



萬洲國際  
WH GROUP

萬洲國際有限公司  
WH GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*  
Stock code: 288



**2023**

**Environmental, Social and  
Governance Report**

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# MESSAGE FROM CHAIRMAN



**Mr. Wan Long**  
Chairman

Dear Readers:

Thank you for your interest in the 2023 Environmental, Social and Governance Report of WH Group.

“Reflecting on 2023, we acknowledge the complexity of the macroeconomic landscape and business environment. Despite these challenges, WH Group embraced opportunities with an open and inclusive mindset and innovation-driven management style. Leveraging our vertically integrated value chain, global business footprint, diverse product portfolio and solid consumer reputation, we have sustained steady development and growth in spite of intense market competition.”

At WH Group, we firmly believe that good governance serves as the cornerstone of sustainable development. To this end, we seek to make continuous progress in Board independence and diversity, and enhance risk management practices and system resilience in alignment with our Group's operational reality. In active response to the Sustainable Development Goals (SDGs) of the United Nations, we operate following the *WH Group Corporate Principles*. We support the target set out in the *Paris Agreement* to combat global warming by establishing and orderly promoting phased performance in reducing greenhouse gas emissions in our own operations. We incorporate climate risks into the overall risk management framework, and evaluate relevant financial impacts. This year, we expanded our greenhouse gas (GHG) emissions inventory to include Scope 3 emissions from our operations in China, further improving the transparency and accuracy of the Group's overall data on the GHG emissions.

Taking food quality and safety as our top priority, we have established a comprehensive quality and safety management system that spans the entire value chain and serves as the cornerstone of our operations. We have upheld rigorous standards of animal welfare, a commitment that has been strongly supported by our partners in the supply chain. We take innovative R&D as our driving force, and continuously refine our processes, formulas and product portfolio to better cater to consumers' preferences for personalised and diverse products and services.

"People-centric" is at the heart as we run our business and make decisions. Our employees are the backbone of our organization, fueling the source of our strength in our journey towards sustainable development. We strive to nurture a workplace culture of mutual respect, while fully respecting employees' rights and interests and ensuring a safe working environment. We also listen and respond to employees' concerns through multiple communication channels, and provide opportunities for their personal growth and development.

Giving back to society is an important part of the Group's sustainable development. We are concerned about food waste and starvation, supporting communities and groups in need through our food donation programmes. We advocate for equity in education by participating in various initiatives to assist in improving the accessibility of educational resources. The Group also actively participates in public welfare initiatives and provides disaster relief support, helping the needy groups rebuild their homes and regain community vitality.

In 2024, WH Group will continue to "integrate global resources to improve synergy, creating a sustainable future." Taking this as a strategy, we will push on our four primary actions' carbon reduction pathway, and work with partners to seize climate-related opportunities and continue to pursue sustainable and high-quality development.

*Chairman*  
**Wan Long**



# ABOUT WH GROUP

## Company Overview

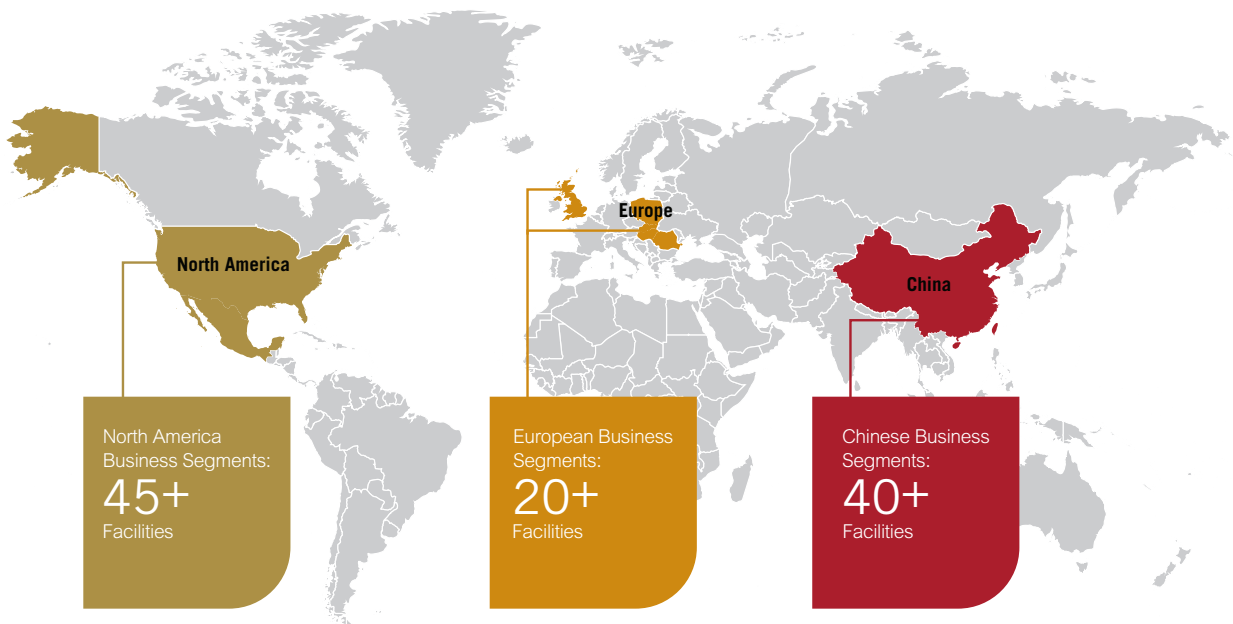
As the world's largest pork company, WH Group is committed to providing safe, affordable, and nutritious protein options to elevate the quality of life of consumers. WH Group boasts a vertically integrated pork business chain covering livestock farming, hog harvesting and processing, packaged meats, distribution and sales, and is moving forward in the R&D and promotion of preprepared food. With this unique global platform, WH Group has gained a leading position with considerable competitive advantage in the pork industry, maintaining top market share where we have primary presence, namely in China, the United States and countries in Europe. WH Group has been listed on the Main Board of the Stock Exchange of Hong Kong Limited since August 5, 2014 under the stock code 0288.HK and was formally included as a constituent member of the Hang Seng Index since September 4, 2017.

WH Group has a number of subsidiary companies including Henan Shuanghui Investment & Development Co., Ltd. (Shuanghui Development), Asia's largest meat processing company, and Smithfield Foods Inc. (Smithfield), the biggest pork food company in the U.S. With a host of our renowned brands serving multiple markets worldwide. WH Group has established a rich portfolio of products and a sizable market network. The Group also has earned unrivalled advantage thanks to a globally integrated platform that enables resource allocation across regions with efficiency and synergy; at the same time, we pay close attention to the quality, safety and nutritional value of our offerings, striving to provide high-quality services to consumers who put trust in our brands and products.

## Business Segments

The Company's principal business covers packaged meats, hog production and hog farming, with packaged meats being the main source of revenue. The Company is also engaged in other peripheral business activities, including the rearing, harvest and sale of poultry, manufacture and sale of packaging materials, provision of logistic services, operation of retail chains, and production of seasonings, natural sausage casings, and biopharmaceuticals. WH Group pursues global development by allocating assets and integrating resources around the world. As at the end of the Reporting Period, WH Group had established more than 100 meat production and processing facilities in China, the U.S., Europe and Mexico. Together with tens of thousands of partners such as suppliers and distributors around the world, the Group is providing services along a Farm-to-Fork chain.

## WH Group's Globalization

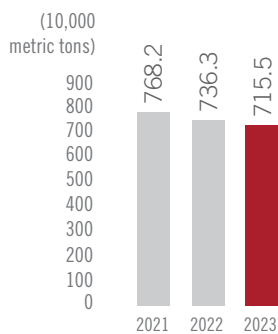




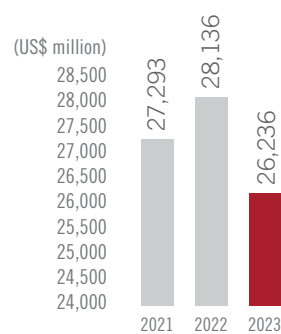
## Business Performance

During the Reporting Period, amid economic complexity and market volatility WH Group's market share and scale of operation maintained generally stable with the Group's resilience sustained from its vertically integrated businesses which allow synergy leashed out amongst various regional operations.

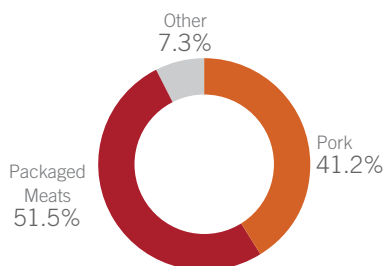
**Packaged Meats+Pork Sales**



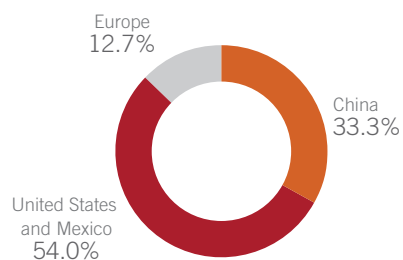
**Revenue**



**2023 Revenue by Segment**



**2023 Revenue by Region**



# ABOUT THIS REPORT



## Overview

This report is the annual environmental, social and governance (ESG) report published by WH Group Limited (hereinafter referred to as the “the Company”). We have reported on ESG issues annually since 2016. This report details the Company and its subsidiaries’ (hereinafter referred to as “WH Group” or “the Group” or “We”) management measures and performance concerning ESG issues from January 1, 2023 to December 31, 2023 (hereinafter referred to as the “Reporting Period”).

## Definition of Names

Smithfield	Refers to	Smithfield Foods, Inc.
Shuanghui Development	Refers to	Henan Shuanghui Investment & Development Co., Ltd.
Subsidiaries of Shuanghui and Project Company	Refer to	subsidiaries of Henan Shuanghui Investment & Development Co., Ltd.
WH Group (China)	Refers to	Shuanghui Development, Luohe Shuanghui Logistics Investment Co., Ltd., and Luohe Huisheng Biotech Co., Ltd., etc.

## Basis of Preparation



This report is prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) to the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “HKEx”). Appropriate references are made to the MSCI ESG ratings, Hang Seng Corporate Sustainability Index Series and Research Evaluation Survey, S&P Global Corporate Sustainability Assessment (CSA) questionnaire, and the Institutional Shareholder Services (ISS) ESG ratings. In addition, subsidiaries of the Company Shuanghui Development and Smithfield also published their *ESG Report* and *Sustainability Impact Report*, respectively. The information mentioned in the reports can be regarded as supplemental to this report.

The report follows the principles of Materiality, Quantitative, Impartiality and Consistency in the ESG Reporting Guide. The related processes include identification of significant stakeholders, identification and classification of material ESG-related issues, determination of the ESG reporting boundary, collection of relevant materials and data, preparation of the report based on data, and review of the data in the report.

## Report Scope and Boundary



The scope and boundary of the Report is consistent with the one in 2023 annual report of WH Group. This report covers the Company and its subsidiaries, excluding Goodies Meat Production S.R.L. (referred to as “Goodies”) acquired during the Reporting Period, hence its environmental and social quantitative data have not been reflected in this report, but will be disclosed and analyzed in due course.



## Report Data



Unless otherwise indicated, all financial data in this report is in the USD. The average exchange rate of 7.088 in 2023 was used for the US dollar to RMB exchange rate. In addition, unless otherwise indicated, production data in metric tons only refers to packaged meats, pork, and poultry meat, and does not include production of hogs and production of poultry.

## Data Reliability Assurance



The data sources used in this report include publicly available government data sources, relevant statistical reports of WH Group, stakeholder communication materials, administrative documents and reports, third-party evaluations and interviews, etc. The data calculations are indicated in the corresponding chapters with method used. If there is any change in the statistics and disclosure methods in the Report, relevant annotation will be provided. The Board of Directors of the Company confirms that the contents of this report contain no false records, misleading statements, or material omissions, and assumes responsibility for the truthfulness, accuracy, and completeness of the contents of this report.

## Report Confirmation and Approval





This report was approved by the Board of Directors on 11 April 2024, following the confirmation made by the management of the Company.

If there is any question about the contents of this report, please call or write to us for consultation. Our contact information is as follows:

WH Group Limited

Address: Unit 7602B-7604A, Level 76, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

 Tel: +852 2868 2828

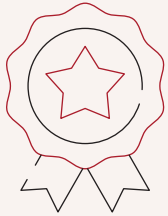
 E-mail: [ESGTeam@wh-group.com](mailto:ESGTeam@wh-group.com)





# 2023 ESG PERFORMANCE

## ESG Honours



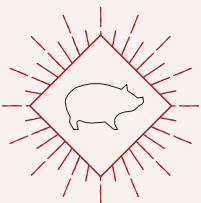
- MSCI ESG rated **BBB**
- Hang Seng Corporate Sustainability Index rated **A+**
- Rated in the top **8**% of the food industry in S&P Global Sustainability Assessment (CSA)

## Creating a Culture of Sustainability



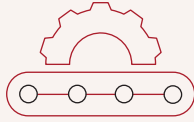
- WH Group's Board of Directors participated in anti-corruption training for a total of **9** hours, and employees received anti-corruption training for a total of **122,635** hours, with **36,747** participants
- During the Reporting Period, the Board has **1** female Director, who chairs the Audit Committee
- WH Group continuously integrates climate change risks into existing risk management frameworks, and evaluates climate change risks, adaptive initiatives, estimated financial impacts and climate opportunities across the value chain

## Providing Quality Products



- The coverage rate of product quality-related employee training of WH Group in China, Poland and Romania are all **100**%
- WH Group R&D expenses amounted to USD **204** million
- **100**% of WH Group's slaughterhouse and meat processing plants across all global operating facilities have acquired and maintained certifications for various product and/or food quality and safety systems

## Sustainable Supply Chain



- Smithfield met the target of “achieving excellence (97%–100%) in the annual audit of the animal welfare management system at every processing plant globally”
- Antibiotic use in the U.S. animal production business was 215 mg/kg, representing a **10%** year-on-year decrease; antibiotic use in Romania was 107 mg/kg, representing a **52.4%** year-on-year decrease
- A significant percentage of WH Group’s suppliers are GMP certified, TUV quality assurance system certified, ISO 9001 certified, HACCP certified and BRC certified, and the percentage is increasing every year

## Promoting Green Development



- WH Group released for the **first** time the Scope 3 GHG emissions in value chain of more than **80%** of its business
- A total of **87.7%** of WH Group’s operating facilities or owned farms have obtained ISO 14001 certification
- In the U.S., Smithfield is an active participant in the Sustainable Packaging Coalition, which promotes industry collaboration and innovation

## Empowering Employees



- Smithfield has more than **3,600** active veterans which are on track to meet its commitment to employ 4,000 veterans by 2025; Shuanghui Development, as a provincial and municipal veterans’ employment service co-operation unit, has set up a dedicated recruitment service giving priority to hiring veterans
- Shuanghui Development has successfully achieved its occupational health and safety targets and Smithfield has achieved a **90%** score on the audit of its Injury Prevention System across all of its operations, covering all employees and contractors
- WH Group conducted a total of **495,100** hours of safety training and emergency drills, with a total of **224,108** number of participants in safety training and emergency drills

## Co-building Our Community



- WH Group donated in cash and materials with an equivalent total over **USD 36.53 million**, and the Group's employees participated in volunteer services for over **5,300** hours
- In the U.S. and Europe, Smithfield donated more than **30.2 million** servings of protein through hunger relief programmes such as Helping Hungry Families® and **28,000 pounds** of food to communities hit by Hurricane Idalia
- In the U.S., Smithfield has donated a cumulative total of USD **580,000** to advance minority organisations in agriculture, natural resources and related sciences (MANRRS)
- In China, Shuanghui Development actively participated in the “99 Public Welfare Day” and “Guangdong Poverty Alleviation and Relief” charitable activities, with a cumulative total of **over 10,000 participants**











1

CREATING A  
CULTURE OF  
SUSTAINABILITY




## CREATING A CULTURE OF SUSTAINABILITY (continued)






In line with the Group's purpose of "Holding Ourselves to the Highest Standards and Creating Sustainable Value for Society", WH Group continues shaping a sustainable development value system underpinned by strategic decisions and operational execution in the areas of strategy and objective setting, policy alignment and performance evaluation, aiming to integrate sustainable development into its corporate culture. We align with the UN Sustainable Development Goals and adhere to the *WH Group Corporate Principles* (hereinafter referred to as the *Corporate Principles*) focusing on eight key areas: Climate Change and Environment, Food Safety and Nutrition, Labour Standards and Employee Rights, Work Environment and Safety, Animal Welfare and Care, Sustainable Supply Chain, Business Integrity and Community Engagement.

Corporate Principles	UN Sustainable Development Goals	
<p><b>Business Integrity</b></p> <p>WH Group follows the founding principle of "integrity and honesty", demonstrating a steadfast dedication to ethical business practices, transparency and accountability, while addressing stakeholder concerns.</p> <ul style="list-style-type: none"> <li>• Compliance</li> <li>• Anti-corruption and anti-bribery</li> <li>• Whistleblowing mechanism</li> </ul>		<ul style="list-style-type: none"> <li>• Promote peaceful and inclusive societies for sustainable development</li> </ul>
<p><b>Climate Change and Environment</b></p> <p>WH Group supports the Paris Agreement's initiatives to combat global climate change, delivering carbon emissions reduction across all of our subsidiaries in our quest to achieve the target of zero emission.</p> <ul style="list-style-type: none"> <li>• Environmental management system</li> <li>• Climate change</li> <li>• Biodiversity and resources management</li> <li>• Energy and emissions management</li> </ul>		<ul style="list-style-type: none"> <li>• End hunger, achieve food security and improved nutrition and promote sustainable agriculture</li> </ul>
		<ul style="list-style-type: none"> <li>• Ensure access to affordable, reliable, sustainable and modern energy</li> </ul>
		<ul style="list-style-type: none"> <li>• Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</li> </ul>
		<ul style="list-style-type: none"> <li>• Take urgent action to combat climate change and its impacts</li> </ul>
		<ul style="list-style-type: none"> <li>• Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</li> </ul>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

Corporate Principles	UN Sustainable Development Goals
<p><b>Food Safety and Nutrition</b></p> <p>At WH Group we recognize that consumers prioritize safety, quality and nutrition when choosing food products. To meet their expectations, we maintain rigorous oversight and continually invest in all aspects of our operations and productions processes. Our approach includes incorporating material safety features and priorities at each stage, effective and high-standard management measures have been formed, focusing on issue identification, prevention and correction capability. We require all our subsidiaries to strive for our goal of zero incidents and zero recalls.</p> <ul style="list-style-type: none"> <li>• Quality assurance system</li> <li>• Supplying and testing standards</li> <li>• Nutrition R&amp;D</li> <li>• Additives management</li> <li>• Alternative protein</li> <li>• Employee training</li> </ul>	<div style="display: flex; flex-direction: column;"> <div style="margin-bottom: 10px;">  <ul style="list-style-type: none"> <li>• Ensure healthy lives and promote wellbeing for all at all ages</li> </ul> </div> <div>  <ul style="list-style-type: none"> <li>• Ensure sustainable consumption and production patterns</li> </ul> </div> </div>
<p><b>Sustainable Supply Chain</b></p> <p>We are committed to building a sustainable supply chain and delivering positive impact, from sourcing livestock and raw materials to working downstream with distributors and retailers to provide consumers with high-quality, nutritious protein choices.</p> <p>Our suppliers have joined us in ensuring the safety and quality of our end products by meeting the procurement standards of WH Group and its subsidiaries. They are further encouraged to take initiatives in environmental conservation, labour standards, employee safety and animal welfare outlined in our Supplier Code of Conduct.</p> <ul style="list-style-type: none"> <li>• Sustainable agriculture</li> <li>• Suppliers' quality assurance</li> <li>• Supplier code of conduct</li> </ul>	<div style="display: flex; flex-direction: column;"> <div style="margin-bottom: 10px;">  <ul style="list-style-type: none"> <li>• End hunger, achieve food security and improved nutrition and promote sustainable agriculture</li> </ul> </div> <div style="margin-bottom: 10px;">  <ul style="list-style-type: none"> <li>• Make cities and human settlements inclusive, safe, resilient and sustainable</li> </ul> </div> <div style="margin-bottom: 10px;">  <ul style="list-style-type: none"> <li>• Ensure sustainable consumption and production patterns</li> </ul> </div> <div>  <ul style="list-style-type: none"> <li>• Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</li> </ul> </div> </div>
<p><b>Animal Welfare and Care</b></p> <p>The Group takes pride in establishing best practices and setting an example to make animal welfare a standard practice within the industry. We actively seek opportunities to create a positive impact and collaborate with stakeholders to champion and advance the development of animal welfare standards.</p> <ul style="list-style-type: none"> <li>• Animal welfare principles</li> <li>• Responsible use of antibiotics</li> <li>• Implementation and review</li> </ul>	<div style="display: flex; flex-direction: column;"> <div style="margin-bottom: 10px;">  <ul style="list-style-type: none"> <li>• Ensure availability and sustainable management of water and sanitation for all</li> </ul> </div> <div>  <ul style="list-style-type: none"> <li>• Ensure sustainable consumption and production patterns</li> </ul> </div> </div>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

Corporate Principles	UN Sustainable Development Goals	
<p><b>Labour Standards and Employee Rights</b></p> <p>We value respectful relationships and encourage enterprising work ethics; we nurture an inclusive culture and provide a safe work place. Guided by the principles of the United Nations Sustainable Development Goals (UNSDGs) and the United Nations Global Compact (UNGC), we respect and protect individual rights within our operations and across our value chain, supported by a fair and efficient human resources system.</p> <ul style="list-style-type: none"> <li>• Employee rights and development</li> <li>• A culture of mutual respect</li> <li>• Labour standards</li> </ul>		<ul style="list-style-type: none"> <li>• Ensure healthy lives and promote wellbeing for all at all ages</li> </ul>
		<ul style="list-style-type: none"> <li>• Achieve gender equality and empower all women and girls</li> </ul>
		<ul style="list-style-type: none"> <li>• Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</li> </ul>
		<ul style="list-style-type: none"> <li>• Reduce inequality within and among countries</li> </ul>
<p><b>Work Environment and Safety</b></p> <p>Most of our employees work on production lines, where they regularly interact with livestock and poultry, and some of them operate machines. As a result, employee occupational health and safety has always been of utmost importance to the management team. We focus on enhancing preventive measures to reduce accidents, aiming to maintain a safer and more comfortable work environment.</p> <ul style="list-style-type: none"> <li>• Management systems and targets</li> <li>• Workplace safety and occupational health</li> <li>• Emergency response and drills</li> </ul>		<ul style="list-style-type: none"> <li>• Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</li> </ul>
		<ul style="list-style-type: none"> <li>• Achieve access to adequate and equitable sanitation and hygiene for all</li> </ul>
<p><b>Community Engagement</b></p> <p>Attaching great importance to the needs and well-being of local communities, we actively engage in public welfare and charity activities and make efforts to contribute to hunger eradication and education promotion, to build a warm and mutually supportive social atmosphere with the community.</p> <ul style="list-style-type: none"> <li>• Hunger eradication</li> <li>• Donation and relief</li> <li>• Education promotion</li> </ul>		<ul style="list-style-type: none"> <li>• End poverty in all its forms everywhere</li> </ul>
		<ul style="list-style-type: none"> <li>• End hunger, achieve food security and improved nutrition and promote sustainable agriculture</li> </ul>
		<ul style="list-style-type: none"> <li>• Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</li> </ul>
		<ul style="list-style-type: none"> <li>• Make cities and human settlements inclusive, safe, resilient and sustainable</li> </ul>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

### 1.1 Corporate Governance

WH Group aspires to undertake high standards in corporate governance to effectively safeguard the interests of shareholders and the interests of the Group as a whole. We continue to build a Board of Directors with diverse backgrounds, drawing insights from different perspectives and expertise that complement one another for better decision-making. In this way, we enhance the Board's capability in evaluating and managing risks and opportunities in the face of complex challenges. The Board aims to improve its governance practice steadily and responds to stakeholders concerns on their interests so as to sustain long term viable development.

