned in the scope of the report as the data for calculating the intensity.

Waste Management

The Group believes “reduction of waste from source” is the basis for waste management. It insists on making good use of resources and reducing waste for effective and safe management of waste.

Hazardous Wastes



The Group’s business is principally fruit processing and packaging, so there’s no significant amount of hazardous waste generated in the production process. When disposing a small amount of wastes with heavy metal content, such as abandoned fluorescent tubes, employees have followed the hazardous waste management and disposal guidelines established by the Group and assigned to a qualified chemical waste collector to handle and dispose them.

During the Reporting Year, the Group strictly complied with environmental laws and regulations related to hazardous waste, and actively managed and minimized its impact on the environment.

Non-Hazardous Wastes

For non-hazardous waste, the non-hazardous wastes generated by the Group mainly include food waste, waste cans, employee household waste, production waste, sludge, paper, etc. We will continue to uphold the principle of “reduce, reuse, recycle and replace” for the management of non-hazardous wastes, in order to reduce the generation of wastes.

The ways the Group disposes non-hazardous waste of different types are as follows:

Non-Hazardous Wastes	Ways of Disposal
<p>Food Waste</p> 	<ul style="list-style-type: none"> • The Group has formulated strict food waste management policies and procedures to ensure food waste is recycled in a safe and hygienic way • In order to increase the amount of food waste collected, the Group has placed a number of designated collection boxes in each area of the kitchen at the Linyi Production Base • The Group employs external qualified professional to collect and process food waste on a daily basis • The Group encourages our kitchen workers to reduce waste from the source and consume food wisely
<p>Sludge</p> 	<ul style="list-style-type: none"> • Sludge is mainly the sediment washed from the surface of the fruit • The Group employs qualified contractors to transport and process the sludge generated, and transform the sludge into organic fertilizers, in order to promote resources recycling

For staff training and promotion, the Group actively promotes environmental protection concepts to employees, such as encouraging them to save power, and separating their waste from the source to improve overall recycling performance. In addition, we also encourage employees to reuse utensils and avoid using disposable utensils. For the production process, the Group requires employees to make good use of raw materials and avoid waste during the production of fruit-based products.

The performance of non-hazardous waste disposal at the Linyi Production Base is as follows:

Types of Wastes	Unit	Amount of Disposal		
		2021	2020	2019
Food waste	tonnes	3.00	2.00	N/A
Waste can	tonnes	135.00	112.79	N/A
Employee household waste	tonnes	26.00	24.00	N/A
Production waste	tonnes	1,400.00	1,309.50	N/A
Sludge	tonnes	1,050.00	900.00	N/A
Paper	tonnes	0.27	0.58	N/A
Total non-hazardous waste	tonnes	2,614.27	2,348.87	2,851.00
Non-hazardous waste intensity	tonnes/RMB million revenue	3.00	3.50	3.42

USE OF RESOURCES

The Group believes that improving the efficiency of using resources is an effective way to minimize the impact on the environment. We continuously optimize production and operation management, promote the efficiency of using resources and reduce waste based on the policies and procedures. Four major areas of resources use management cover energy, water, use of packaging materials and green office.

Energy Consumption

The Group believes that every employee is responsible for improving the overall energy efficiency, so it actively promotes the ways for energy saving and emission reduction to employees, so as to improve energy efficiency in daily operations and practise emission reduction. For the publicity, the Group promotes good habits of employees to turn off unnecessary lightings and unplug idle electrical appliances. In addition, we distribute newsletters regarding environmental news to our employees to raise environmental awareness.

For renewable energy allocation, the Group made full use of the roofs of buildings and installed solar panels. In addition, we use solar water heaters to supply hot water for showers in staff dormitories, for reducing energy consumption. For the green production, the Group continues to use highly-efficient equipment to improve energy efficiency. The Group uses boilers that have energy-saving and environmental protection functions and can reduce heat loss and exhaust gas temperature, and installed circulating burners to reduce energy consumption. In order to reduce unnecessary energy consumption due to aged equipment, technicians would maintain the equipment every day, and conduct a comprehensive inspection every three months to upgrade the equipment, replace old parts, and improve production efficiency.