#### 1.1.1 Governance Structure and Accountability

We comply with the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, other applicable laws and regulations in regions where we operate and market access requirements or international standards for product sales. The Board of Directors has employed governance related policies, which are reviewed at a pre-determined frequency, in carrying out its duties.

#### **Corporate Governance Structure**

The Board of Directors is the highest responsible body of the Group. There are a number of professional committees under the Board, each performing its authorized responsibilities and cooperating with others as required, to collectively safeguard the Group's overall interests. Among them, the Food Safety Committee, chaired by Mr. Wan Long, is responsible for overseeing corporate policies, operating practices and performance in relation to food quality and safety, and reports to the Board as appropriate. The Food Safety Committee closely monitors food safety-related standards, guides the innovative exploration in product and technology, and calls for precautionary measures against material food safety risks.

**Governance Structure of WH Group**



#### **Board Composition Diversity**

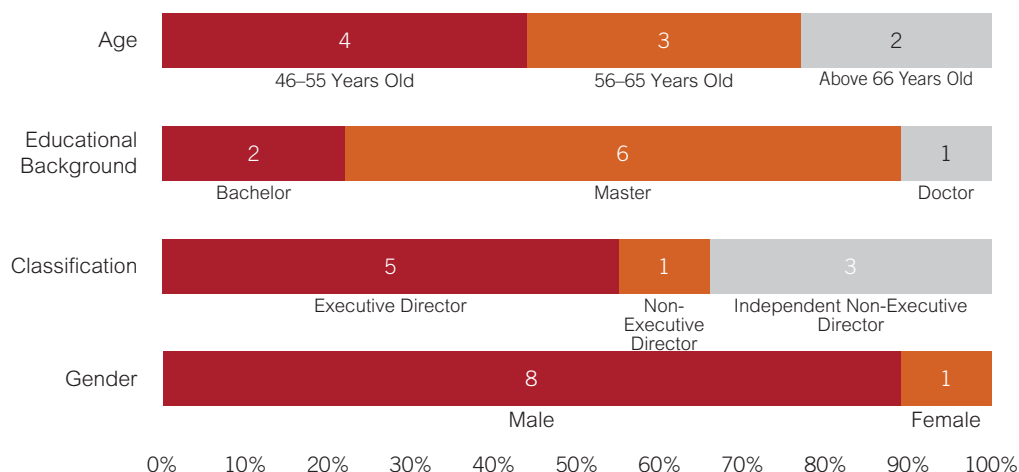
WH Group's Board of Directors adheres to the *Board Diversity Policy* and seeks to maintain a board composition that is diverse in terms of specialization, background, market experience, amongst other criteria. This helps enhance the Board's governance capabilities in assessing the growth and risk management of the Group from broader perspectives in order to achieve its long-term strategic goals and bolster its corporate reputation. The Group has been practicing the separation of the role of Chairman of the Board from the Chief Executive Officer since 2021.



## CREATING A CULTURE OF SUSTAINABILITY (continued)

As of the end of the Reporting Period, the Board is comprised of nine members, including five Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors (including one female Director). Please refer to the *List of Directors and their Roles and Functions*, and the Corporate Governance section of the *2023 Annual Report of WH Group* for details about the meetings of the Board and its committees.

### Diversed Composition of the Board of Directors of WH Group



### Profile of WH Group's Board of Directors

Name	Expertise			
	Risk Management	Financial Management	Business Management	Industry Experience
Wan Long			✓	✓
Guo Lijun		✓	✓	✓
Wan Hongwei	✓		✓	✓
Ma Xiangjie			✓	✓
Jiao Shuge		✓	✓	
Huang Ming	✓	✓	✓	
Lau Jin Tin Don		✓	✓	
Zhou Hui (Female)		✓	✓	
Charles Shane Smith		✓	✓	✓

### 1.1.2 ESG Governance and Management

WH Group takes ESG integration as one of the important pillars for the sustainable development of the Group. The Board of Directors authorizes the ESG Committee to provide oversight on major ESG issues of the Group. The subsidiaries are tasked to establish their ESG targets and relevant implementation mechanisms based on their own circumstances respectively, delivering high-quality sustainable practices. In the meanwhile, we are committed to optimizing our dialogue with stakeholders through engagement programs, and exercise rational judgement balancing the Group's overall interests with the expectations from each stakeholder group.

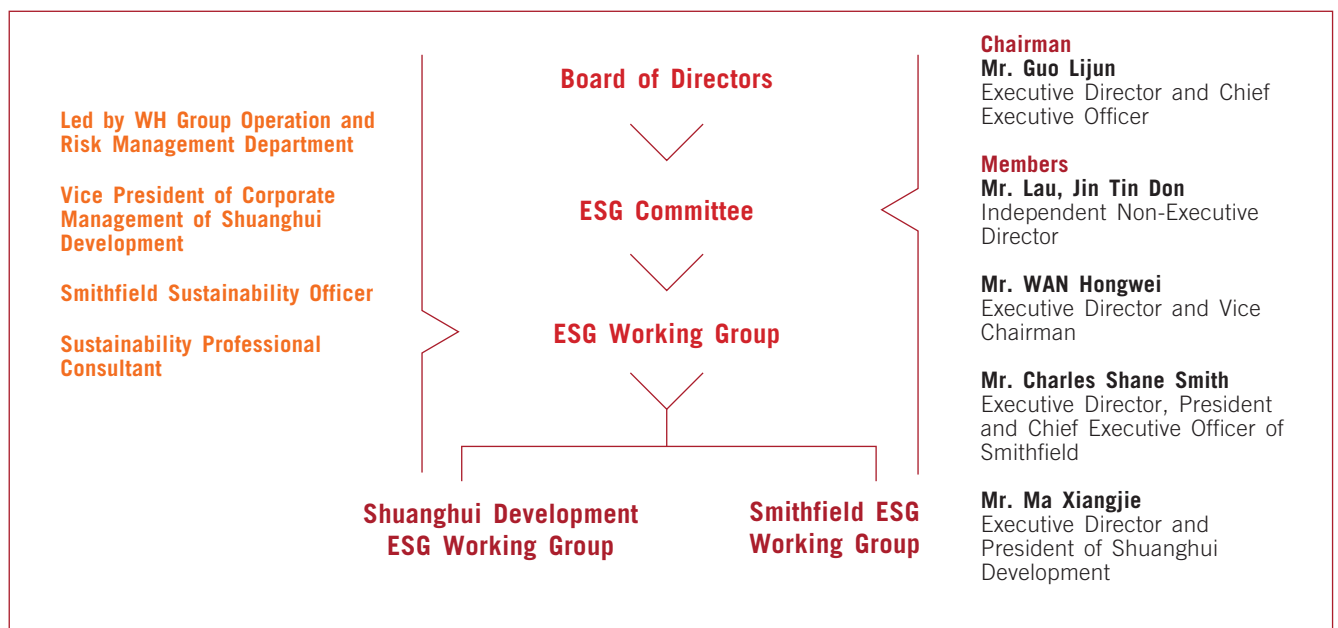
## CREATING A CULTURE OF SUSTAINABILITY (continued)

### ESG Governance Structure

WH Group has formed a top-down three-tier ESG governance structure consisting the Board of Directors, the ESG Committee under the Board and the ESG working Group. The two major subsidiaries, Shuanghui Development and Smithfield, are responsible for delivering ESG performance in their daily operations. The ESG Working Group provides necessary coordination for joint actions and experience sharing.

During the Reporting Period, the WH Group's ESG Committee regularly enquires about and reviews the work of the ESG working groups and has briefings by them. It also supervises and provides guidance to the annual ESG programs, including stakeholder engagement, climate change related analysis, GHG inventory building, food quality and safety, and customer/consumer services.

### WH Group ESG Governance Structure



Within each level of the ESG governance structure, specific roles have been clearly defined to ensure that the Group's policies, aligned with relevant objectives, are consistently enforced, and vigilant oversight is maintained over risks and performance.

We have formed a management approach that is suitable for our stage of development. We make ESG KPIs of relevant executives in charge part of their performance appraisals, contributing to the remuneration packages. The Board of Directors of Shuanghui Development has decided to include ESG performance in the job description and performance appraisal of the company's President and his senior management team, and relevant results are duly reflected in the variable remunerations. Smithfield has also integrated ESG into its corporate strategy, standing operations and value chain management.

## CREATING A CULTURE OF SUSTAINABILITY (continued)

### Roles within WH Group's ESG Governance System



#### WH Group Board of Directors

- Assessing, defining and overseeing ESG risks to ensure that the Group has appropriate and effective ESG objectives and risk management measures in place, and that the Board's governance initiatives are in compliance with the relevant rules of the HKEx



#### ESG Committee

- Reviewing and reporting to the Board of Directors on the effectiveness of the Company's policies and performance in relation to significant ESG issues
- Identifying and responding to material ESG issues to stakeholders through appropriate means
- Supervising the standards set and performance achieved by the Group on material ESG issues



#### ESG Working Group

- Organizing internal exchanges with counterpart leaders and functional departments of subsidiaries including Shuanghui Development and Smithfield, promoting the exchange of sustainability management experience and synergy between subsidiaries, and working with them to jointly advance the implementation of routine ESG-related work under the coordination and guidance of the ESG Committee

### Daily Practice of ESG Management

The ESG Working Group, responsible for driving the ESG agenda in the daily operation of WH Group, holds regular communication meetings with Shuanghui Development and Smithfield to follow up on the progress of the implementation of sustainable development goals. The ESG Working Group also works with the Food Safety Committee and the Risk Management Committee to coordinate planning when necessary to jointly promote sustainable development.

During the Reporting Period, the ESG Working Group reviewed the ESG management and initiatives of the Group, and reviewed the compliance of the annual ESG report preparation and disclosure with the principles and requirements set by the regulatory agencies. In light of the consultation paper on "Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework" issued by the HKEx, the ESG Working Group has taken significant steps to synthesize actionable measures that the Group can respond and adapt to climate risks. Additionally, a qualitative financial impact analysis on climate risks and opportunities have been conducted, a further step taken to include climate risks in the overall Group risk management process. With the support of the ESG Working Group, Shuanghui Development and Smithfield have embarked on building a GHG inventory, inclusive of Scope 3 GHG emissions, which encompass activities of the entire value chain from materials and livestock procurement, livestock farming, harvesting and processing, distribution, transportation, and retail.

## CREATING A CULTURE OF SUSTAINABILITY (continued)

### ESG External Recognition

While continuously pursuing sustainable development, WH Group received many external recognitions and awards for its ESG governance and business performance, including the ESG rating in the capital market, awards for good ESG practice.

<b>WH Group</b>	<ul style="list-style-type: none"><li>• Rated as BBB by MSCI-ESG</li><li>• Hang Seng Corporate Sustainability Index, rated as A+</li><li>• Rated in the top 8% of the food industry in S&amp;P Global Sustainability Assessment (CSA)</li></ul>
<b>Shuanghui Development</b>	<ul style="list-style-type: none"><li>• Shuanghui Development obtained A in Wind ESG Rating</li><li>• Shuanghui Development has been a top-ten brand preferred by consumers for ten consecutive years in the PRC</li><li>• Shuanghui Development product quality and safety case study has been successfully selected as the “2023 Best ESG Practice Case of Public Companies” in the PRC</li><li>• Shuanghui Development green operation case study has been successfully selected as the “2023 Outstanding ESG Practice Case of Public Companies” in the PRC</li></ul>
<b>Smithfield</b>	<ul style="list-style-type: none"><li>• Five Smithfield locations has been granted the Environmental Achievement Award by the Meat Institute in the U.S.</li><li>• Smithfield is awarded with “#1 Military Times 2023 Best For Vets Employer in Agriculture” in the U.S.</li><li>• Smithfield (Poland) is awarded with “The Business Ethics Leader” under the competition of “Sustainable Economy Diamonds”</li><li>• Smithfield (Poland) won the title of the best employer in the food &amp; agriculture industry in “50 best Polish employers” by the weekly “Wprost”</li></ul>

### 1.1.3 Stakeholder Engagement and Material ESG Topics

WH Group values engagement and collaboration with its stakeholders. The Group maintains an open dialogue with all stakeholders via regular communication over multiple channels, to understand their views and expectations.

#### Stakeholder Engagement

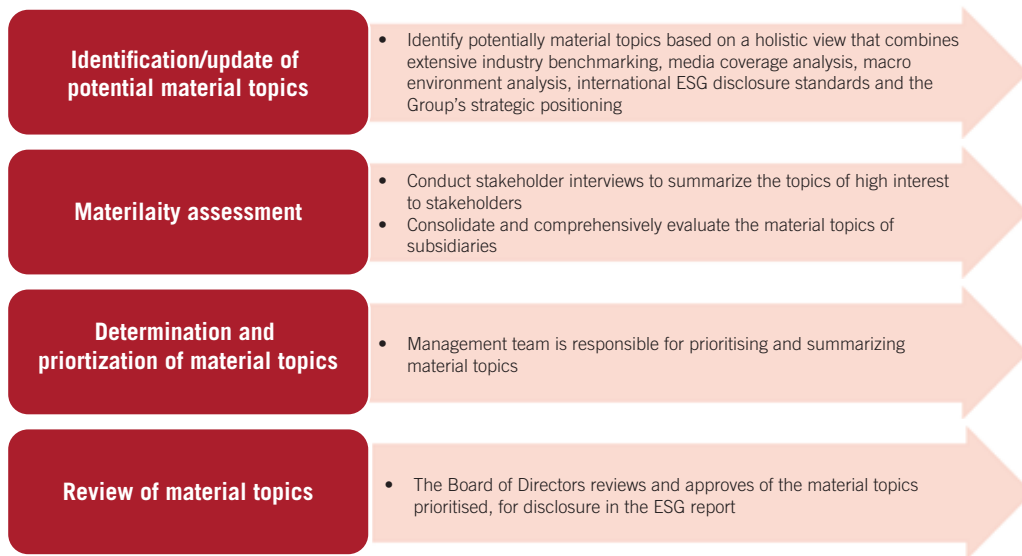
Stakeholders' feedback serves as valuable input for the Group's informed decision-making on its sustainable development plans. In light of the Group's strategic positioning, we have identified the following parties as our key stakeholders: investors, employees, suppliers, regulators, industry organizations and experts, NGOs, sustainability think tanks, media, distributors and consumers. Our subsidiaries, Shuanghui Development and Smithfield, have established their own engagement mechanisms to respond to stakeholders based on respective business circumstances and market requirements, taking into account of the stakeholders' interest in the course of their sustainable development. Please refer to the *2023 ESG Report of Shuanghui Investment & Development Co.,Ltd.* and *Smithfield 2023 Sustainability Impact Report* for details about stakeholder engagement and material topics of Shuanghui Development and Smithfield.

## CREATING A CULTURE OF SUSTAINABILITY (continued)

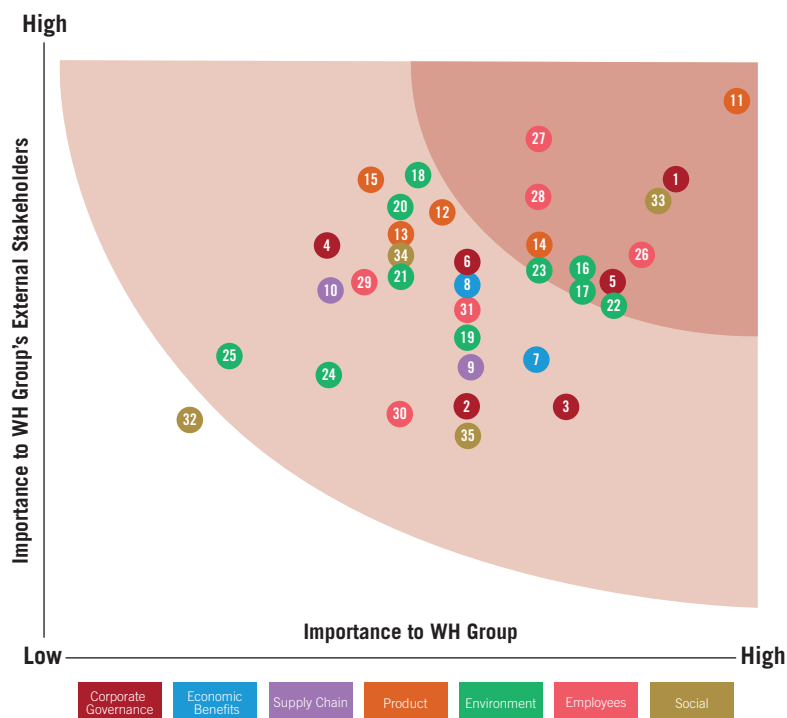
### ESG Materiality Matrix

WH Group conducts ESG trends study semi-annually. We review and update the Group's material topics based on a holistic analysis that consolidates media reports, peer benchmarking, stakeholder interviews, international standards for ESG disclosure, and the material topics identified by the subsidiaries. The prioritization of these material topics was discussed and validated by the senior executives, before the final review and approval of the Board of Directors. During the Reporting Period, WH Group examined its materiality matrix and revealed no significant updates compared to the previous year. Please refer to the matrix below for the material issues we have identified.

#### The Identification Process of Material Topics



### 2023 WH Group Materiality Matrix





## CREATING A CULTURE OF SUSTAINABILITY (continued)

### Material Topics of WH Group in 2023<sup>1</sup>

Corporate Governance		Environment	
1	<b>Governance framework and transparency</b>	18	Water resource management
2	Code of business conduct and anti-corruption	19	Use of packaging material
3	Risk management	20	Air pollution
4	Public policy and responsibility	21	Odor control
5	<b>Information and security</b>	22	<b>Wastewater discharge</b>
6	Responsible marketing	23	<b>Waste management</b>
<b>Economic Benefits</b>		24	Ecological restoration
7	Sustainable income growth	25	Biodiversity conservation
8	Internal tax regime	<b>Employees</b>	
<b>Supply Chain</b>		26	<b>Occupational health and safety</b>
9	Supply chain management system	27	<b>Equal employee development</b>
10	Sustainable procurement system	28	<b>Reasonable remuneration and benefits</b>
<b>Product</b>		29	Diversified staff training
11	<b>Product quality and safety</b>	30	Non-discrimination
12	Product nutrition (food health and nutrition opportunities)	31	Protection of basic labour rights
13	Product labeling (advertising and labeling)	<b>Social</b>	
14	<b>Technology and innovation</b>	32	Elimination of hunger
15	Consumer complaint platform	33	<b>Use of antibiotics</b>
<b>Environment</b>		34	Social contribution
16	<b>Response to climate change</b>	35	Animal welfare
17	<b>Energy management</b>		

#### 1.1.4 Board Statement

##### **Board Accountability**

The Board of Directors is accountable for developing WH Group's ESG strategy and management approach, setting ESG targets, and monitoring progress towards the targets and ESG performance. The Board is also responsible for the final review and approval of ESG information disclosures. The ESG Committee under the Board is authorized to formulate an ESG management system and targets, identify related risks, coordinate management resources and report regularly to the Board on progress made. The Committee is composed of one Independent Non-Executive Director and four Executive Directors, one of whom takes the office as the Chair. Please refer to the *Terms of Reference of the ESG Committee*<sup>2</sup> for detail.