Part II | Environment and Community

In addition, the Group promotes green office and implements energy-saving measures. The Group regulates the use of air conditioners, which are only used in winter and summer to prevent waste of power. For the use of air conditioners, we strictly control the temperature of the air conditioners to avoid excessive energy consumption and make the air conditioners more durable, so as to prevent the generation of electronic waste. At the same time, the Group implements measures that require employees to turn off power after getting off work, and turn off the air conditioning compressor when leaving office, to reduce unnecessary power consumption. In order to ensure our goal meets expectation, the Group employed an audit firm to conduct regular audits on different energy consumption indicators and energy conservation indicators, so as to crystallize energy consumption performance, further set energy-efficiency targets and enable employees to clear target for energy conservation.

The Group strictly complies with the Energy Conservation Law of the PRC, and fully implements energy conservation policies, regulations and standards.

The energy consumption performance of the Linyi Production Base is as follows:

Types of energy	Unit	Consumption		
		2021	2020	2019
Direct energy consumption	MWh	25,829.01	18,874.80	23,464.09
Natural gas	MWh	25,767.18	18,800.90	23,260.57
Petrol	MWh	61.34	72.83	203.52
Diesel	MWh	0.49	1.07	0
Indirect energy consumption	MWh	7,580.25	5,971.39	6,437.22
Purchased electricity	MWh	7,580.25	5,971.39	6,437.22
Total energy consumption	MWh	33,409.26	24,846.19	29,901.31
Energy consumption intensity	MWh/RMB million revenue	38.36	36.99	35.82

Water Management and Sewage Treatment

The Group believes that water is a precious resource of the earth. Especially, we are using a lot of water in our operations, so we would optimize the use of water in our production process and save water. The water we use in our operations is supplied by the government. We do not get water from any natural water sources and hence there are no issues in sourcing water that is fit for purpose. The Group will calculate the amount and evaluate the performance of water consumption, hence set further reduction target in future.

Part II | Environment and Community

The water consumption performance of the Group's production base in Linyi, Shandong Province is as follows:

Indicators	Unit	Consumption		
		2021	2020	2019
Water consumption	m ³	923,400.00	866,170.00	1,085,000.00
Water consumption intensity	m ³ /RMB million revenue	1,060.16	1,289.44	1,299.70

The Group takes different measures to save water. For production line management, the Group reuses cooling water from sterilization process for washing production work units to reduce overall water consumption. In addition, we conduct regular check on water pipes and water taps to prevent water leakage and fix the problem of leaking as soon as possible, and minimize the chance of water leakage with a leak-proof drainage system. Also, during the Reporting Year, we reorganized the position of the rollers of the cooling pool for the sterilizers in the production work unit, to improve the cooling effect and enhance the efficiency of using water. For education and promotion, the Group enhanced education on water saving and organized activities in relation thereto.

Use of Packaging Materials

Packaging materials are an important resource used in the Group's operations. The Group mainly uses tinplate, aluminium can, plastic, glass, cardboard, cartons, trademark stickers and other materials as packaging materials, based on consumers' preferences, food safety and preservation of freshness.

Consumption of the Group's packaging materials in 2021 have been calculated upon estimation in this Report. We unified the statistical methods to calculate the total consumption based on the median weight of commonly used materials. The amount of "trademark stickers" was included in disclosure of total packaging material consumption for the first time this year, in order to present the usage of packaging materials in a more specific and comprehensive manner. In general, the Group has improved the method of collecting data regarding packaging and actively improved the accuracy of quantitative data. The performance of packaging materials used by the Linyi Production Base is as follows:



Indicators	Unit	Consumption	
		2021	2020
Total packaging materials consumption	tonnes	37,035.51	25,199.01
Total packaging materials consumption intensity	tonnes/RMB million revenue	42.52	37.51

The Group launched a variety of new processed fruit-based products and drinks in 2021, and packaging for the products has also modified. Meanwhile, production lines have returned to normal operation during the Reporting Year as the pandemic has been alleviated, and together with the launching of new products, the overall output has increased.