During the Reporting Period, the ESG Committee proactively reached out to stakeholders to understand their expectations on the Group's ESG development. It also reviewed the goals set by the Group in carbon emissions, resource utilization, product quality and safety. Based on the effectiveness assessment of the ESG programs, it urged the subsidiaries to conduct performance tracking and regular reviews, and reported the results to the Board of Directors. The Group took phased approach in incorporating climate and other ESG risks into its overall risk management system, and explored response plans for ESG topics that might affect the long-term sustainable development of the Group.

<sup>1</sup> The bold font in the table indicates the most material issues.

<sup>2</sup> [https://media-whgroup.todayir.com/pdf/esgc\\_en.pdf](https://media-whgroup.todayir.com/pdf/esgc_en.pdf)

## CREATING A CULTURE OF SUSTAINABILITY (continued)

### The ESG goals and achievement

WH Group is committed to a goal-oriented approach, guided by the principles of the *Corporate Principles*, focusing on long-term and diversified goals, and continuing to improve our ESG performance under the corporate principles of climate change and the environment, food safety and nutritional health, employment standards, and employees' rights and interests, in order to do our part for a better and more sustainable living of humankind.

Core Topics	Key Progress	2023 Subsidiary Performance	Achievement Status
Climate Change	Scope 1, 2 and 3 Carbon Inventory	<ul style="list-style-type: none"> <li>WH Group has organized Scope 1, 2 and 3 GHG inventories in China region</li> <li>In America, Smithfield has conducted GHG inventory of own operation and value chain (Scope 1, 2 and 3)</li> </ul>	On track
	Qualitative Financial Analysis of Climate Change Risks	<ul style="list-style-type: none"> <li>Shuanghui Development and Smithfield have estimated the qualitative financial impacts of climate change risks and formulated adaptation and mitigation responses</li> </ul>	Achieved
Energy and emission management	Promote the Use of Renewable Energy	<ul style="list-style-type: none"> <li>Shuanghui Development has conducted Feasibility Analysis of Distributed Rooftop Photovoltaic Installation on plants</li> <li>Smithfield has invested in clean energy projects in the U.S. with clean energy companies and installs photovoltaic panels at its European plants</li> </ul>	On track
	Enhance Energy Efficiency	<ul style="list-style-type: none"> <li>Shuanghui Development has applied an intelligent cloud-based energy management platform to its production sites to improve energy metering accuracy and real-time monitoring capabilities</li> <li>Smithfield has modernized feed mills and streamlines feed production and delivery processes to save energy</li> </ul>	On track
Environmental management system	Environmental Management System Certification	<ul style="list-style-type: none"> <li>87.7% of WH Group's slaughterhouse and meat processing plant operating facilities have obtained ISO 14001 certification</li> <li>44 of Shuanghui Development facilities have been ISO 14001 certified</li> <li>All of Smithfield's operation sites (except new acquisitions and those where certification is not applicable) and all company-owned farms have been environmentally managed with reference to the requirements of ISO 14001 certification</li> </ul>	On track

## CREATING A CULTURE OF SUSTAINABILITY (continued)

Core Topics	Key Progress	2023 Subsidiary Performance	Achievement Status
Quality Assurance System	Quality Management System Certification	<ul style="list-style-type: none"> <li>• 100% of WH Group's slaughterhouse and meat processing plant have acquired and maintained certifications for various product and/or food quality and safety systems</li> <li>• Shuanghui Development has achieved 100% coverage of quality-related external certifications for a total of 47 owned facilities</li> <li>• Smithfield has achieved 100% coverage of quality-related external certifications for a total of 67 owned facilities</li> </ul>	On track
	Supplying and Testing Standards	<ul style="list-style-type: none"> <li>• Shuanghui Development has required each supplier to sign a Statement on Live Hogs Supplied</li> <li>• Smithfield has evaluated the quality of supplied raw materials on a regular basis</li> </ul>	On track
Nutrition R&D	Product R&D Innovation	<ul style="list-style-type: none"> <li>• Shuanghui Development has established a Feed Research Institute and Group Catering Institute and collaborated with Chinese Academy of Agricultural Sciences, Henan Agricultural University, and other scientific research institutes</li> <li>• Smithfield has set key R&amp;D performance indicators, which include tracking the number of new product developments and cost savings to be achieved within two years</li> </ul>	On track

## CREATING A CULTURE OF SUSTAINABILITY (continued)

Core Topics	Key Progress	2023 Subsidiary Performance	Achievement Status
Labour Standards and Employee Rights	Employee Rights and Development	<ul style="list-style-type: none"> <li>Shuanghui Development continuously promoted the three-year development objective — “upgrading the Integrated Training Center to a corporate university by 2026”, and established the three-level training system</li> <li>Smithfield has created annual training plans tailored to employee requirements, offering training courses for all exempt<sup>3</sup> and non-exempt employees</li> </ul>	On Track
	A Culture of Mutual Respect	<ul style="list-style-type: none"> <li>Smithfield has continued to pursue its diversity goal, aiming to promote and hire qualified female leaders to represent at least 35% of supervisors and hiring qualified Black, Hispanic and other underrepresented groups to reflect at least 30% of supervisors and above by 2030, and has made phased progress in delivering its commitment to recruit 4,000 veterans by 2025</li> <li>Shuanghui Development has conducted identity document verification and information system registration during the recruitment process, strictly the use of child labor or forced labor prohibited</li> </ul>	On Track
Work Environment and Safety	Workplace Safety and Occupational Health	<ul style="list-style-type: none"> <li>Smithfield has established and implemented the safety management goals with “score at least 90% on Smithfield Injury Prevention System (SIPS) audits at all U.S. locations by 2025”</li> <li>In China, Shuanghui Development has achieved occupational health and safety targets, such as the annual minor injury accident rate is less than or equal to 1.5‰, etc.</li> </ul>	On Track

<sup>3</sup> Exempt employee : Exempt employee refer to employees who are paid a fixed weekly, biweekly, monthly, or annual salary, regardless of the number of hours they work for a fixed Period of time or within a week or a month.



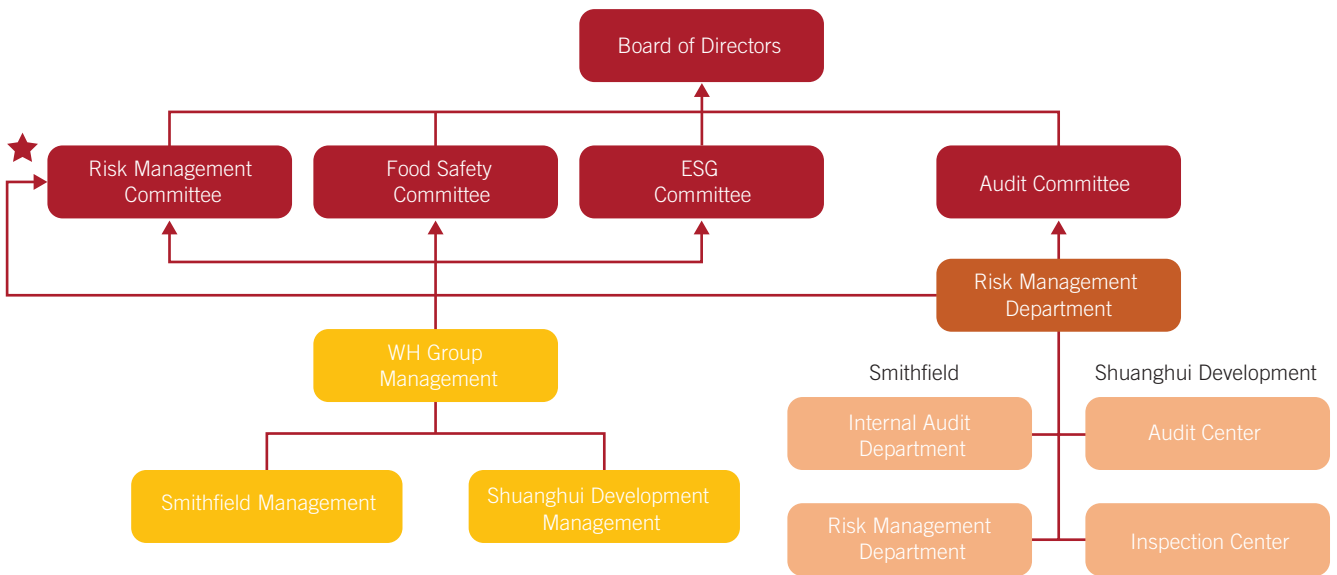
## 1.2 Risk Management

WH Group is committed to a high standard of risk management and abides by the laws and regulations in regions where we operate, including China, the U.S., Mexico, and Europe. We have established a robust risk management structure and process that underpin an all-around identification, assessment, handling and monitoring of ESG-related risks, including climate risks, to deliver comprehensive and efficient risk management.

### 1.2.1 Risk Management Structure and Principles

The Board of WH Group holds the ultimate responsibility for the Group’s risk management and oversight. It is responsible for supervising and guiding management on matters related to the assessment and effective control of risks. The Risk Management Committee under the Board takes the lead in establishing and supervising the Group’s risk management system, supported by other committees as appropriate, in risk identification and monitoring, and reports to the Board. The management team of the Group and its subsidiaries are responsible for performing concrete tasks across risk identification, assessment and prioritization to fully ensure the effective operation of the risk management process.

Risk Management Structure of WH Group



#### Risk Management Committee

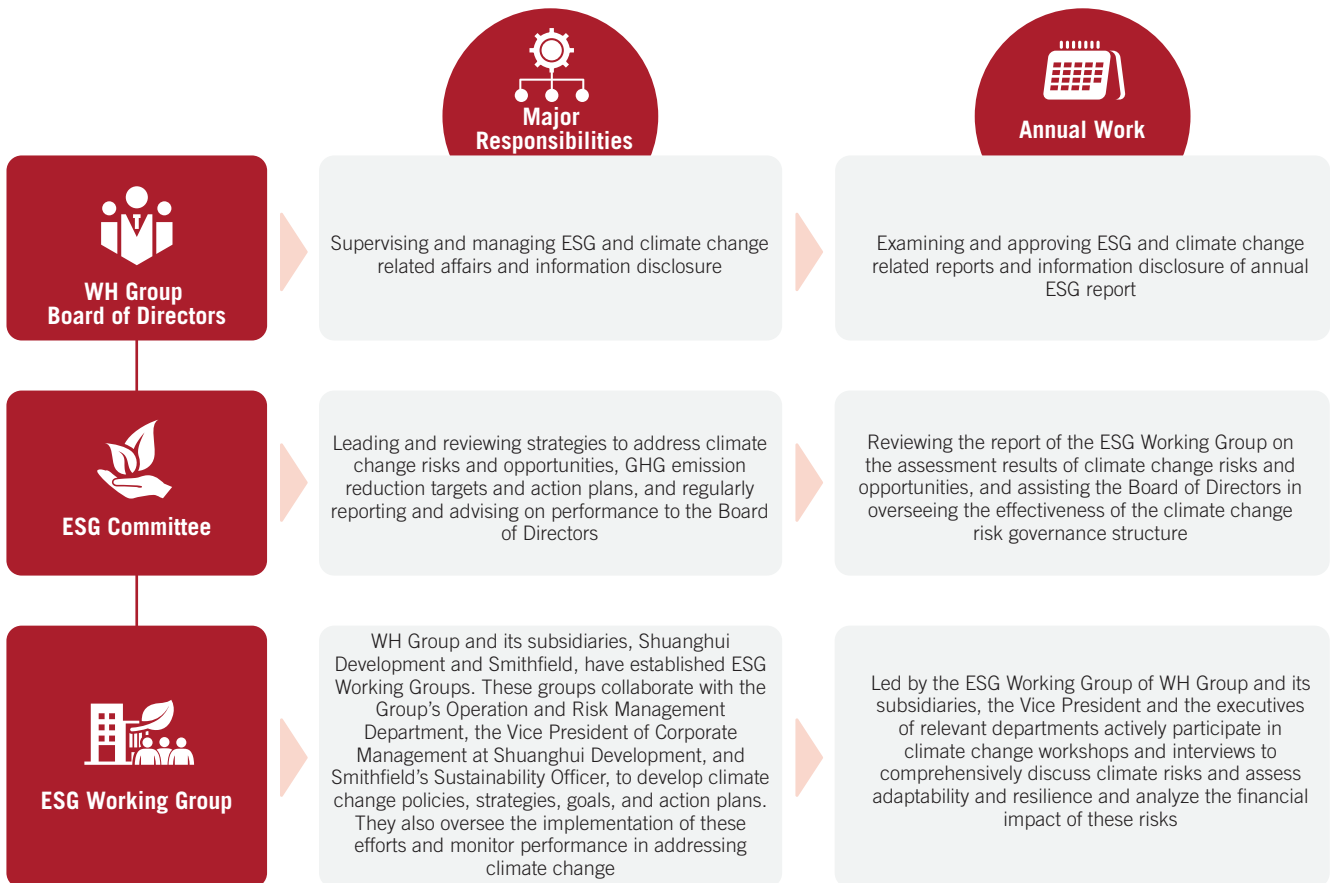
- Establishing and overseeing risk management systems.
- Conducting regular reviews of the Group’s risk management system, internal control systems related to risk management and risk management policies and procedures to identify, assess and manage risks, oversee their effective operation, and ensure the effective implementation of appropriate internal risk controls.
- Responding proactively to the Board’s assignment to assess significant findings with regard to risk management and internal control matters and management’s response to such findings.
- Reporting to the Board on any significant risk management matters and proposing recommendations or solutions for improvements in the Company’s compliance and risk management.

## CREATING A CULTURE OF SUSTAINABILITY (continued)

<b>ESG Committee</b>	<ul style="list-style-type: none"> <li>Identifying ESG issues that are relevant and material to the Group's operations and other significant stakeholders.</li> <li>Reviewing and making recommendations to the Board on the effectiveness of the Company's policies and performance in relation to material ESG issues.</li> <li>Responding to ESG issues of concern to stakeholders through appropriate means.</li> </ul>
<b>Food Safety Committee</b>	<ul style="list-style-type: none"> <li>Reporting and advising on the Company's policies, operational standards and performance in relation to food quality and safety to ensure compliance with relevant laws and regulations.</li> <li>Evaluating, reviewing, overseeing, and reporting to and advising the Board on the Company's food safety internal control standards and product tracking processes.</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>Providing independent opinions on the effectiveness of the Company's financial statement preparation process, internal controls and risk management systems.</li> <li>Overseeing the audit process and performing other functions and duties assigned by the Board.</li> <li>Evaluating and reviewing risk management policies and assisting the Board in overseeing the implementation of risk management policies.</li> </ul>

The Group has clarified our position and commitment to action in climate change, energy and emission management in the *Corporate Principles*. We have integrated climate-related responsibilities into our ESG governance structure and integrated the management of climate change risks and opportunities into our existing development strategies and risk management framework. This also demonstrates our commitment to corporate social responsibility in fighting global warming.

### Climate Risk Governance Structure of WH Group



## CREATING A CULTURE OF SUSTAINABILITY (continued)

### 1.2.2 Risk Identification and Control and Climate Risks

WH Group implements the Risk Management Policy that specifies the risk management procedure with five main steps in the implementation process, including budgeting and planning, risk assessment, action plan, management and supervision, and reporting. Through a sound risk control procedure, we mitigate potential risks in operations and ensure the stable operation of our business.



We conduct regular risk management assessments to identify and prioritize potential risks, develop risk response strategies, and continuously follow up on the implementation of risk controls accordingly. During the Reporting Period, we carried out corporate risk assessments according to our Risk Management Policy and Risk Assessment Guidelines and classified the risks into 6 major areas with 26 categories in total, including commodity price and market volatility, planning and strategy, food safety and environmental protection.

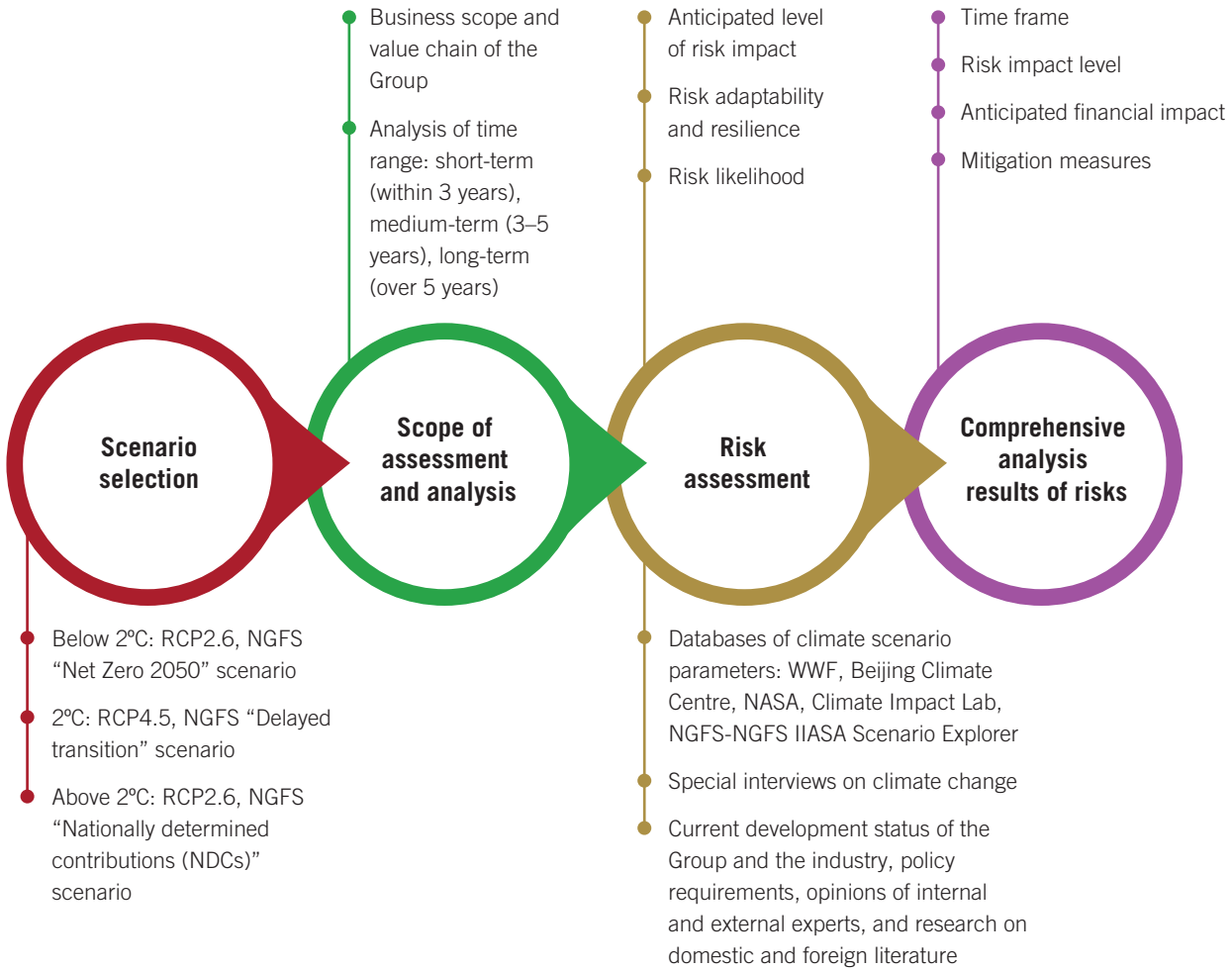
In response to these major risks, we developed relevant countermeasures, that were implemented continuously by respective individuals in charge of risk management in relevant departments. As for strategy, we further optimized our vertically integrated structure, consolidated our farming business, and made advancement in new areas such as group meals, fast food, and ready meals. As for management, we regularly monitor market trends and fluctuations, analyze competitors' performance and hold regular management meetings to deliberate on trade strategies and food safety solutions. With regard to operations, we strictly control food safety and product quality, continue improving relevant control system as a solid defense, and increase investments in innovative quality management. In addition, we place emphasis on animal welfare and biosecurity, and implement risk controls through initiatives such as adopting biosecurity protocols. For details of the Group's risk management and countermeasures, please refer to the Key Risks and Their Management section of the WH Group Annual Report 2023.

## CREATING A CULTURE OF SUSTAINABILITY (continued)

### Climate Risk and Response

WH Group is committed to continuously integrating climate-related risks into its current risk management framework to obtain additional insights to guard against operational risks. We select climate change scenarios, define the scope of assessment and analysis, and conduct risk assessments, using qualitative and quantitative analysis methods to obtain comprehensive analysis results of climate change risks, which are discussed and reviewed by the management and the Board of Directors.

#### Analysis and Assessment Process of Climate Risks



During the Reporting Period, we reviewed the list of climate risks and opportunities. The scope of our assessment and analysis has covered the entire value chain of the Group. We have expanded the sources of information for risk assessment. The executives from WH Group and its subsidiaries organized and participated in 23 internal meetings, during which in-depth discussions on key issues such as corporate adaptability and resilience to climate risks were conducted. Meanwhile, we also expanded our assessment dimensions to have included financial impact analysis from multiple aspects such as corporate assets, operating expenses, and procurement costs.



## CREATING A CULTURE OF SUSTAINABILITY (continued)

### Physical risks

- Five physical risks, including drought, flood, cyclone, extreme heat, and sea level rise

### Locations

- Over 700 company-owned operating locations in China, the U. S., and Europe

We have selected scenarios above 2°C to evaluate how physical risks affect the Company's production and operation activities. Based on the geographical location of the operating sites, we used external databases of climate parameters to capture quantitative information such as the anticipated risk index, anticipated frequency of risk occurrence, and potential risks of the operating locations. We analyzed and evaluated the impact level of risks without implementing mitigation measures. Please refer to the table below for detailed information.

The external databases are based on various climate and social change assumptions, and provide physical risk intensity predictions for different regions at different time periods through mathematic modeling. The proportion of high-risk or medium-risk operating locations shown in the table represents the percentage of operating locations with high or medium risk index to the total number of operating locations within the regions where we operate. The proportion of risk-prone operating locations represents the percentage of operating locations that are vulnerable to any specific risk to the total number of operating locations within the regions where we operate. Among them, the statistics of cyclones have included the anticipated frequency of risks.

Year	Proportion of high-risk operating locations												Proportion of risk-prone operating locations		
	Drought			Flood			Cyclone <sup>4</sup>			Extreme heat <sup>5</sup>			Sea level rise		
	China	U.S.	Europe	China	U.S.	Europe	China	U.S.	Europe	China	U.S.	Europe	China	U.S.	Europe
2030	11%	0%	0%	7%	0%	0%	16%	24%	5%	54%	9%	0%	21%	54%	9%
2050	11%	0%	0%	11%	0%	0%	26%	22%	13%	54%	9%	0%	21%	54%	9%

Year	Proportion of medium-risk operating locations												Proportion of risk-prone operating locations		
	Drought			Flood			Cyclone <sup>4</sup>			Extreme heat <sup>5</sup>			Sea level rise		
	China	U.S.	Europe	China	U.S.	Europe	China	U.S.	Europe	China	U.S.	Europe	China	U.S.	Europe
2030	57%	13%	2%	82%	90%	71%	16%	24%	5%	25%	63%	1.1%	21%	54%	9%
2050	54%	13%	2%	89%	90%	67%	26%	22%	13%	25%	63%	1.1%	21%	54%	9%

Anticipated impact level Low    High

The data listed above are from WWF, Beijing Climate Center, NASA, Climate Impact Lab, and NGFS-NGFS IIASA Scenario Explorer.

The transition risks posed by climate change include policy, technology, market, and reputation. We have selected scenarios below 2°C and conducted qualitative and quantitative risk impact analysis based on a range of information such as regulatory requirements in the regions where we operate, global development trends of meat market, and low-carbon product demand, based on which we have developed and refreshed our risk mitigation measures.

<sup>4</sup> We have selected representative cities in China, the U. S., and Europe as the locations for risk assessment of cyclones, taking into account factors such as the number and scale of operating locations.

<sup>5</sup> The risk data of extreme heat is obtained through comprehensive analysis of extreme heat weather in previous years.

## CREATING A CULTURE OF SUSTAINABILITY (continued)

### Comprehensive Analysis Results of Climate Change Risks of WH Group

	Potential Impact	Time Dimension	Impact Level	Financial Impact	Responses
<b>Acute risk</b> — <b>Flood</b>	<p>Floods may cause land inundation, traffic disruption, damage to facilities, or production interruption due to lack of raw materials, as well as accumulation of goods due to retail interruption, thereby affecting the operating costs and assets security.</p> <p>It's anticipated that floods will have an impact on the entire value chain of the Group.</p>	Long-term	Low	<p>Asset impairment (such as biological assets, property, factory buildings and equipment)</p> <p>The rise of operating costs, such as costs for drainage channels and flood control materials</p>	<ul style="list-style-type: none"> <li>Consider the impact of extreme weather for site selection, planning and design of projects</li> <li>Monitor weather forecast information, develop flood emergency plans, and get equipped with flood prevention materials and facilities</li> <li>Establish a multi-source procurement network and plan the slaughtering locations in a scientific way to reduce the risks of interrupting supply chain or business activities during floods</li> </ul>
<b>Acute risk</b> — <b>Drought</b>	<p>The increase in frequency and scope of droughts will lead to reduced crop yields, increased feed prices, increased water costs, and intermittent suspension of production, affecting the operating costs (such as the costs for additional backup wells for water using on farms) and the stability of the supply chain.</p> <p>It's anticipated that drought will have an impact on the entire value chain of the Group.</p>	Mid- and long-term	Low	<p>The rise of operating costs (the rise of feed prices, water and energy costs, and the costs for building backup wells) resulting from the increase of procurement costs</p>	<ul style="list-style-type: none"> <li>Select sites with multiple water sources available</li> <li>Develop emergency plans for water disconnections and get equipped with backup water sources</li> <li>Establish a multi- source procurement network and develop strategies addressing commodity price risks to mitigate the impact of drought on crop supply shortage</li> </ul>
<b>Acute risk</b> — <b>Cyclone</b>	<p>Cyclone may impact farmlands, block traffic or damage facilities, or it may cause production interruption due to lack of raw materials, as well as accumulation of goods due to retail interruption.</p> <p>It's anticipated that cyclones will have an impact on the entire value chain of the Group.</p>	Long-term	Medium	<p>Asset impairment (such as biological assets, property, factory buildings and equipment, inventory)</p> <p>Rising transportation costs</p> <p>Rising operating costs, such as costs for building drainage channels and purchasing flood control materials.</p>	<ul style="list-style-type: none"> <li>Consider the cyclone resistance of the building during construction, such as the wind load</li> <li>Adopt flood control strategies for the possible heavy rainfall caused by cyclones</li> </ul>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

	Potential Impact	Time Dimension	Impact Level	Financial Impact	Responses
<b>Acute risk</b> <b>— Extreme heat</b>	<p>The frequent occurrence and prolonged duration of extreme heat may reduce crop yields, increase feed prices, weaken hog fattening capability, decrease employee productivity, and increase energy consumption for maintaining animal rearing environment (such as temperature and humidity), thereby affecting the operating costs and capital investment.</p> <p>It's anticipated that extreme heat will have an impact on the entire value chain of the Group.</p>	Long-term	Medium	<p>Increase in operating expenses (water and energy costs, procurement price fluctuations)</p> <p>Asset impairment (such as biological assets)</p> <p>Rising transportation costs (rising external temperature results in increased energy consumption when we maintain a constant temperature inside the vehicle)</p> <p>Capital investment (purchasing air conditioning and cooling facilities)</p> <p>Rising labor costs</p>	<ul style="list-style-type: none"> <li>Establish a multi-source procurement network, develop strategies addressing commodity price risks to mitigate the impact of sustained extreme heat and water shortage on crop supply</li> <li>Set up energy supply backup plans and consider the stability of energy suppliers to cope with the impact of extreme heat on energy supply stability</li> <li>Get equipped with cooling facilities and humidification systems to ensure the temperature and humidity of the animal living environment</li> <li>Develop emergency plans for heatstroke and get equipped with heatstroke prevention supplies</li> </ul>
<b>Chronic risk</b> <b>— Sea level rise</b>	<p>The sea level rise may lead to the submergence of some coastal land, as well as impacts such as traffic disruption, flooding of farms and facilities, production interruption due to lack of raw materials, and accumulation of goods due to retail interruption.</p> <p>It's anticipated that sea level rise will have an impact on the entire value chain of the Group.</p>	Long-term	Medium	<p>Asset impairment (such as biological assets)</p>	<ul style="list-style-type: none"> <li>Consider the risk of sea level rise when selecting sites</li> <li>Develop optimum action plans that address the risks posed by sea level rise accordingly</li> </ul>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

	Potential Impact	Time Dimension	Impact Level	Financial Impact	Responses
<p><b>Increased pricing of GHG emissions</b></p>	<p>Relevant control regulations and adjustment mechanisms in relation to carbon emissions quotas and emissions trading will be gradually introduced on a global scale (including carbon taxes and other forms) and carbon pricing/carbon taxes are expected to rise, as such that additional financial costs are likely to occur.</p> <p>It's anticipated that carbon pricing will have an impact on the entire value chain of the Group.</p> <p>Overall, meat processing is generally not considered energy-intensive. However, in the medium to long term, the possibility of being included in a carbon emission control regime can't be overlooked due to the fact that its upstream agriculture sector takes a sizable ratio in global GHG emissions. The Group's vertically integrated business model may require new budgets to fulfill compliance obligations and additional operational expenses to implement carbon reduction measures.</p>	<p>Mid- and long-term</p>	<p>Medium</p>	<p>Rising compliance costs</p> <p>More costs brought about by carbon reduction measures in its operations</p>	<ul style="list-style-type: none"> <li>• Make proactive planning on response measures, monitor regulatory trends in the market, and carry out a series of carbon reduction initiatives to reduce the carbon footprint of the Group. Please refer to the "Greenhouse Gas Management" section in "Promoting Green Development" for more details about carbon reduction measures</li> <li>• Set carbon targets for 2030 and 2050, and act towards carbon reduction to alleviate the impact of carbon pricing risks that enterprises may be faced with in the future to some extent</li> </ul>



## CREATING A CULTURE OF SUSTAINABILITY (continued)

	Potential Impact	Time Dimension	Impact Level	Financial Impact	Responses
<b>Mandates on and regulation of existing products and services</b>	<p>With the prospect that regulations on GHG emissions are to be gradually tightened, the Group may face requirements to limit its products' GHG emissions, resulting in increased operating costs.</p> <p>It's anticipated that mandates on and regulation of existing products and services will affect such parts in the value chain as farming, logistics and storage, and processing.</p>	Long-term	Medium	<p>Rising compliance costs such as the costs for information disclosure on carbon emissions</p> <p>More costs brought about by carbon reduction measures during the operations</p>	<ul style="list-style-type: none"> <li>• Deploy compliance action plans based on regulatory prospects, establish a dedicated task force, and allocate resources to respond promptly to regulatory requirements</li> <li>• Reduce regulatory costs by implementing a series of carbon reduction initiatives. Please refer to the "Greenhouse Gas Management" section in the chapter of "Promoting Green Development" for more details about carbon reduction measures</li> </ul>
<b>Enhanced emissions reporting obligations</b>	<p>As stricter requirements on carbon emissions declaration are introduced, the Group needs extra expenses to conduct carbon emission calculations, operate carbon assets, and improve the quality of carbon related information disclosure. These will increase operating costs of the Group.</p> <p>It's anticipated that enhanced emissions reporting obligations will affect such areas in the value chain as farming, logistics and storage, and processing.</p>	Long-term	Medium	<p>Rising compliance costs (GHG inventorying, report disclosure, authentication and other compliance costs)</p>	<ul style="list-style-type: none"> <li>• A majority of the Group's operating locations have already carried out GHG emissions inventorying including Scope 3 emissions, with thoroughly synthesized emissions data from owned operations, as well as upstream and downstream activities in the value chain. This exercise helps the Group in its preparation for the forthcoming emissions declaration</li> <li>• Rest of the operating locations will also gradually carry out carbon inventory</li> </ul>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

	Potential Impact	Time Dimension	Impact Level	Financial Impact	Responses
<b>Substitution of existing products and services with lower emissions alternatives</b>	<p>Considering the low-carbon transformation trend in the future market, if there are significant technological breakthroughs in plant-based meat, their low-carbon properties may affect the existing meat product market. The Group will consider future resource investment and product planning in response to market demand.</p> <p>It's anticipated that substitution of existing products and services with lower emissions alternatives will affect such areas in the value chain as farming, logistics and storage, and processing.</p>	Long-term	Low	<p>Rising R&amp;D expenses</p> <p>More costs brought about by carbon reduction measures during the operations</p>	<ul style="list-style-type: none"> <li>• Incorporate the concept of circular economy into the pig farming cycle to offset carbon emissions generated. For specific measures on achieving circular economy, please refer to the "Greenhouse Gas Management" section in the chapter of "Promoting Green Development"</li> <li>• Poultry products have lower carbon emissions compared to pork products. Moderately accelerating poultry farming will contribute to the Group's low carbon protein initiatives</li> <li>• Watch for the market's shift towards low-carbon products and carry out R&amp;D of emerging protein products</li> </ul>
<b>Costs to transition to lower emissions technology</b>	<p>Low-carbon technologies in meat processing mainly refer to energy efficiency improvement, energy electrification and manure-to-energy utilization. However, the timing to develop and adopt technologies and the uncertainty of the outcome affect the economics of technology investment which also increases capital expenditure.</p> <p>It's anticipated that the costs to transition to lower emissions technology will have an impact on the entire value chain of the Group.</p>	Long-term	Medium	Rising operating costs	<ul style="list-style-type: none"> <li>• Make continuous efforts to optimize the development and application mechanism of low-carbon technology, to reduce the transformation cost. For specific measures please refer to the "Greenhouse Gas Management" section in the chapter of "Promoting Green Development"</li> <li>• Actively explore emerging low-carbon technologies with a focus on feasibility and returns, to reduce failure rate</li> </ul>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

	Potential Impact	Time Dimension	Impact Level	Financial Impact	Responses
<p><b>Increased cost of raw materials</b></p>	<p>Climate change will affect crop yields and supply-demand dynamics under different warming scenarios, which will be transmitted downstream along the value chain in the form of rising procurement costs, such as feed and pig prices. Crops for China operations are mainly imported, and the yield of crops in the country of origin poses procurement related risks to the Group's business in China.</p> <p>It's anticipated that increased cost of raw materials will affect the farming business to start with.</p>	<p>Long-term</p>	<p>Low</p>	<p>Rising feed costs</p>	<ul style="list-style-type: none"> <li>Adopt the strategy of conducting procurements globally; lay out a multi-source/multi-location procurement network; monitor global changes in crop supply and demand; predict fluctuations in crop prices, and implement strategies with agility to address commodity price risks</li> </ul>
<p><b>Uncertainty in market signals</b></p>	<p>Affected by climate change risks, the market may change its preference. For instance, plant-based meat, and vegetarian foods may become more popular. These trends may affect the meat market, which in turn affects the revenue of the Group. The market demand for meat products is on the rise as the living standard improves, hence the risk exerts a relatively small impact overall.</p> <p>It's anticipated that uncertainty in market signals will affect the sales link in the value chain.</p>	<p>Mid- and long-term</p>	<p>Low</p>	<p>Rising R&amp;D expenses</p>	<ul style="list-style-type: none"> <li>Watch for market consumption trends and allocate R&amp;D resources to products born under new consumption trends, helping the Group maintain a certain degree of adaptability and resilience under such risks</li> </ul>
<p><b>Changes in consumer behavior</b></p>	<p>The demand for low-carbon products from consumers may increase as concerns over climate change grow. Meanwhile, in the food industry, green packaging will also become one of the focuses of consumers. These trends all may increase the costs in meat processing. The European markets have more stringent requirements for the use and recycling of packaging such as plastics, thus may affect the operating costs of the Group's business in Europe.</p> <p>It's anticipated that changes in consumer behavior will affect the meat processing business.</p>	<p>Long-term</p>	<p>Medium</p>	<p>Rising costs due to investment in R&amp;D/procurement for green packaging</p>	<ul style="list-style-type: none"> <li>On the premise of ensuring the safety and reliability of packaging materials, take measures to reduce the use of packaging materials following the principles of consumption reduction, weight reduction, and recycling. For specific measures, please refer to the "Exploring Sustainable Packaging" section in the chapter of "Promoting Green Development"</li> </ul>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

	Potential Impact	Time Dimension	Impact Level	Financial Impact	Responses
<b>Stakeholder concern or negative stakeholder feedback</b>	<p>Regulators, investors, clients, and consumers have increasingly strong sentiments on the disclosure of climate risks and low-carbon products availability. Noncompliant disclosure and improper climate change response performance may result in damage to the brand image, declined share prices and financing barriers, which may even affect the overall reputation of the Company.</p> <p>It's anticipated that the stakeholder concern or negative stakeholders' concerns will have an impact on the entire value chain of the Group.</p>	Short-term and mid-term	Medium	The rise of operating costs (including human and financial costs for communication with stakeholders and information disclosure)	<ul style="list-style-type: none"> <li>Established routine review on concerns of the stakeholders, who are provided with communication channels such as website, ESG report and rating results, addressing climate-related issues raised, and improve transparency via effective ESG disclosure</li> </ul>
<b>Shifts in consumer preferences</b>	<p>The drive of brand values to consumption is increasingly conspicuous. Consumers may pay more attention to the relation between brand and carbon emissions in the context of climate changes, which in turn may affect the market share and revenue of the Group.</p> <p>It's anticipated that the shifts in consumer preferences may have an impact on the entire value chain of the Group.</p>	Long-term	Medium	The rise of operating costs (including human and financial costs for communication with stakeholders and information disclosure)	<ul style="list-style-type: none"> <li>Set carbon emission targets and pathway, and make progress accordingly with concrete actions, so as to resonate with the consumers and sustain a credible brand image of low-carbon products</li> </ul>



## CREATING A CULTURE OF SUSTAINABILITY (continued)

### WH Group Climate Change Opportunity Identification

<p><b>Resource efficiency opportunities</b></p>	<ul style="list-style-type: none"> <li>• <b>More efficient transportation:</b> The Group will further optimize logistic routes with big data platform or other intelligent management systems to improve the comprehensive transportation efficiency and reduce carbon emissions while reducing transportation and maintenance costs</li> <li>• <b>Reducing water consumption:</b> The Group will continue to upgrade its production processes. Such initiatives help lower operating costs while reducing water consumption intensity, addressing water risks and further improving recycling</li> <li>• <b>Optimizing livestock &amp; poultry breeding:</b> The Group keeps exploring the utilization of manure converting waste into resource and energy in its farming business; we will explore the technology of converting manure into liquid fertilizer so as to improve the utilization of manure</li> <li>• <b>Green packaging:</b> The Group reduces the use of plastic packaging and introduces raw materials of higher performance (such as high-performance resin); it prioritizes the use of environmentally friendly materials such as single material and biodegradable packaging. It takes actions around weight reduction (such as prepress) and consumption reduction (packaging design)</li> </ul>
<p><b>Energy sources opportunities</b></p>	<ul style="list-style-type: none"> <li>• <b>Clean energy:</b> Dependence on external energy may be reduced through measures like technological transformation and PV power generation in plants. The Group conducts feasibility assessments on the installation of clean energy equipment in farming, harvesting, and processing plants to expand the use of clean energy such as solar and wind energy, and enlarge the procurement of renewable energy such as green power, and power with Green Electricity Certificate (GEC) or International-Renewable Energy Certificates (I-RECs)</li> <li>• <b>Low-carbon energy sources:</b> Continuously explore the conversion of manure into resource and energy in livestock farming, and use byproducts to produce electricity, heat, and natural gas through methane fermentation</li> </ul>
<p><b>Product and service opportunities</b></p>	<ul style="list-style-type: none"> <li>• Lowering our carbon footprint, such as testing and using alternative feed ingredients with lesser environmental footprint, can help the Group cater to requirements of governments, investors and consumers who are in favor of low-carbon products</li> <li>• The Group uses more green packaging and continuously explores the possibilities of consumption reduction, weight reduction and recycling of packaging materials to bolster a low-carbon and green brand image</li> <li>• Through R&amp;D and innovation, the Group works to solve potential product storage problems brought about by the future global temperature rise</li> </ul>
<p><b>Market opportunities</b></p>	<ul style="list-style-type: none"> <li>• <b>Plant-based proteins:</b> The Group may undertake more R&amp;D initiatives on alternative meat products, watching for market trends, and anticipating changes in consumer preferences to launch innovative products</li> <li>• <b>Business Development of Poultry Products:</b> Poultry products have lower carbon emissions compared to pork products. The development of poultry business can enable the Group to achieve low-carbon protein</li> <li>• <b>Low carbon footprint:</b> Lowering the Company's carbon footprint will facilitate access to and retention of markets with more stringent carbon emissions regulations</li> </ul>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

### Adaptation opportunities

- **Supply chain reliability:** The Group may improve the technology of cold chain transportation to enhance its logistic reliability that is business-critical
- **Supply chain stability:** The Group maintains an appropriate procurement network, and strengthens supply chain stability from such dimensions as transportation routes and multi-source reserves
- **R&D of new products and services:** Conducting R&D on low-carbon products and services to accumulate R&D and practical experience, so as to provide strong support for the Group to expand new product lines in the future and enhance its adaptability to new markets

### 1.3 Corporate Conduct

We adhere to the founding motto of “integrity and honesty” and governance principles that emphasize business ethics, transparency and accountability. We incorporate concerns of stakeholders and sustainability issues of social importance into our decision-making process as appropriate. We adhere to sound corporate governance and responsible corporate behavior to achieve long-term growth of the Group and create sustainable value for society.