Part II | Environment and Community

In order to minimize the use of packaging materials, the Group promotes recycling of boxes and cardboards, and where feasible, replaces the tape sealing with hot-melt adhesive sealing, so as to facilitate the reuse of the carton; make some of the trademark stickers being able to be recycled and reused.

Green Office

The Group actively creates a paperless office to reduce unnecessary paper consumption and improve the efficiency of document processing. The Group advocates e-working, and encourages employees to use electronic documents as much as possible during meetings, so as to save paper for reprinting, and facilitate a clear and prompt transfer of documents. The Group's Accounting Department is gradually going paperless. It has replaced conventional paper-based records with electronic records, to minimize chances of inaccuracies or errors caused by manual writing, and to accelerate the speed on data checking.

THE ENVIRONMENT AND NATURAL RESOURCES

Both the Group and most external stakeholders are concerned about the impact of the business on the environment and natural resources. On the basis of complying with all laws and regulations, the Group tries its best to protect the natural environment by taking various measures to reduce its impact on the environment. The Group has also taken a number of measures and organized a variety of education campaigns. For more information about the measures, please refer to the sections headed "Waste Management", "Water Management and Sewage Treatment", and "Use of Packaging Materials".

This Report describes two topics, namely "Clean Production" and "Indoor Air Quality", in order to properly use the environment and the natural resources.

Clean Production

In order to ensure the sustainable use of the environment and natural resources, the Group provides high-quality and clean production, protects the health of employees, and adheres to the practice of clean production. The Group strictly manages the quality of indoor air and raw materials, and carefully formulates the procedures to ensure compliance with cleaner production standards.

Indoor Air Quality

The indoor air quality of the factory is directly related to the environment and our production quality. Therefore, the Group attaches great importance to the effectiveness of our indoor air quality management. A clean air-conditioning system is important for controlling the air quality in the factory building, hence the Group regularly inspects and cleans the air-conditioning system, and also examines and adjusts the performance of the system.



Part II | Environment and Community

CLIMATE CHANGE

The raw materials for our main business are fruits. Factors such as weather and climate change in different seasons will directly affect the harvest and quality of fruits. Extreme weather may affect the normal operation of production lines or affect the Group's operations.

In response to climate change, the Group will take the following measures to reduce the possible impact on the Group:

- Formulates raw material procurement plans according to the impact of climatic factors in different regions, on the planting and harvesting of agricultural products and their market conditions, and prepare reserves for raw materials in advance to meet production needs, through purchasing raw materials in advance, purchasing raw materials in batches, etc.
- By upgrading and renovating existing production equipment, the Group introduced automated production lines to increase the research and development of "deseasonalized" products. Systematic changes will reduce the impact of climate change on the production of the Group's products

In response to sudden extreme weather such as rainstorm, flood, or typhoon, the Group will take the following measures to reduce the impact on the production line:

- Formulate emergency plans for extreme weather such as heavy snow, rainstorm and typhoon
- Arrange staff to work in night shift every day
- In case of adverse weather, management will stay at the Company and take emergency measures

Part II | Environment and Community

COMMUNITY INVESTMENT

The Group understands that, on our way to expand our business, we need to take our corporate social responsibility. Therefore, the Group gives away some of its earnings for serving the society, in hope of creating a better future for the public through community investment. The Group frequently communicates with local farmers and planting professional cooperatives to understand the needs of their communities and the influences our businesses have on their interests, so as to adjust our way of co-operations and our business operations. During the Reporting Year, the Group participated in a number of public welfare programs, volunteer services and charitable activities, and encouraged its employees and their families to give back to the society together. Meanwhile, the Group also actively participates in various environmental protection and governance efforts, such as the joint construction and protection of the Mother River, reforestation and fish fry release for aquatic ecosystem protection and to make contributions to the development of the communities where it operates. In 2021, Shandong Tiantong Food was awarded the certificates of “Caring Enterprise” and “The Most Beautiful Charity Star” by the Hedong District Government of Linyi City, Shandong Province.