#### 1.3.1 Business Ethics

WH Group places significant importance on creating fair and equitable business ethics and adheres to the laws and regulations applicable to the regions where it operates. We have employed consistent policies to align our business conduct, such as conflicts of interest, insider trading, gifting and entertainment, and strictly prohibit misconduct such as discrimination, harassment, commercial fraud, corruption and money laundering. We follow the principle of fair competition, and advocate a healthy business environment that enables sound industry practice.

#### ***Code of Business Ethics***

*The Corporate Principles* has defined clear guidelines for corporate conduct covering areas such as business ethics, prohibition of unfair competition and prevention of insider trading, the Group’s Audit Committee is tasked with oversight on related violations if any.

In line with the *Corporate Principles*, Shuanghui Development and Smithfield, have established their code of conduct best suited to their respective market circumstance and stage of development, to manage relevant practices in business activities.

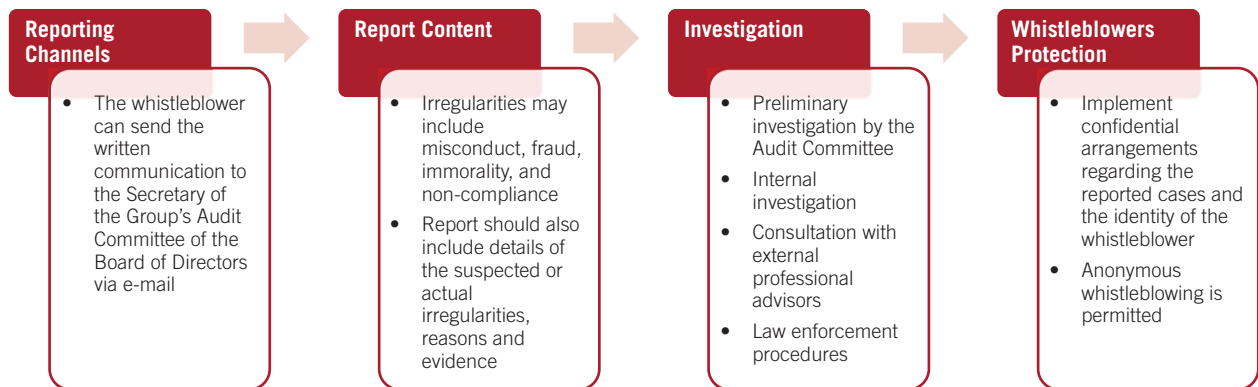
## CREATING A CULTURE OF SUSTAINABILITY (continued)

### Code of Business Ethics of WH Group's Subsidiaries

Shuanghui Development	Smithfield
<p>Shuanghui Development developed its corporate code of business ethics including the <i>Shuanghui Integrity Code</i> and the <i>Anti-Bribery Statement</i>, with a clear provision on integrity issue determination and punishment criteria definition in place, requiring all employees and partners to strictly abide by the principles of business ethics and relevant regulations, and resolutely prohibit misconduct such as bribery, extortion, fraud, money laundering and unfair competition.</p> <p>Shuanghui Development revised internal policies such as the <i>Anti-Money Laundering Risk Management Policy</i> and the <i>Internal Control System for Anti-Money Laundering and Combating the Financing of Terrorism</i>, and established the Anti-Money Laundering Leadership Group to eliminate such risks.</p>	<p>Based on its <i>Code of Business Conduct and Ethics</i>, Smithfield provided explicit requirements on business practices such as business fraud, gifts and entertainment. Meanwhile, a conflict-of-interest declaration system has been maintained to prevent potential conflicts of interest among employees and suppliers, thus shaping good business practices.</p> <p>Smithfield explicitly stipulates in the <i>Code of Business Conduct and Ethics</i> that if an employee has a conflict of interest with a close friend or family member, or has any clues regarding anti-money laundering, he or she should tell his or her supervisor or seek guidance from one of the SPEAK UP! Resources. It urges the relevant parties to comply with the Group's guidelines on conflict of interest and anti-money laundering with mechanism.</p>

The *Corporate Principles* has provided clear guidance on the whistleblowing channels, reporting content, investigative approach, confidentiality and protection of whistle-blowers. We have established publicly available channels for all stakeholders of the Group and its subsidiaries. Any potential irregularity of the Group in financial activities, internal control, and business conduct can be reported through the exclusive email: [compliance@wh-group.com](mailto:compliance@wh-group.com).

#### Whistleblowing Process of WH Group



### **Business Ethics Audit**

WH Group conducts audit on its business ethics-related matters. In China, Shuanghui Development's annual internal control plan includes business ethics audits covering anti-fraud, anti-money laundering and anti-monopoly, to assess the effectiveness of relevant internal management system. In the U.S., Europe and Mexico, Smithfield has internal audit teams responsible for conducting annual global risk assessments and specific internal audits covering anti-fraud, anti-money laundering and anti-monopoly, with the results reported to the Audit Committee of WH Group.

During the Reporting Period, Shuanghui Development completed annual internal risk audits and assessments, covering anti-money laundering and anti-fraud. In the U.S. and Mexico, Smithfield conducted internal audits on anti-money laundering, of which no significant rectification request was made, and targeted special improvement plans were established for the relevant areas to be optimized, the results of which were confirmed by management following the implementation.

## CREATING A CULTURE OF SUSTAINABILITY (continued)

### **Business Ethics and Anti-corruption Training**

WH Group and its subsidiaries organize Group-wide awareness campaigns and trainings on business ethics and anti-corruption covering full-time employees, part-time employees, contractors and other related parties annually. These annual training programs are also joined by members of the Board of Directors of the Group, who elaborate on the Group’s position on business ethics among management and employees. During the Reporting Period, all employees successfully met the study and assessment requirements concerning business ethics. We also conducted special training on anti-corruption, with a total of 9 training hours participated by board members and a total of 122,635 training hours by employees. The total number of participants was 36,747.

During the Reporting Period, in China, Shuanghui Development ran internal campaigns and education events, aiming to raise awareness on the importance of business ethics and the negative impact of corruption. All employees have been required to go through the content related to business ethics and anti-corruption in the *Employee Integrity Handbook* every year, and confirm with signature upon completion. For new hires, anti-corruption and integrity training was conducted as part of their onboarding training. Likewise, Smithfield conducted awareness campaigns on its *Code of Business Conduct and Ethics* for all existing staff and new hires, who were required to acquaint themselves with the business ethics and anti-corruption policy. Staff in risk-critical positions received additional business ethics trainings from the Internal Audit Department.

### **1.3.2 Anti-Corruption**

WH Group employs anti-corruption policies and relevant management measures to ensure that it strictly adheres to the applicable anti-corruption laws and regulations in regions where it operates. The Group has zero tolerance for fraud, bribery or corruption. Direct or indirect offering, promise, acceptance and solicitation of any improper benefits for the Group’s business development or personal gain is strictly prohibited.

We require the management team and employees to follow international and local anti-corruption initiatives and practices when carrying out business activities. We also require our suppliers, distributors and joint-venture partners to establish and adhere to similar principles. As of the end of the Reporting Period, there was no corruption related law suit against the Group.

#### **Anti-Corruption Management of WH Group’s Subsidiaries**

Shuanghui Development	Smithfield
<p>For our employees, Shuanghui Development set up the <i>Shuanghui Integrity Code</i>, which provides clear requirements on the determination and handling of integrity issues. The Company conducts on-site training on the <i>Shuanghui Integrity Code</i> for all new employees.</p> <p>For external suppliers, Shuanghui Development requires all partners to sign the <i>Anti-Bribery Statement</i> before engagement to jointly eradicate bribery and ensure a clean and sound business environment.</p>	<p>Smithfield established the <i>Code of Business Conduct and Ethics</i> providing clear requirements for management and employees regarding principles of gifts and gratuities, and some other aspects. It also conducts training on the <i>Code of Business Conduct and Ethics</i> for all new employees and requires them to adhere to its guidelines.</p> <p>For suppliers, Smithfield established the <i>Supplier Anti-Corruption Code of Conduct</i> that requires all partner suppliers to establish and adhere to the same principles.</p>

### **Whistleblowing Management**

The subsidiaries of WH Group (Shuanghui Development and Smithfield) have both established transparent, open, and accessible reporting channels. In China, Shuanghui Development made available the contact information at the Audit Center, encouraging employees and outsiders to report on misconduct. In the U.S., Smithfield established and publicized the Smithfield Speak Up! Hotline. Complaints or inquiries will be investigated and handled by a cross-function task force comprising multiple departments. In Poland, the Legal Department and the Compliance Department of Smithfield are assigned to co-investigate and deal with such cases and report the results to the Chief Financial Officer. Smithfield Romania established *Anti-corruption Procedural Provisions* and clarified complaint procedures for employees and people from outside. Smithfield’s internal audit department evaluates the timeliness of the third-party reporting hotline to assess the effectiveness of the reporting process.



## CREATING A CULTURE OF SUSTAINABILITY (continued)

WH Group's internal audit plans includes anti-corruption audits, which aim to undertake at least once every three years for global operations in China, North America, and Europe. In China, Shuanghui Development has established an independent audit center and conducts special audits on business ethics and anti-corruption for all operations every year. Smithfield conducts risk assessments and internal audits every year, develops special improvement plans for potentially high-risk projects, and ensures effective implementation of related work, guaranteeing that business ethics and anti-corruption audits cover all operations every three years.

### **Whistleblowers Protection**

WH Group takes thoughtful measures to protect the whistleblowers and permits anonymous reporting. The Group has a system to ensure the confidentiality of the reported case and the identities of all parties involved. In China, Shuanghui Development has set up a Special Protection List to ensure that the whole reporting process starting from report acceptance, filing, to investigation and reward is strictly confidential and the protection mechanism for whistleblowers is effective. Smithfield has made it clear in the *Code of Business Conduct and Ethics* that calls to the hotline are confidential and can be made anonymously to protect people who want to raise their concerns.

### **1.3.3 Information and IT Security**

WH Group attaches importance to building a sound cybersecurity and information security assurance systems, and promotes a safe information and cyber environment with multiple management measures and diverse trainings.

#### **Information Security and Cybersecurity Governance Structure**

The *Corporate Principles* have defined the Group's policies on stakeholder information management and privacy protection. Cybersecurity has been taken as an important part of risk control, with dedicated functional departments appointed to perform controls, monitor processes and report issues. Appreciating the importance of cybersecurity, the subsidiaries of WH Group both established tailored cybersecurity assurance systems and assessment methods that best fit their respective circumstances, including information management processes, confidentiality principles and authorization protocols for the use of confidential information.

Shuanghui Development	Smithfield
<p>Shuanghui Development has revised and/or updated nine institutional and normative documents, including the <i>Information System Management of Shuanghui Development</i>, the <i>Standards for Construction of Information-based New Project Companies</i> and the <i>Shuanghui Development Cybersecurity and Information Security Emergency Plan</i>, and improved information security safeguards such as the requirements for operation of the information technology server room environment and cybersecurity protection.</p> <p>Shuanghui Development has formulated the <i>Provisions of Shuanghui Development on Trade Secret Protection</i> and the <i>Information Confidentiality Management System</i>, which clearly define the user access and protection process of customer information and data.</p>	<p>Smithfield's <i>Code of Business Conduct and Ethics</i> has clear stipulations on the protection of data and employee information. Smithfield US appointed a Chief Information Security Officer (CISO) and four Directors to strengthen the management of information security.</p> <p>In Romania, Smithfield appointed an IT Director to take charge of IT security. All employees are required to inform the IT Department of any incidents or potential threats related to IT security, and report to the Data Protection Officer (DPO) any threats that may infringe on data privacy.</p> <p>In Slovakia, Smithfield established an information security and cybersecurity management and reporting structure headed by the Chief Technology Officer (CTO) and the Chief Information Officer (CIO).</p>

## CREATING A CULTURE OF SUSTAINABILITY (continued)

### ***Management Measures for Information Security and Cybersecurity***

WH Group took management measures to maintain information security and cybersecurity. During the Reporting Period, Shuanghui Development introduced a number of information security policies to provide all-round security protection for the entire network and application systems, with a total of 11 vulnerabilities repaired and approximately 300 cyber-attacks of various types intercepted on a daily basis. Smithfield has expanded its cybersecurity program, conducting quarterly “tabletop incident” response exercises, annual third-party vulnerability assessments to determine the effectiveness of countermeasures against risks, and third-party audits of information security and cybersecurity as part of the continuous improvement of the information security protection process.

### ***Training on Information Security and Cybersecurity***

To enhance general awareness of information security and information protection capabilities, WH Group regularly provides information security related training and education to its employees. In China, Shuanghui Development organized learning and training sessions on rules and regulations for information management personnel, and actively participated in information security forums organized by the government. In the U.S., Smithfield’s cybersecurity behavior management team has set up an IT service station, and used the online training platform “Smithfield University” to enhance the building of employees’ professional capacity. It also regularly published articles and organized phishing tests to mobilize the employees in the protection of information security and cybersecurity, as well as raising relevant awareness, so as to enable reports on suspicious cybersecurity-related activities.





2

PROVIDING  
QUALITY  
PRODUCTS

## PROVIDING QUALITY PRODUCTS (continued)

WH Group knows that consumers care deeply about safety, quality and nutrition when choosing food products. To meet their expectations, we continually enhance our product quality and consistently invest at every stage of our value chain to create safe, high-quality products and offer more affordable protein choices. Additionally, we are dedicated to building consumer trust through high standard customer service and responsible marketing practice.

Corporate Principles	UNSDGs
<p><b>Food Safety and Nutrition</b></p> <p>We are fully aware that consumers are sensitive to safety, quality and nutrition when choosing food products. To meet their expectations, we have been strictly managing and continuously investing in all aspects of our operations and productions. Incorporating material safety features and priorities at each stage, effective and high-standard management measures have been formed, focusing on issue identification, prevention and correction measures. We require all our subsidiaries to adhere to our goal of zero incidents and zero recalls.</p> <ul style="list-style-type: none"> <li>• Quality Assurance System</li> <li>• Supplying and Testing Standards</li> <li>• Nutrition R&amp;D</li> <li>• Additives Management</li> <li>• Alternative Protein Choice</li> <li>• Employee Training</li> </ul>	 

### 2.1 Product Quality and Safety

Ensuring product quality and safety is at the core of our commitment to consumers. WH Group strives to strengthen its quality management system, with a focus on overseeing our product quality from farm to table. We are steadfast in our pursuit of achieving targets in quality management and consistently optimizing our products and services.



## PROVIDING QUALITY PRODUCTS (continued)

Our Goals	
Shuanghui Development	Smithfield
<ul style="list-style-type: none"> <li>• Zero quality incidents</li> <li>• Zero instances of failure to detect epidemic diseases in harvested hogs</li> <li>• Zero instances of underqualified product official sampling inspection</li> <li>• Zero instances of detection of prohibited substances in livestock and poultry feed and zero instances of failure in external inspection of exported livestock and poultry</li> <li>• Zero instances of non-compliance with mandatory product labeling and accompany documents</li> <li>• Zero major food safety incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Zero product recalls</li> <li>• Maintaining Global Food Safety Initiative (GFSI) in all applicable facilities</li> <li>• Maintaining a robust employee training program on food safety and quality</li> </ul>

### 2.1.1 Quality Control

We strictly abide by all applicable laws and regulations in the regions where we operate and distribute products, employing a quality management framework that encompasses the board of directors and its Food Safety Committee, along with departments specializing in food safety and quality within our subsidiaries. The Food Safety Committee under the Board of Directors is responsible for establishing principles related to product quality and safety, assessing the food safety situation and overseeing product traceability. Subsidiaries develop food safety policies and management processes according to their own regulatory environment and market circumstances, and each carries out enforcement measures, reporting to the Committee on major food safety issues as necessary.



### Quality Management Framework of WH Group and Subsidiaries

#### WH Group

##### Food Safety Committee

Report and advise the Board of Directors on the Company's policies, operational standards and performance in relation to food quality and safety to ensure legal compliance;

Evaluate, review and oversee internal product safety control standards, product-tracing procedures, and report to the WH Group Board of Directors.

## PROVIDING QUALITY PRODUCTS (continued)

Shuanghui Development	Smithfield
<p><b>Food Safety Management Committee</b></p> <p>Identify, assess and determine food safety landscape and coordinate food safety management. The president is the first person accountable for product quality.</p> <p><b>Food Safety Supervision Group</b></p> <p>It is a cross-departmental task force comprising members from quality management, inspection, and auditing departments with over 50 food safety directors responsible for supervising food safety implementation procedures. The group's quality management center sets relevant targets and monitors performance.</p> <p><b>Food Safety Group</b></p> <p>It consists of approximately 500 food safety inspectors who implement all food safety procedures through "daily control, weekly inspection and monthly coordination".</p> <p><b>Food Safety and Quality Inspection Team</b></p> <p>It carries out random inspection at facilities and has the authority to halt the production and demand rectification in the event of failure to meet the standards.</p>	<p><b>Food Safety and Quality Assurance, FSQA</b></p> <p>A vice president of food safety and quality assurance is responsible for the product safety and quality processes of the Company's U.S. operations. The Vice President leads multiple FSQA directors and FSQA managers under a multi-level supervision and accountability system that covers more than 40 facilities across the country.</p> <p>In Poland, we appoint a managing director of quality assurance who leads around 10 factory quality managers, two product quality export coordinators, one quality management coordinator, one quality management system coordinator, one microbiology and food chemistry coordinator, one continuous improvement coordinator and one process quality manager.</p> <p>In Romania, we appoint a working group led by a quality manager who is supported by quality assurance coordinator, food safety and animal welfare manager, quality system and quality labeling coordinators.</p> <p>In Slovakia, our quality department is jointly managed by approximately four quality managers, with one quality manager stationed at the factory, supported by quality control officers, laboratory operators, and sanitation teams.</p>

### Quality System and Standards

WH Group's subsidiaries are continuously enhancing their internal and external quality and food safety standards management systems and product certification, in alignment with their respective business nature and needs. By the end of the Reporting Period, 100% of WH Group's harvesting and packaged meats facilities worldwide, spanning across China, North America and Europe, have acquired and maintained certifications for one or multiple product quality and/or food safety systems, among ISO 9001 Quality Management Systems (ISO 9001), GFSI, ISO 22000 Food Safety Management System (ISO 22000) and Hazard Analysis and Critical Control Point (HACCP).

In China, Shuanghui Development rigorously adheres to the *Provisions on the Supervision and Administration of the Implementation of Main Responsibility for Food safety by Enterprises*. This involves the formulation of quality management systems, operational procedures, and supervision protocols, such as the *Product Quality and Food Safety Assessment Management Regulations by Shuanghui Development*, *Quality Requirements Notice*, and *Quality Management Evaluation Plan*. These measures are designed to ensure compliance with the quality standards across the company's diverse industries.

In the U.S., Smithfield has updated policies related to food safety and quality, enhancing measures for microbiological testing, foreign material control and new product development. Smithfield adopts the industry golden standard — Global Food Safety Initiative (GFSI), proactively applying Hazard Analysis and Critical Control Point (HACCP) analysis methods and integrating quality management as one of the routine components of internal audits. In addition, Smithfield, on a regular basis, undertakes the reviews on product processing facility safety and quality procedures from the United States Department of Agriculture (USDA).

We also allocate sufficient resources during the development of new facilities, fully referencing relevant food safety management systems and quality supervision system certification requirements in the design process, and rigorously implementing regulations throughout the entire product life cycle. Furthermore, we uphold high standards for product safety and quality to the supply chain, necessitating that supplier of meat ingredients, non-meat ingredients, product packaging or outer packaging, undergo and uphold appropriate third-party food safety and quality audits.



### Quality Certifications of WH Group's Subsidiaries

#### Shuanghui Development

- In China, Shuanghui Development has a total of 47 owned facilities, including modern harvesting and packaged meats plants, etc. The coverage of quality-related external certifications is **100%**, and each plant obtains and maintains one or more quality-related certifications according to business attributes and needs, including:
  - ISO 9001 Quality Management Systems;
  - ISO 22000 Food Safety Management System;
  - Hazard Analysis and Critical Control Point;
  - FSSC 22000 food safety system;
- In addition, some of our plants have obtained certifications such as the pollution-free agricultural product certification program, British Retail Consortium (BRC) Global Standard, Marine Stewardship Council (MSC) and Marine Stewardship Council (ASC) standards, and other related certifications.

#### Smithfield

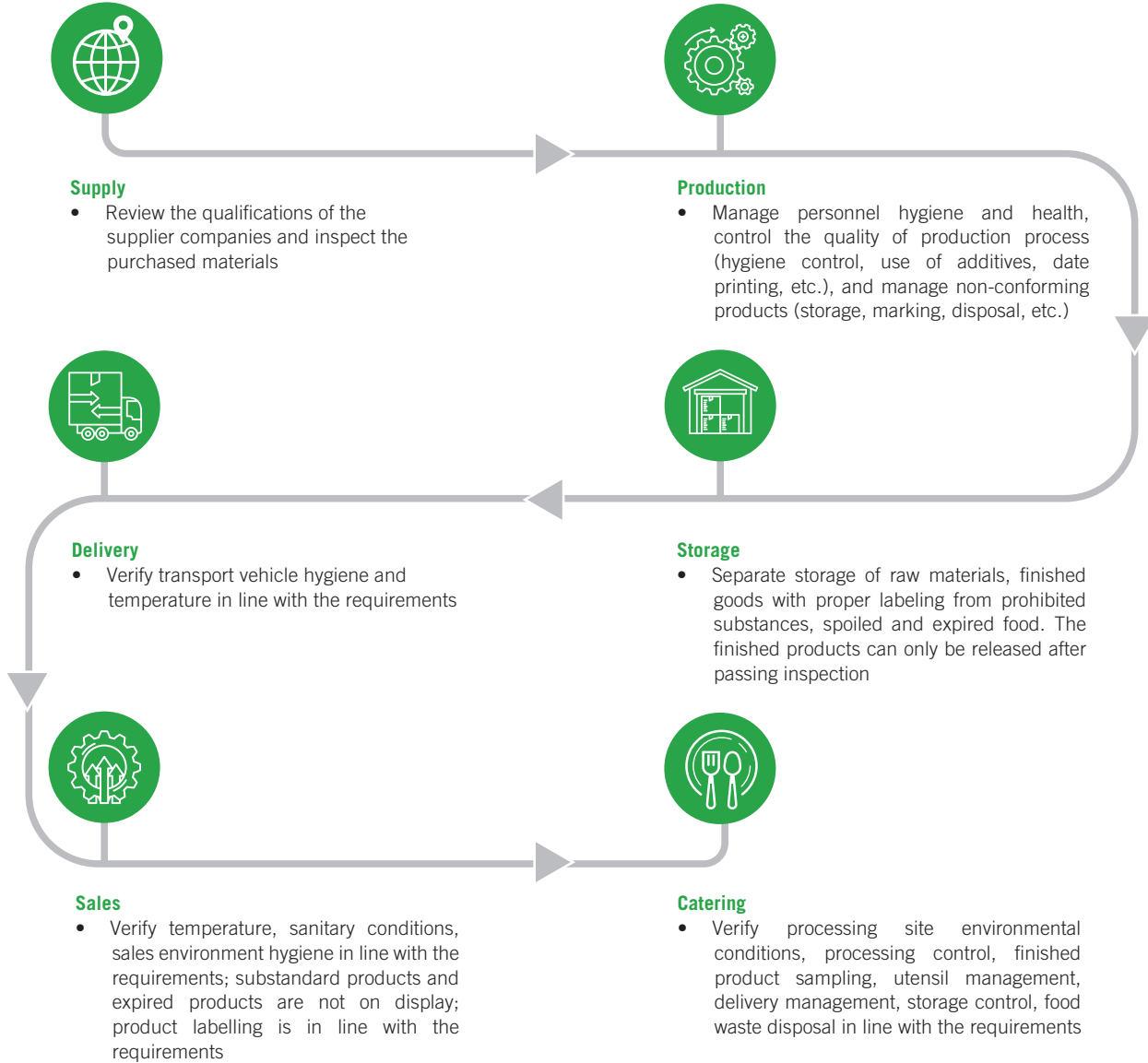
- Smithfield has 67 owned facilities, including harvesting and packaged meats plants, located in North America and Europe;
- In North America: **100%** coverage of quality-related external certifications, with each plant obtaining and retaining one or more quality-related certifications according to business attributes and needs, including:
  - Hazard Analysis and Critical Control Point;
  - GFSI;
  - ISO 22000 Food Safety Management System;
  - Safe Quality Food (SQF);
  - Brand Reputation Compliance Global Standard (BRCGS);
  - International Food Standard (IFS);
- In Europe: **100%** coverage of quality-related external certifications, with each plant obtaining and retaining one or more quality-related certifications according to business attributes and needs, including:
  - ISO 9001 Quality Management Systems;
  - Safe Quality Food (SQF);
  - Brand Reputation Compliance Global Standard (BRCGS);
  - International Food Standard (IFS).

### Quality Risk Control

WH Group implements product safety and quality standards all the way from the farm to the store shelves, ensuring food safety through strict and effective risk management and by implementing effective control measures to prevent quality risks.

## PROVIDING QUALITY PRODUCTS (continued)

### Risk Control List on Food Safety at Shuanghui Development



In North America, we utilize (HACCP analysis as our quality control framework, assessing potential microbiological, chemical, and physical hazards throughout production in all our factories and developing control measures accordingly. Each product is assigned an inspection checklist based on its specifications, and all raw materials, finished products, shelf-life samples, and environmental swabs are tested for chemical and food microbiology parameters by internal or external laboratories. In Mexico, we implement rigorous testing procedures in compliance with safety guidelines and the Safe Quality Food (SQF) standard, and obtain certification in accordance with the Technical Regulations for Food Safety (TIIF), all in an effort to minimize product risks.

In China, we revise and improve the food safety risk control checklist to cover all aspects of food production, catering services, procurement, warehousing, and transportation, providing crucial support in identifying potential weaknesses in food safety and quality. Shuanghui Development takes responsibilities for food safety, with manager and deputy manager of each subsidiary leading food safety risk and hazard inspections. The Quality Control division monitors rectification follow-ups to prevent recurrence. During the Reporting Period, 26 plants of Shuanghui Development underwent a total of 88 food safety-related inspections from market supervision agencies, as part of its quality and safety assurance responsibility.

## PROVIDING QUALITY PRODUCTS (continued)

In 2023, Shuanghui Development adhered to its established internal approach of “Taking leadership position in technology, researching in specialized areas, and addressing systematic quality issues.” Expanding on the initiatives from the previous year, the company persistently executed three specialized quality control programs focusing on foreign materials in packaged meat, spoilage and odor, as well as moldiness and damaged wrappings, achieved a further drop of consumer complaints by approximately 14% from last year. During the Reporting Period, Shuanghui Development’s food safety production quality inspection teams meticulously examined 35 operational sites.

### Special Programs on Quality Control by Shuanghui Development

#### Measures against unexpected foreign material

- Target control of unexpected foreign material in raw materials and ingredients: Strengthen the mechanism for inspecting and verifying the quality of externally purchased materials to limit the entry of foreign material. Implement cost effective methods for detecting and removing foreign material from packaged meat, ensuring the safety and quality of the final product. Enhance the assessment process to effectively identify and address larger or potentially harmful unexpected foreign materials in raw materials and ingredients.
- Control of unexpected foreign material in meat production: Implement standardized control measures for personnel, equipment, and environment hardware facilities to minimize the risk of unexpected foreign material contamination.

#### Measures against spoilage and odor

- Microbial testing for all batches of raw materials: Implement a graded management approach for raw materials and conduct comprehensive monitoring of bulk auxiliary materials such as soy protein, corn starch, sweet corn, garlic, mushrooms, and spices. Specifically test for microbial indicators, including endospore-forming bacteria and *Bacillus pumilus*, to ensure stringent.
- Increase the process assurance factor: Evaluate the feasibility of “organizing production by category and establish specialized workshops” for products. Determine appropriate turnover parameters for materials used in the production process based on product categories to prevent widespread spoilage and foreign matter contamination to reduce sporadic cases of spoilage and odor.

#### Measures against moldiness and broken wrappings

- Regularly analyze complaints related to broken wrappings and moldiness to identify and formulate targeted control measures. Implement special inspection and assistance programs.
- Enhance machinery and equipment through a key control and upgrading program to minimize product risks and improve overall quality control measures.

### Fostering Quality-First Culture

Driven by the guiding principle of “Product Quality is Our Top Priority”, we have fostered a culture from the top down with the senior executives leading by examples. The Group systematically plans and organizes quality training on an annual basis, to reinforce the mindset and skills of all employees and partners, establishing a robust groundwork for delivering sound product quality and safety. The quality-related training programs of its subsidiaries Shuanghui Development and Smithfield, apply to all full-time employees, part-time employees, and contract workers.

In China, Shuanghui Development conducts structured and methodical food quality and safety training in accordance with internal policies such as the *Product Quality and Safety Training Plan* and the *Three-Level Training and Management Provision for Production Facilities*. Tailored training sessions are delivered annually to production managers, food safety management personnel and frontliner workers, with the participation of external experts who cover topics including microbial control, pest control, food anti-fraud, the seven elements of quality management, and ISO 9000 management system standards. By imparting theoretical knowledge training and conducting food safety assessments, the Company reinforces awareness of product safety and quality among all employees and nurturing professional expertise in quality management. Additionally, the Quality Center of Shuanghui Development provides training to suppliers to propagate on quality red lines, typical quality issues, and quality management principles.

## PROVIDING QUALITY PRODUCTS (continued)

### “Quality Month” Activity in Shuanghui Development

To further strengthen the culture of quality and safety, Shuanghui Development declared September as the “Quality Month” with a theme of “Innovative Quality Management & Comprehensive Quality Improvement.” Every year during this month, it conducts activities such as organizing exams for food safety management personnel, laboratory testing training, and after-sales service personnel training. Additionally, activities such as “Quality Management Bright Ideas” selection and “Job Skills Competitions” are also held to integrate quality and safety into daily work routines.

In the U.S., we provide compliance training on food safety and quality for employees and suppliers worldwide. This training encompasses standards for quality certification, product handling procedures, quality characteristics, foreign material prevention and other relevant topics. It involves certification training for various standards including HACCP, Good Manufacturing Practices (GMPs), Safe Quality Food Institute (SQF), British Retail Consortium (BRC) and International Food Standards (IFS). We also invite employees to share their insight and experiences during the training sessions. This ongoing feedback loop allows us to optimize the content of food safety and quality training and cultivate a positive culture within the organization.

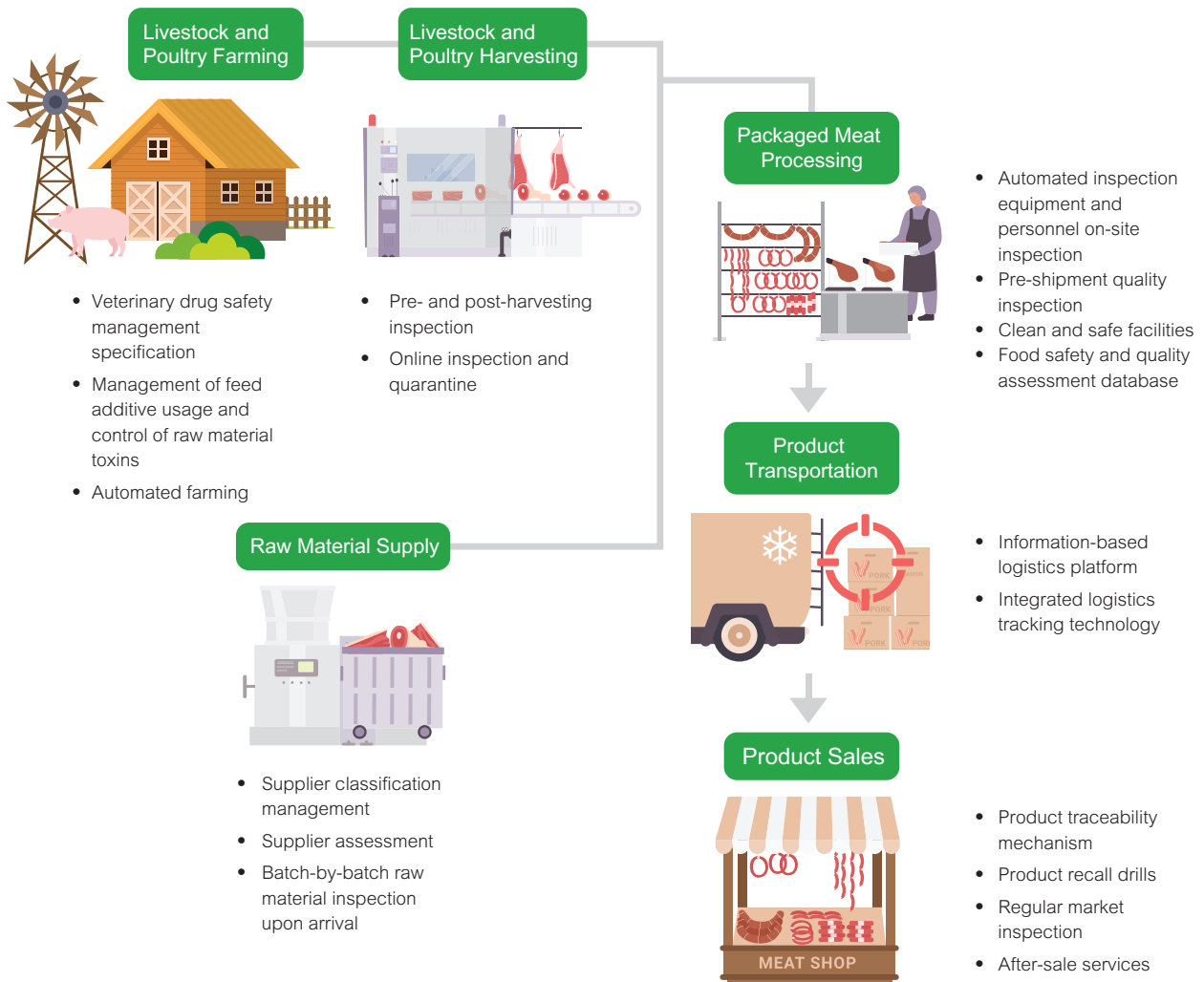
Operating Regions	Food Safety and Quality Training
China (Shuanghui Development)	A total of 460,000 participants were trained in quality and safety training, with a cumulative total of 1,224,490 training hours, covering 100% of employees.
North America (Smithfield)	In U.S., a total of 5,352 training hours, covering 86% of employees; In Mexico, a total of 3,093 employees were trained in quality and safety training, with a total of 465 hours and covering 19% of employees.
Europe (Smithfield)	In Poland, a total of 25,474 participants were trained in quality and safety training, with a total of 2,638 hours, covering 100% of employees; In Romania, a total of 619 training hours, covering 100% of employees; In Slovakia, a total of 1,308 employees were trained in quality and safety training for a total of 2,061 hours, covering 88% of employees.

**2.1.2 Whole Process Quality Management**

WH Group consistently enhances its food safety and quality management system, implementing whole process quality management from procured raw materials, procured livestock and poultry, livestock and poultry farming, livestock and poultry harvesting, meat processing, product transportation all the way to product sales. This practice embodies our commitment to food safety from farm to table.



**Key Steps in WH Group's Farm-to-table Quality Management Process**



## PROVIDING QUALITY PRODUCTS (continued)

### Raw Material Supply

High quality products begin with the meticulous selection of quality raw materials. WH Group strengthens its management of the product sources, holding uncompromising standards on livestock, poultry and other raw materials purchased from suppliers. This ensures the stability and reliability of the quality of products we deliver.

#### Our Commitment

- We do not use genetically modified swine or poultry as raw materials, and ensure that all our own hogs or poultry are selected and cultivated through careful breeding, without manipulating animal genes.

In China, strict approval procedures and inspections are in place to ensure the quality of raw materials. For the procurement of hogs as our principal raw materials, we adhere to the principles of “Six Rejections” and “Five Lines of Defense”, requiring each supplier to sign a *Statement on Live Hogs Supplied*, which validates supplier compliance with national food safety requirements addressing feed, additives and drugs. In addition, we require all raw materials and feed to undergo testing for pesticide residues, drug residues, and additives. Where necessary, we brought control procedures at the production facilities of suppliers in the form of unannounced on-site inspections. All of these steps ensure that the quality of raw materials meets our procurement and production requirements.

We prioritize sourcing hogs from nearby suppliers and have upgraded our transportation vehicles to reduce stress and mid-journey risks, thereby reducing the mortality rates of hogs during transportation, setting up contingency plans for adverse conditions. When raw materials fall below the safety stock level, Shuanghui Development will initiate emergency interregional transfers, adjust procurement plans accordingly, and leverage company-owned logistic vehicles, dedicated railway lines, etc., to mitigate any potential risks of supply volatility. This year, we worked closely with some of our key suppliers to deploy sea shipment for domestic raw material, in this way we have saved costs while maintaining the stability and safety of material transportation.

#### Hog Procurement Specifications in Shuanghui Development

Six Rejections	Fives Lines of Defense
<ul style="list-style-type: none"> <li>• Rejecting hogs not certificated, not fully certified or without matching certificates</li> <li>• Rejecting hogs found with toxic and harmful substances such as clenbuterol hydrochloride and ractopamine</li> <li>• Rejecting hogs infected with or suspected of African swine fever or other epidemic diseases</li> <li>• Rejecting hog dying from diseases or unknown causes</li> <li>• Rejecting hogs fed with swill or infused with water or injected with other substances</li> <li>• Rejecting breeding boars and sows, late surgically castrated pigs and free-range local pigs</li> </ul>	<ul style="list-style-type: none"> <li>• The first line of defense: Clenbuterol sampling and body surface examination at suppliers’ pig farms</li> <li>• The second line of defense: Onsite animal inspection — animal origin inspection</li> <li>• The third line of defense: Onsite animal inspection — ex-factory inspection</li> <li>• The fourth line of defense: On-site animal inspection — quality inspection before weighting</li> <li>• The fifth line of defense: One-by-one hog testing on production lines</li> </ul>

In the U.S. and Europe, Smithfield delivers supplier quality management with a set of policies and procedures and evaluates the quality of supplied raw materials on a regular basis. The FSQA team performs regular audits on tier 1 suppliers and quality inspections on local operation sites. Suppliers are also subject to annual Global Food Safety Initiative (GFSI) certifications or equivalent third-party food quality and safety audits.

We provide training for live animal delivery drivers and prioritize purchasing grains locally to reduce grain loss from long-distance transportation. In Mexico, we apply ISO methods to verify and supervise supplier quality. We have also deployed plans to diversify raw material procurement channels so as to strengthen supply chain security and risk prevention capabilities.



### ***Livestock and Poultry Farming***

Standardized farming is a crucial prerequisite for ensuring the quality and safety of livestock and poultry products. WH Group enhances the quality of livestock and poultry through advancements in technology, feed, and personnel management, laying a solid foundation for a stable supply of packaged meat.

In China, Shuanghui Development adheres to uniform quality standards for both externally sourced and internally bred livestock and poultry. For livestock and poultry breeding, performance testing, selective breeding and assortative mating techniques are employed based on market demand to enhance the performance and carcass quality of breeding pigs and breeding hens. For animal farming, Shuanghui Development utilizes automated equipment and systems to achieve precise controls on feeding, watering, ventilation, cooling, and heating in the rearing environment. Also, annual sampling of feed products for prohibited additives and specialized training in animal husbandry are conducted to improve the quality of livestock and poultry.

In the U.S. and Europe, Smithfield provides a healthy and hygienic rearing housing for animals. In hog farming, we adopt science-based approach in feed formula and feeding frequency, and provide adequate water supply to reduce disease incidence and improve survival rates. Suppliers performance is evaluated annually and those who meet the evaluation criteria are included in the list of accepted suppliers. Stability of feed parameters: raw materials that enter the plant are tested and analyzed, and based on these analyses, feed recipes are updated weekly, which guarantees that feed parameters are stable. We pay great attention to medication and biosecurity, implementing measures to actively address swine fever. By enhancing the health of pig herds, we ensure the quality of our pork supply. For more details, please refer to the animal welfare section.

### ***Livestock and Poultry Harvesting***

WH Group enforces stringent inspection and quarantine procedures and good harvesting protocols to ensure the quality of packed meat.

In China, Shuanghui Development rigorously carries out quality controls throughout various stages, including pre-, during, post-harvesting, and segmentation, whereby automated processing lines and controls are employed for improved efficiency, to ensure high-quality supplies to the market and for processing packaged meat.

#### **Harvesting Quality Management Measures by Shuanghui Development**



## PROVIDING QUALITY PRODUCTS (continued)

In the U.S., Smithfield has implemented rigorous and systematic animal handling protocols and quality audit plans at each fresh pork processing facility. This includes conducting third-party audits of animal handling suppliers and their transportation management. We require that all live hogs are handled and transported by employees or drivers certified under the Pork Quality Assurance® Plus (PQA Plus) or Transportation Quality Assurance (TQA) programs.

### ***Packaged Meat Processing***

WH Group benchmarks with industry best practices regularly and has employed advanced equipment and technology, complemented with on-site inspections, to ensure consistent hygienic standards in production facilities and mitigate potential risks.