Donation and Disaster Relief Emergency assistance to Zhengzhou disaster

In the summer of 2021, there were serious disaster in some places including Zhengzhou, Henan. In response to the urgent needs of Zhengzhou, the Group liaised with the Headquarters of Flood Control, Rescue and Disaster Relief, for arranging the donation of materials. The Group arranged staff from all departments to organize a volunteer rescue team and work from dawn to dusk, and arranged the Production Department to work overtime to pack 900 boxes of vitamin sports drink of “享派Shioke Party”, for preparing the first batch of living supplies for the victims and emergency personnel in the disaster area.



Visiting and sending warmth to grassroots community

In November 2021, the Group organized activities and arranged employees to help and send warmth to the primary schools in the mountain areas, by providing high-quality canned food for the students of Dongji Zhuang Primary School in Mamuchi Town (馬牧池鄉董家莊聯小學), and encouraging the students to study hard.



Part II | Environment and Community

Education and Public Welfare

The Group actively participates in the public welfare in education, provides financial assistance to students and children, and encourages employees to participate in student subsidizing programs. During the Reporting Year, the Group established an educational fund to provide scholarship fund to impoverished college students and support them to complete their university studies. There are five students from Yishui and Feixian who have been subsidized already graduated from the universities. For the Scholarship for Resident Children's Programme, the Group donated books to the resident children at Qingtuo Secondary School in Yinan County (沂南縣青駝中學).

For the public welfare activities, the Group provided a variety of free supplies and volunteer services for local marathon, health running and other sports events. It worked together with local community sports and health associations to support sports events, sports competition, public welfare competitions and other sports and fitness activities, so as to improve the physical fitness and health of citizens and make the contribution to national fitness activities.

Common Prosperity — Poverty Alleviation and Rural Revitalization

The Group takes its corporate responsibility to contribute to the "rural revitalization" and "common prosperity", continuously improve the living standards of the villages, provide job opportunities for villagers, assists the villager find a job in near area, create welfare for employees and drive the local economy.

At the same time, we care for the underprivileged communities with organizing the caring fund and supporting group. Employees actively sign up to become the volunteers to help orphan and poor children, elder people who living alone, and people in need in the community. We take part in a number of activities including visiting schools and welfare authorities, to contribute to the society with practical actions to demonstrate our corporate responsibility.

In addition, for the key agricultural products, the Group tends to support local procurement and support local agriculture and farmers. The local suppliers for raw materials currently cooperating with us include Chenyang Fruit and Vegetable Planting Professional Cooperative in Hedong District (河東區晨陽果蔬種植專業合作社), Qilian Planting Farmers Professional Cooperative in Hedong District, Linyi City (臨沂市河東區奇廉種植農民專業合作社) and over 1,500 local farmers.

Appendix

The “Comply or Explain” Provisions as set out in The ESG Reporting Guide Content Index of the Stock Exchange of Hong Kong Limited

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section
A. Environment		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
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).	Emissions — GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section
A. Environment		
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources — Water Management and Sewage Treatment
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources — Water Management and Sewage Treatment
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of packaging materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources
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	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Workforce Management — Employment Practices/Labor Standards
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Workforce Management
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Workforce Management
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety — Employee Safety Management
KPI B2.2	Lost days due to work injury.	Health and Safety — Employee Safety Management
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety — Employee Safety Management
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training — Staff Training Program
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training — Staff Training Program
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training — Staff Training Program

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section
B. Social		
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Workforce Management — Employment Practices/Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Workforce Management — Employment Practices/Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Workforce Management — Employment Practices/Labor Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management — Selecting and Managing Suppliers
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management — Selecting and Managing Suppliers
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management — Selecting and Managing Suppliers
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management — Environmental and Social Risks of Suppliers
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section
B. Social		
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility — Advertising and Labelling
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility — Food Safety and Product Recall
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility — Food Safety and Product Recall
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Food Safety and Product Recall
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Customer Service and Customer Privacy Protection

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section
B. Social		
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption — Corporate Governance Function
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption — Corporate Governance Function
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment



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