#### **Key Quality Management Measures during Meat Processing at WH Group**

<p><b>Improve product testing capability</b></p>	<ul style="list-style-type: none"> <li>• Shuanghui Development attaches great importance to product safety management. By developing a near-infrared analyzer management platform, and introducing advanced facilities such as aluminum foil detectors, online low-temperature picking machines, foreign material X-ray monitoring systems, and microbial toxin detection equipment, it enhances standardized operation in production and processing.</li> <li>• Smithfield conducts standardized temperature monitoring, equipment inspections, food processing and data collection in each facility in the U.S., to mitigate risks from microbes, chemicals and foreign materials, by ensuring the clean and safe use of production facilities.</li> </ul>
<p><b>Smart management of product safety</b></p>	<ul style="list-style-type: none"> <li>• Shuanghui Development optimizes quality management during the production by leveraging advanced technologies such as the Internet of Things (IoT) and big data, applying pot temperature control photoelectric switches, remote control systems for constant temperature rooms, temperature control and alarm systems within workshops, and turnover automation systems.</li> <li>• Smithfield has built a food safety and quality assessment dashboard featuring smart manufacturing, reporting back key food safety and quality indicators, such as customer complaints, recalls and product shelf life on a monthly basis. Correction and improvement status is also tracked to reduce quality control risks.</li> </ul>

### ***Product Transportation***

WH Group has a directly owned logistic business in China (Shuanghui Logistics) primarily addressing the needs of Shuanghui Development, providing efficient and reliable services for domestic food product transportation. The logistic business has been continuously upscaling its systems and introduced digital and intelligent technologies in its operation platform.

In China, Shuanghui Logistics operates country-wide services with cold chain distribution companies and manages its operation with an intelligent system that is capable of monitoring the quality controls over the transportation processes of all fleets. The performance of vehicle refrigeration units, vehicle hygienic status, loading conditions, distribution distances, and document compliance are inspected, and thus ensure the quality of delivered products.

In the U.S., Smithfield employs sophisticated tracking technology to trace products from farm to store shelves, providing control access throughout the product transportation process.

## PROVIDING QUALITY PRODUCTS (continued)

### **Product Sales**

WH Group takes our customer and consumer interests at heart in its decision-making process aiming, to achieve “zero recalls and zero quality incidents” from its owned businesses and provide proper solutions for potential product quality or safety issues should they occur.

In China, Shuanghui Development has strengthened its channel management by conducting quality reviews during the pre-shipment picking and inspection processes, and establishing a product traceability mechanism to ensure accurate and rapid recalls should they occur. We organize mock recalls twice a year, in which we assess the severity of the recall event, simulate a recall announcement and track the recalled product and withdrawal, in order to improve our emergency response capability. The affected products recalled in our mock recalls remain 100%.

In the U.S., we use product SKU and date codes to guarantee traceability across the full spectrum of ingredients, raw materials and packaging. Additionally, we have implemented an emergency response plan and rectification measures to prevent a recurrence of similar events.

In Europe, we follow the response steps and recall measures outlined in our Product Recall Manual and conduct quality training programs for employees at the production base where the recall event occurred, to strengthen their food safety knowledge and risk awareness.



During the Reporting Period, there were zero product recall in Shuanghui Development and a total of 5 recalls in Smithfield<sup>6</sup>, including 2 cases in Romania, 1 case in Slovakia and 2 cases in Poland. All recalls were handled properly and did not result in food safety or public health incidents<sup>7</sup>.

<sup>6</sup> 1 recall in Romania due to African swine fever and 1 recall due to Salmonella. 1 recall in Slovakia due to Salmonella. 2 recalls in Poland due to Salmonella.

<sup>7</sup> The amount of losses due to product recalls was calculated to be approximately \$0.34 million, which is less than one hundred thousand percent of operating revenues.

## PROVIDING QUALITY PRODUCTS (continued)

### 2.2 Food Nutrition and Health

To meet the changing demands of consumers worldwide for healthier protein options, WH Group is dedicated to driving product innovation, with a specific focus on packaged meat products, and to deliver more nutritional products that are safe and affordable.

#### Our Commitment

- **Shuanghui Development:** Proactively catering to consumers' evolving needs for healthy, natural and convenient diets, as we rigorously manage food additives and continuously innovate in the field of nutritional products.
- **Smithfield:** Providing safe, affordable high-quality protein, and continuously improving product nutrition to meet the growing demand for healthiness globally.

#### 2.2.1 Nutritional and Healthy Product R&D

R&D innovation plays a crucial role in fueling the growth of WH Group. We advocate and support healthy diet, a resonating pursuit of the consumers and also a guiding principle in our product innovation, through which we bring nutritionally important and delicious protein products for our consumers' continued patronage.

#### *R&D Innovation*

We are actively engaging in product enhancement solutions, beginning with the refinement of product formulations, then incorporation of natural ingredients, and the enrichment of nutritional components. This not only provides consumers with better product experiences but also helps reduce various forms of malnutrition or chronic diseases caused by nutritional deficiencies or excesses. During the Reporting Period, we have invested a total of \$204 million USD in R&D.

#### *R&D System & Cooperation*

WH Group is dedicated to bolstering its R&D team, and actively participates in industry standard development and experience sharing. We continue to expand downstream business, accelerating the development of our pre-made foods segment and exploring the application of hog byproducts to maximize their value.



## PROVIDING QUALITY PRODUCTS (continued)

In China, Shuanghui Development has strengthened its R&D caliber and newly established a Feed Research Institute and Group Catering Institute. We collaborated with Chinese Academy of Agricultural Sciences, Henan Agricultural University, and other scientific research institutes and universities to jointly undertake national scientific research projects. We have established national-level enterprise technology centers, provincial-level technology innovation centers, provincial pre-prepared industry innovation alliances, and other R&D platforms to continuously innovate and bring consumers a better product experience.

In the U.S., Smithfield has set key R&D performance indicators, which include tracking the number of new product developments and cost savings to be achieved within two years, to drive product innovation. Its innovation center is dedicated for R&D activities, education, and interaction with customers. The Innovation center is inspected by the USDA and has conducted over 300 projects this year, including the continuous simplification of production processes and product formulas, and providing affordable and nutritious protein products. Smithfield BioScience, launched in 2017, is an innovative part of our business that increases the functionality and viability of Smithfield's non-food byproducts for the advanced development of pharmaceuticals, medical devices and other human health applications. Because they have anatomic and physiologic characteristics similar to humans, hogs have byproducts, such as living cells, tissues and organs, that are valuable for human medical uses. One of the most important is heparin, an anticoagulant used in cardiac surgery, dialysis procedures, blood transfusions, medical device coatings and other applications. It is derived from purified pig intestine tissue. As a respected heparin sodium active pharmaceutical ingredient (API) manufacturer and the only vertically integrated, U.S.-based supply chain, we produce approximately 30,000 megas (million international units) of heparin API per week. That's enough to supply 300 million blood collection tubes, make 60 million lock flush syringes or treat 1 million patients with blood-clotting issues.

### *R&D Directions*

WH Group is dedicated to offering customers and consumers with improved meat product profiles in nutrition, health, safety and convenience. In our global operations, consumers emphasize different attributes for meat products due to factors such as living environment, cultural background, personal habits, etc. In different regions, we optimize product formulations and ingredients, add natural ingredients and enhance nutritional elements to accommodate consumer demands in light of the latest health and nutrition trend of low fat, low sodium, low sugar and reduced additives.

In response to the "Healthy China 2030" national strategy, Shuanghui Development establishes a team of nutritionists to conduct food nutrition research. We brought to market new lines of products that are organic and low in added sugar, fat, and sodium and enriched with added DHA. In addition, we conduct thorough research on the influence of flavors, nutritional substances, and other factors on product formulations and processes, and continuously optimize the ingredients and label information of high-end products. This provides consumers with more choices that suit their individual lifestyles.

In the U.S. and Europe, Smithfield has set a target to achieve a 10% reduction in sodium and added sugar levels across the complete product range by 2025. Recognizing the demands of customers and consumers for food quality, authenticity, taste and convenience, we continuously improve our products in nutrition and healthiness.



## PROVIDING QUALITY PRODUCTS (continued)

### Product Improvement Programs of WH Group

<b>Optimize product formula</b>	<ul style="list-style-type: none"> <li>• Shuanghui Development follows the principle of “the fewer ingredients, the better,” and manage the number of ingredients with no more than 12 for premium lines</li> <li>• Smithfield reduces saturated fat by using non-genetically modified organism (GMO) soybeans</li> <li>• Smithfield simplifies and adjusts product formulas to reduce the amount of sodium and added sugar</li> <li>• Smithfield reduces allergenic ingredients such as wheat, sesame derivatives, oats, rye and rice flour</li> </ul>
<b>Add natural ingredients</b>	<ul style="list-style-type: none"> <li>• In China, Shuanghui Development researches on the application of natural ingredients, and reduces or removes chemical synthetic ingredients and additives, such as promoting the application of sucrose fermentation with bacteriostatic elements to address odor related complaints</li> <li>• In the U.S., Romania and Slovakia, Smithfield replaces sodium nitrate and sodium isosorbide with cultured celery juice and cherry powder in all natural products</li> <li>• In the U.S. and Slovakia, Smithfield adds natural ingredients to products in place of synthesized additives, for instance, use natural honey in place of corn sweeteners</li> </ul>
<b>Increase nutritious elements</b>	<ul style="list-style-type: none"> <li>• In China, Shuanghui Development adds calcium to meat products, such as the Shuanghui sausage plus calcium formula series, smoked sausage and grilled meat sausage; Shuanghui Development adds DHA to products such as cod sausage and “Run Kou Xiang Tian Wang” corn flavored sausage</li> </ul>
<b>Reduce portion sizes</b>	<ul style="list-style-type: none"> <li>• In Romania, Smithfield adopts smaller portion sizes, reducing the product portion sizes to 0.5–1.0 kilograms</li> </ul>

### Intellectual Property Protection

WH Group complies with relevant laws and regulations in its operating regions and employs internal policies in the registration and use of trademarks, copyrights and patents, safeguarding its own interests and respect for the intellectual property (IP) rights of others. In China, Shuanghui Development applies and protects its patents, at the same time, guards against any infringement behavior, and engages employees in IP protection. In the U.S., Smithfield incorporates policies related to patents, trade secrets and confidential information in its Code of Business Conduct and Ethics and hires third-party trademark supervision services to monitor trademark infringement to protect its intellectual property. In Romania, we conduct monthly queries on the company’s trademark registration and usage status, providing feedback and lodging complaints against any infringement. In Mexico, Smithfield promptly registers all its own brands with the Intellectual Property Office to safeguard its legitimate rights and interests.

As of the end of the Reporting Period	Numbers	As of the end of the Reporting Period	Numbers
Cumulative holdings of active patents	694	New Granted Patents	144
Cumulative Trademarks	3,410	New licensed trademarks	94



## PROVIDING QUALITY PRODUCTS (continued)

### Healthy Products

WH Group is dedicated to creating dining products that blend meat, eggs, dairy, vegetables and grains, while optimizing the ingredients and label information of premium items. We are progressively constructing a product range that is low in fat, sodium and sugar, with fewer additives and enhanced nutritional elements, bringing healthy and nutritious food to the table of every household. In China, Shuanghui Development is expanding in a new field of ready meals through catering services and Chinese-style ready meals. We also focus on the nutritional needs of children of different age groups, by calculating nutritional composition to develop meals that are fresh, safe, and nutritionally balanced.

#### List of Nutritious and Healthy Products

Product type	Description
Sausage and bacon	<ul style="list-style-type: none"> <li>Jin Ma Reduced Sodium Sausage bases on reduced salt and high protein concept, reducing sodium content by over 25% compared to similar products.</li> <li>Yuan Qi Chang Qing Premium Sausage contains a lactobacillus concentration of <math>\geq 1 \times 10^6</math> CFU/100g, benefiting our intestinal health. It also meets the needs of consumers who pursue a healthy lifestyle, and brings high-temperate meat products to another level.</li> <li>Coobi Cod Sausage is made 100% from premium deep-sea cod, with no other ingredients contained, and added with DHA algae oil.</li> <li>American Ready-to-eat Bacon contains only seven ingredients: pork, water, edible salt, white sugar, sodium tripolyphosphate, sodium erythorbate, and sodium nitrite, with 18 ingredients reduced compared to previous low-temperature products.</li> </ul>
Ready-meals & quick-frozen products	<ul style="list-style-type: none"> <li>For room-temperature product categories, we have developed traditional Chinese dishes such as Shuanghui Jia Yan (Family Feast), Ba Da Wan (Eight Bowls) and Ba Cai Yi Tang (Eight Dishes plus One Soup). With aseptic processing, we produced preservative-free room-temperature products, bringing delicious, safe and healthy dishes to the dining tables.</li> <li>Our Fresh Meatball series follows the concept of zero additives (zero preservatives, zero colorants, zero sweeteners). Vacuum packaging is adopted to secure the freshness of quick-frozen meats, satisfying the needs of various consumers.</li> </ul>

### 2.2.2 Customer Service

WH Group complies with all relevant laws and regulations in our operational regions. We are dedicated to delivering top-notch products and service experiences to tens of thousands of distributors and customers, as well as hundreds of millions of consumers globally.

### Responsible Marketing

We respect local customs in our promotions and advertising activities and maintain transparency and objectivity in our labelling practice, guarding against activities that may lead to unfair marketing or misleading information about our products and services.

In China, Shuanghui Development oversees all marketing campaigns and advertising activities in alignment with the Advertisement Working Plan, with clearly defined approval protocols and conduct supervision process, subject to annual review. At the same time, we strengthen marketing management for partners and distributors by establishing good practices following the Partner Setup Management Standard and the Distributor Setup Management Standard. We provide them with marketing-related training to ensure that no exaggerated, false, or misleading content is given to consumers when they market and sell our products.

## PROVIDING QUALITY PRODUCTS (continued)

In the U.S., Smithfield requires all product attribute statements, including packaging, advertisements, social media, website information and sales materials, to undergo review and approval before publication. Additionally, our products feature labels that adhere to recognized international or intergovernmental standards, openly disclosing information regarding ingredients and nutritional components. We are also the first company in the industry to release an online ingredient glossary. We have a strict requirement that all nutritional information must be backed by data and undergo regular testing and adjustments to guarantee accuracy and transparency. By providing precise and transparent label information, we aim to assist consumers in making healthy choices. Currently, Smithfield complies with the requirements of the USDA for the proper use of “natural” product label claims and meet the minimum requirements set by the USDA for products containing no artificial ingredients.

In Europe, we have established a new laboratory to regularly review the marketing compliance of all products and we are 100% compliant with the labeling and description requirements of the EU.

### Smithfield Balanced Diet Project

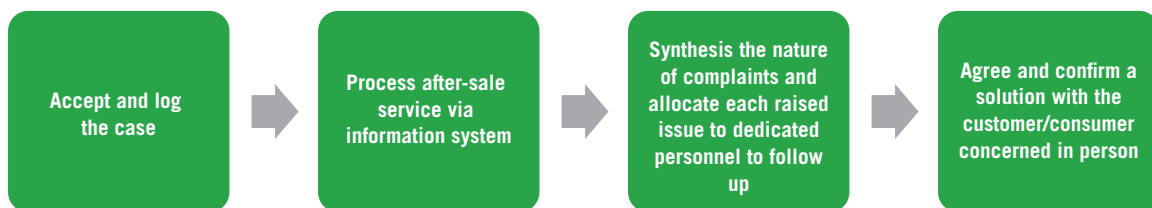
In Romania, Smithfield has held workshops on International Food Day for the ninth year in a row to encourage students in local communities to adopt a balanced diet and a healthy lifestyle. This also helps students to understand the basic concept of a balanced diet. The students have been presented information in a way as accessible as possible to their age about — nutritional components of the diet — Carbohydrates, Proteins, Lipids, Water, Vitamins, Minerals. And they explored the fundamental rules of a healthy diet, the role of a balanced diet in the harmonious development of children and adults and how to avoid food waste.

### Consumer and Customer Service

We consistently optimize our customer and consumer service systems in all regions for better experiences, offering open communication channels and protecting consumer privacy. We sell our products to down-stream businesses primarily and to consumers directly on a limited scale. We take customer and consumer complaints seriously, addressing highlighted market issues, responding to consumer demands and expectations for high-quality food products. We are committed to safeguarding the legitimate rights and interests of consumers and customers through efficient after-sales systems.

In China, Shuanghui Development established internal process and procedures: *the Standard Operating Procedures for Processing Customer Complaints* and *Working Procedures for Product Quality Information Feedback*. Customer complaints are categorized and responded efficiently by its performance-driven customer service team. Additionally, we have well-developed feedback channels such as “400” hotline or social media accounts on Sina Black Cat, Weibo and Tik Tok.

#### Procedures for Complaints Processing of Shuanghui Development



In the U.S. and Europe, Smithfield’s FSQA team is tasked with prompt handling of customers’ complaints, monitoring the progress of complaints and maintaining open communication with our customers via phone, email, social media and mailing, to ensure each case is handled properly. Additionally, we evaluate the overall customer satisfaction performance through data tracking and prediction and set targets on “speed to answer,” “call abandonment rate,” and “business days to resolve.” During the Reporting Period, Smithfield has achieved its targets thanks to our high customer service performance.

The total number of complaints received by global operation sites of the Group were 9.2 per 1,000 metric tons of sold products<sup>8</sup>, mainly involving cases of broken wrapping, spoilage and foreign substances, 100% of registered complaints were processed with zero cases of health and risk incidents caused by those products and/or mishandling.

<sup>8</sup> In 2023, we included the number of complaints for our global operations excluding U.S. and China, and in 2022, China and the U.S. were included.

## PROVIDING QUALITY PRODUCTS (continued)

### *Privacy Protection*

WH Group strictly complies with privacy protection laws and regulations in all regions where it operates, ensuring the collection of only necessary information and adhering to protocols relevant to data storage, usage, and transmission. The Company continuously enhances its system to safeguard and uphold the privacy rights of our customers and consumers.

In China, Shuanghui Development has put multiple privacy protection procedures in place and established a double-verification protocol for customer and consumer data. All data must undergo a rigorous access approval process before being used. We provide each corporate customer with a separate account in our Enterprise Resource Planning (ERP) system, and have dedicated personnel to manage customer information. Regular reviews of account permissions are conducted to minimize the risk of information misuse or leakage from institutional, procedural, and resource allocation perspectives.

In the U.S. and Europe, Smithfield has established data protection and privacy policies, such as the Privacy Policy and Privacy, Confidentiality, and Information Security Appendix. These policies encompass the entire operational chain, including enterprises, suppliers and contractors, and adhere to the principle of minimal collection of customer and consumer information and never selling any personal information. Smithfield has dedicated security operations and monitoring departments responsible for responding to cybersecurity incidents involving consumer data and has set up a specific email address for receiving consumer privacy inquiries and requests. It regulates the behavior of employees, suppliers and contractors who handle or access consumer data. Any improper use or disclosure of consumer confidential information will result in disciplinary action against the personnel involved. Additionally, Smithfield conducts annual training for employees on consumer privacy protection and personal data handling to enhance the overall awareness of privacy protection.

### *Satisfaction Survey*

WH Group places great importance on understanding market demands, through conducting user satisfaction surveys, we strive to further investigate, evaluate and analyze demand trends, actively collecting feedback from our customers and consumers. Upon receiving satisfaction survey scores, we synthesis proposals raised and carefully handle improvement suggestions.

In China, Shuanghui Development conducts corporate customer and consumer satisfaction surveys respectively every six months. The customer survey assesses six areas of our product: quality, price, packaging, distribution, policy support, and market services. The consumer satisfaction survey mainly covers product quality, brand recognition, product packaging, and flavor acceptability in the local market, product price and after-sales service. During the Reporting Period, the comprehensive customer satisfaction rate and consumer satisfaction rate respectively, was 83.7% and 84.7%, both showing improvements compared to the previous year.

Smithfield conducts annual evaluations, and gauges customer and consumer satisfaction through telephone and email surveys. In the U.S., we conducted customer surveys on areas such as product quality and delivery time. Our consumer affairs team received scores of 95 and 86 via telephone and email channels, respectively, surpassing the 2022 feedback scores. In Poland, the consumer affairs team received a score of 93.5 for telephone surveys and 81.1 for email surveys. In Romania, we have in place a procedure for customer satisfaction survey and in this evaluation clients from distribution, industry, and key account market were invited. We send a check list with questions regarding quality, logistics, claims, communication. In Slovakia, we conduct annual satisfaction surveys for selected clients and periodically engage external third party companies to survey specific products.









# 3

## SUSTAINABLE SUPPLY CHAIN

## SUSTAINABLE SUPPLY CHAIN (continued)

Corporate Principles	UNSDGs
<p><b>Animal Welfare and Care</b></p> <p>WH Group takes pride in building a best practice and leads by example to make animal welfare a standard practice in the industry. We seek ways to make positive impact and collaborate with stakeholders to support and promote the development of animal welfare standards.</p> <ul style="list-style-type: none"> <li>• Animal welfare principles</li> <li>• Responsible use of antibiotics</li> <li>• Implementation and review</li> </ul> <p><b>Sustainable Supply Chain</b></p> <p>We are committed to building a sustainable supply chain and delivering a positive impact, from sourcing livestock and raw materials to working downstream with distributors and retailers to provide consumers with high-quality, nutritious protein choices.</p> <p>Our suppliers have joined us in ensuring the safety and quality of our end products by meeting the procurement standards of WH Group and its subsidiaries. They are further encouraged to take initiatives in environmental conservation, labour standards, employee safety and animal welfare outlined in our Supplier Code of Conduct.</p> <ul style="list-style-type: none"> <li>• Sustainable agriculture</li> <li>• Suppliers' quality assurance</li> <li>• Sustainable supply chain</li> </ul>	   

WH Group is committed to providing consumers with safe and affordable high-quality nutritious protein choices. Therefore, we continuously seek ways for delivering a positive impact throughout the supply chain, from sustainable agriculture, livestock and raw material procurement at the source, to collaborations with downstream service providers in logistics, distribution and retail.



## SUSTAINABLE SUPPLY CHAIN (continued)



### 3.1 Animal Welfare

WH Group is committed to animal welfare, an area where the Group seeks to maintain its leadership position in the industry. We prioritize animal welfare practices in our own livestock farming while placing emphasis on suppliers' implementation of animal welfare standards.

WH Group's hog farming business meets over 40% of its own demand for harvesting and meat processing, with over 70% of our farming operations located in the U.S. In recent years, our China business has accelerated the development of hog and poultry farming, but the proportion remains relatively low. In light of this structure, we provide animal welfare guidelines to hog farming partners and contracted farmers to comply with. In addition, necessary guidance, inspection and training are also provided to ensure animal welfare is maintained across our production value chain.

In the U.S., Smithfield established an Animal Care Committee as early as 2002, a pioneer in the industry. Over the years, Smithfield has operated a system of animal care with an evolving set of policies, representing industry leading animal welfare practices.



**3.1.1 Animal Care**

We strengthen the supervision and management of animal welfare issues, providing comfortable housing, healthy diets, and care for livestock and poultry to ensure their healthy growth.

**Animal Welfare Principles and Policies**

In the *Corporate Principles*, we have clearly outlined our stance related to animal welfare and requirement in operational practice. Our subsidiaries have, based on their specific regional circumstances, established animal welfare standards in reference to those from the World Organisation for Animal Health (OIE), the *Farm Animal Welfare Requirements: Meat-type chicken (T/CAS 267–2017)* in China, the Quality Standards of the National Pork Board (NPB) and the Transport Quality Assurance (TQA) program in the U.S., and the EU’s Animal Welfare Quality Assessment System.



**Animal Welfare Principles and Policies of WH Group**

Animal Welfare Principles of Shuanghui Development	Animal Care Policy of Smithfield
<ul style="list-style-type: none"> <li>Maintain the nutritional needs, health, and vitality of animals by making readily available water and food as well as other conditions that meet natural physiological needs</li> <li>Provide a safe and comfortable shelter where animals display healthy and comfortable behaviors (including activity, rest, and social behavior) and are protected from harsh weather</li> <li>Provide required treatment to alleviate pain from diseases and implement appropriate pain management techniques if necessary</li> <li>Avoid unnecessary long-distance transportation</li> <li>Implement humane handling and harvesting</li> </ul>	<ul style="list-style-type: none"> <li>Design, maintain, and operate the barns to provide a physical environment that meets the animals’ needs</li> <li>Ensure access to adequate clean water and high-quality feed to meet animal nutrition requirements</li> <li>Implement humane treatment of animals that ensures their well-being and complies with all applicable legal and regulatory requirements</li> <li>Identify and appropriately treat animals in need of care</li> <li>Timely use of humane methods to euthanize sick or injured animals not responding to care and treatment</li> </ul>

In China, Shuanghui Development has developed our *Animal Welfare Manual* and other policies and procedures, and implements animal welfare practices facilitated by advanced technology and equipment. We also conduct internal audits and facilitate on-site audits of animal welfare by our clients. Additionally, all relevant employees receive specialized training on animal welfare to enhance their awareness and operational proficiency.

In the U.S., Smithfield established an Animal Care Committee and employed *Animal Welfare Policy* and procedures. Our management system for animal welfare is in accord with the guidelines of the U.S. National Pork Board (NPB) Pork Quality Assurance® Plus (PQA Plus) program, the Common Swine Industry Audit (CSIA), in addition to applicable domestic laws and regulations in regions where it operates. Furthermore, we provide training to farm and facility team members as well as caretakers. We conduct regular third-party audits and promptly address and correct any issues identified during the audit process, continuously improving biosecurity protocols. Anonymous communication channels are also available to report any violations for immediate corrective actions.

## SUSTAINABLE SUPPLY CHAIN (continued)

In Mexico, we conduct internal audits applying the Cloverleaf certification system, where we receive certification by Cloverleaf. In Poland, Smithfield conducts internal audits and external inspections of its own farms and contracted farms for animal welfare, while actively promoting animal welfare concepts among employees through webinars and other means. In Romania, we conduct regular training on animal care for all farm employees and relevant personnel (including visitors), guiding them on the scientifically proven methods of caring for hogs. In 2023, Smithfield achieved the goal of “Continue to maintain and implement updates to our Animal Care Management System and achieve an excellent annual audit score (97–100%) globally”.

### Animal Safety and Biosecurity

As part of our overall animal care strategy, we are committed to the safety of our animals, and that means implementing and following strict biosecurity protocols on our farms. Our biosecurity measures are designed to prevent the spread of animal diseases. We enforce strict biosecurity protocols, providing appropriate veterinary care including routine diagnostic testing and segregating feed and supply deliveries, transportation fleets and farms by health status.

### Animal Housing

Smithfield has successfully maintained group housing for all confirmed pregnant sows on company-owned farms globally. In both the U.S. and Europe, Smithfield provides well-designed, maintained, and operated pig barns to ensure optimal physical environments. We treat our animals humanely, providing personalized care for sows before, during, and after pregnancy, ensuring their freedom of movement and safety. In Mexico, Poland, and Romania, sow farms (including contracted farms) are 100% group-housed.

In China, Shuanghui Development employs automated farming technologies to monitor light, temperature, humidity, air quality, and other parameters to reduce diseases. We also optimize feed formulas and feeding frequencies, introduce automated water and feed supply systems to ensure the safety of livestock and poultry.

#### Shuanghui Development's Initiatives on Welfare of Farm Animals

Physiological welfare	Environmental welfare	Hygienic welfare	Behavioral welfare	Psychological welfare
<ul style="list-style-type: none"> <li>Install water and feeding systems to enhance the quality and safety of animal feeding</li> <li>Prevent the proliferation of animal microorganisms</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen environmental control to ensure proper temperature and air quality for living</li> <li>Develop scientific lighting standards and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Standardize epidemic prevention procedures and conduct regular cleaning and disinfection</li> <li>Equip with professional veterinary services and inspections to ensure animal health</li> </ul>	<ul style="list-style-type: none"> <li>Ensure adequate living space for animals to guarantee freedom and safety</li> <li>Use non-toxic and harmless materials for facilities and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Regulate feeding practices and management including prohibiting running and noisy behaviors</li> <li>Minimize animal fear and stress responses during transport and harvest</li> </ul>

### Feed Management

Currently, WH Group's livestock farming operations all use self-produced feed and have established a feed safety management system. We also focus on mitigating the environmental impact of emissions during the farming process, by exploring ways to reduce feed consumption and minimize the production of manure from the source as we strive to achieve the goal of manure reduction.

## SUSTAINABLE SUPPLY CHAIN (continued)

In China, Shuanghui Development only uses materials for feed production from those allowed in the national *Feed Ingredients Catalogue* and *Feed Additives Catalogue*, and anti-coccidia and traditional Chinese medicine additives approved by the Ministry of Agriculture and Rural Affairs' Announcement No. 246. We take strict measures to eliminate prohibited drugs and compounds in accordance with the Ministry of Agriculture and Rural Affairs' regulations on prohibited drugs related to feed and animal feeding. Shuanghui Development conducts annual sampling and testing on prohibited additives and perform factory acceptance test, achieving a 100% production and testing compliance rate. In 2023, Shuanghui Development established a Feed Research Center, with Health & Nutrition Program for hogs and Chicken set up to deepen the dedicated research of feed nutrition for poultry and hogs. Additionally, Shuanghui Development continuously improves feed quality to decrease the residence time of feed in the digestive tract, thus reduces GHG emissions.

In the U.S., Smithfield optimizes feeding strategies for hogs in the later stages of growth, providing adequate water and high-quality feed to meet their nutritional needs. We dynamically adjust the amount of soybean meal, sweeteners, and synthetic lysine according to different growth stages and develop improved strategies to mitigate mycotoxins, and ensure the nutritional value of the feed. In Mexico, Smithfield adjusts feed formulations, using three different sources of fat including palm oil, animal fat and yellow grease, and increases the use of alternative ingredients such as canola and cookie meals to improve the intestinal health of hogs. In Poland, we introduce a new type of xylanase (Rovabio) and starter feed solutions limiting the occurrence of post-weaning diarrhea.

### Transport and Harvest Management

Apart from providing a safe and comfortable growing environment with sufficient feed supply, we also fully implement animal care initiatives during the transfer and harvest process.

	Shuanghui Development	Smithfield
<b>Transportation</b>	<p>In China, Shuanghui Development, while ensuring the quality of hog transportation, improves loading methods, and implemented protective measures such as keeping hogs in a comfortable state during rearing, transport and harvest. These measures aim to reduce fear and prevent stress of hogs.</p> <p>In 2023, the annual mortality rate during hog transportation for Shuanghui Development was 10‰. Through direct collaboration with breeding farms and enhanced process control, we have successfully lowered the mortality rate of hogs during transportation.</p>	<p>In the U.S., Smithfield requires all livestock transporters to be trained and certified under the National Pork Board's Transport Quality Assurance (TQA) program, which provides education and guidelines on all aspects of hog handling and potential impacts of transportation animal health and meat quality.</p> <p>In Mexico, to ensure hog safety, we no longer use pallet trucks during the loading process to avoid incidents such as pallet truck tipping that could lead to hog fatalities.</p> <p>In Poland, we provide training to over 130 animal transport vehicle drivers to enhance their awareness and skills regarding animal welfare.</p> <p>In Romania, we comply with the EU regulation no 1/2005, which requires that live animals and poultry be safely transported for less than 8 hours.</p>

## SUSTAINABLE SUPPLY CHAIN (continued)



	Shuanghui Development	Smithfield
<b>Harvest</b>	Shuanghui Development practices humane harvest, using advanced carbon dioxide stunning or electrical stunning technology to avoid as much distress as possible. For poultry, we set up holding sheds equipped with ventilation and spray cooling systems, under soft blue light, equipped with massage board to keep chicken comfortable throughout the process.	<p>In the U.S., Smithfield uses electrical stunning which is recommended by the Meat Institute as an effective method to comply with federal humane slaughter regulations.</p> <p>In Poland, we use the humane gas method or electrical stunning to complete the slaughter, in accordance with the Council Regulation (EC) No 1099/2009.</p> <p>In Mexico, we use biogas to anesthetize pigs before they are slaughtered.</p>

### 3.1.2 Drug and Biosecurity

Biosecurity in livestock farming plays a crucial role in ensuring the steady growth of the business, and most importantly in contributing to the stability of global food supply. Therefore, we consistently adhere to standardized management practices for the use of veterinary drugs and strengthen monitoring and prevention efforts against animal diseases.

#### Our Commitment

- Antibiotics and other drugs are used solely for the purpose of treating animal diseases, which follow strict veterinary approval procedures as required by laws and regulations.

### **Veterinary Drug Safety Management**

In our farming processes, we strictly manage the procurement, reception and use of veterinary drugs in accordance with established regulations and guidelines. Antibiotics, as a crucial category of veterinary drugs, play a significant role in reducing contamination by pathogenic bacteria in finished products. However, improper use of antibiotics can lead to antibiotic resistance and residues, posing risks to animal health and impacting food safety. WH Group has made clear commitments regarding antibiotic use in the *Corporate Principles*, which requires all livestock and poultry suppliers to strictly adhere to relevant requirements and use antibiotics responsibly.

Antibiotics and other drugs are used solely for the purpose of treating animal diseases, following strict veterinary approval procedures as required by laws and regulations. In China, Shuanghui Development, in response to national veterinary drug residue monitoring programs for livestock and poultry and the monitoring program for bacterial resistance of animal origin, has developed internal standards such as the *Veterinary Drug Safety Management Code* and *Veterinary Drug Management Regulations* to ensure strict control and continuous reduction of antibiotic use. It has also established a drug sensitivity testing platform to evaluate the effectiveness and quality of various veterinary drugs, implementing procedures for drug procurement, inspection, storage and use. Prohibited substances like clenbuterol<sup>9</sup> are strictly avoided, and antibiotic use is rigorously controlled. For hogs, Shuanghui Development continues to enhance vaccination programs to improve herd immunity and health. For poultry, it has established a list of approved medicines, with all drugs evaluated and registered under the filing access system before being included in the authorized drug list. Shuanghui Development also discontinued the use of antibiotics like enrofloxacin, erythromycin thiocyanate, and ceftiofur and explore antibiotic alternatives, using substances such as acidulants and microecological preparations to replace antibiotics where possible. As of the end of the Reporting Period, there is no hormonal drugs used during Shuanghui Development's production and research processes.

In the U.S., Europe and Mexico, Smithfield has developed an *Antibiotics Use Policy* that sets out guidelines on the use of antibiotics in terms of preventive management, veterinary oversight, limited use and strict compliance with all applicable laws and regulations. The policy aligns with the U.S. Food and Drug Administration (FDA) and EU's regulations on antibiotics use (EU 2019/6) that require antibiotics to be used only when necessary for animal health and food safety and prohibit the use of growth-promoting substances like hormones. Moreover, Smithfield has established an Antibiotics Task Force, which is a cross-functional team comprising employees from different departments such as hog production, corporate affairs, food safety and quality, as well as sales. All antibiotic usage must be approved by a licensed veterinarian beforehand, and written authorization or prescription is required before administering antibiotics to any animal. Smithfield publicly reports its antibiotic use across various stages of the supply chain and has been the first large-scale pork producer in the U.S. to report antibiotic usage since 2013.

During the Reporting Period, the antibiotic usage<sup>10</sup> at our operations in China was 328 mg/kg, while in the U.S., it was 215 mg/kg, representing a year-on-year decrease of approximately 10%. Antibiotic usage in our farms in Poland, Romania, and Mexico was 238 mg/kg, 107 mg/kg, and 337 mg/kg, respectively.

### **Disease Monitoring and Prevention**

The health of animals is closely linked to human health. WH Group's livestock operations continuously engage in the prevention of livestock and poultry diseases to ensure biosecurity.

In China, Shuanghui Development continuously enhances its disease prevention and control system and animal health management system. We have established a health management department, comprising clinical veterinary teams, biosecurity teams, and health monitoring teams. Additionally, we invite external experts to conduct training sessions to enhance team members' skills in disease diagnosis and biosecurity prevention and control. Following the principles of epidemic prevention, which is to curb both imported cases and internal spread, we have established a biosecurity emergency response mechanism while implementing routine biosecurity management.

In the U.S., Europe, and Mexico, Smithfield has developed the *Manual on Foreign Animal Diseases (FAD)* and a *FAD Crisis Plan*. For risk management, we conduct epidemiological surveillance, standardize procedures for preventing and responding to various potential epidemics including FAD outbreaks, and conduct various training programs.

<sup>9</sup> Including first-generation coulterol, second-generation salbutamol, cimaterol, third-generation ractopamine, etc.

<sup>10</sup> Due to various factors such as weather conditions, inventory decisions, types of antibiotics used, prevalence of diseases, and concentration of active ingredients, our antibiotic usage varies from year to year.



## SUSTAINABLE SUPPLY CHAIN (continued)

### Epidemic Response Measures of WH Group's Subsidiaries

Shuanghui Development	Smithfield
<p>In China, Shuanghui Development continues to follow-up on the latest laws, regulations, and management measures related to epidemic prevention and control, by cutting off pathogen transmission routes, while assessing African swine fever and avian influenza situations in different regions. It tracks and monitors the effectiveness of epidemic prevention and control by testing antibodies and pathogens, and collaborates with vaccine production institutions to ensure that the raised animals have sufficient immunity.</p> <p>Additionally, Shuanghui Development strengthens sampling disinfection and perimeter inspection, sets up rodent repellent devices, bird deterrents, and implements closed management to control the sources of virus transmission. We also ensure the health and uniformity of breeding sources, as well as the safety during each breeding introduction and regrouping process.</p>	<p>In the U.S., Smithfield reduces the risk of animal disease transmission by implementing stringent biosecurity protocols, providing proactive veterinary care and isolating feed and supply deliveries, transportation fleets and farms based on health conditions.</p> <p>In Europe, Smithfield adopts facilities such as dry shower systems, truck and trailer cleaning systems, as well as ventilation and filtration systems, to improve the living environment of animals and prevent the spread of African swine fever (ASF).</p> <p>In Mexico, Smithfield has established a veterinarian supervised animal health management program that includes biosecurity protocols to reduce the risk of disease transmission, vaccination programs for major pathogens and programs for early detection and timely treatment of diseases using advanced diagnostic techniques.</p>

### 3.2 Sustainable Agriculture

A healthy ecosystem based on land, water and air is the foundation for the existence and sustainable development of our industry. WH Group keeps the nature of land use, actively evaluates the utilization and soil conservation of planting land, while making every effort to protect biodiversity, and exploring sustainable agriculture.



### Biodiversity Conservation

We have made commitments to biodiversity conservation in the *Corporate Principles* and prioritize suppliers who demonstrate efforts to avoid direct or indirect harm to biodiversity, continually watching for the impact of business decisions on biodiversity, and continuously strengthening relevant concepts in operations.

In China, Shuanghui Development does not involve in crop planting in its business activities, but its animal rearing business, which includes feed production and manure resource utilization, is related to agriculture. Shuanghui Development strictly adheres to laws and regulations such as the *Environmental Impact Assessment Law of the People's Republic of China*, the *Land Management Law of the People's Republic of China*, and the *Soil and Water Conservation Law of the People's Republic of China*, as well as environmental protection regulations where its business activities are carried out. The Company orderly conducts environmental impact assessments for new projects and environmental monitoring for established businesses, and encourages upstream and downstream suppliers, construction units, and partners to deliver on biodiversity conservation.

In the U. S., Smithfield strictly controls the treatment and application of nutrients such as nitrogen and phosphorus in all operation sites. Each of our licensed hog farms shall have a Certified Animal Waste Management Plan (CAWMP) developed by certified technical experts, which specifies the fields, crops planted and other details for manure application. It is required that the amount of applied fecal waste should not exceed the necessary application amount for agriculture.

In Mexico, Smithfield is committed to protecting the local forests, vegetation and animals to improve the local biodiversity. We convert hog manure into organic fertilizer to improve soil conditions and biodiversity conservation in the local ecosystem, minimizing its impact on the environment.

In Poland, Smithfield keeps ponds and trees as habitats for wildlife on the farmland. To protect the local soil, water sources and vegetation growth environment, we apply plant protectants only when the impact of pests and weeds exceeds the harm threshold. Meanwhile, we have marked a buffer zone around waterways prohibiting the use of insecticides and insecticide spraying on flowering plants is performed at night, after pollinators are no longer active.

In Romania, Smithfield only applies organic fertilizers to farms after external institutions analyze the soil and manure, and continuously expands the vegetable curtains and green belts around the farms to get healthier and more fertile soil, effectively protecting the biodiversity of the local ecosystem.

#### Smithfield: The Biodiversity Conservation Program of Monarch Butterflies (*Danaus Plexippus*)

In the U. S., Smithfield has planted hundreds of acres of prairie grass through this partnership to provide ecological services and wildlife habitat for monarch butterflies across the state. The ecological services that would be derived from 100 million acres of cover crops and 30 million acres of reconstructed and restored prairie would reduce flooding, absorb nutrients, substantially reduce soil erosion, help cool our atmosphere and provide critical wildlife habitat for many threatened wildlife species and pollinators.

## SUSTAINABLE SUPPLY CHAIN (continued)

### Responsible Planting

Smithfield continuously explores agricultural planting management models, and guides farmers to use chemical fertilizers and plant protection agents responsibly, aiming to protect local water and soil and promote sustainable agricultural development.

In the U. S., Smithfield pressed ahead with the SmithfieldGro project, working with upstream farmers to reduce pesticide pollution to water resources as well as soil erosion. They use nitrogen management tools to optimize nutrient absorption and reduce the use of chemical fertilizers, and also use alternative crops and carefully selected mixed seeds to improve the soil. In addition, Smithfield Grain collaborates with independent agronomic consultants from various regions to help farmers develop sustainable development strategies tailored to specific locations.

In Poland, Smithfield's factories strictly adhere to the *Poland Good Agricultural Practices* and the *Water Law Act* and committed to reduce its use of nitrogen from natural fertilizers to 150 kilograms per hectare by 2025 to improve nutrient balance and minimize potential impact to natural ecosystems. Every year, specific fertilizer plans are developed for all production bases to improve nutrient balance and minimize potential impact on natural ecosystems.

In Romania, Smithfield ensures soil fertility and sustainable farming through multiple ways. Smithfield encourages rotation of appropriate crops and minimum tillage, as well as the application of a rational system of organic fertilization. In 2023, we require that all farms shall purchase crop seeds such as wheat, rapeseed, corn and sunflowers from certified producers, and hired external organizations for soil, manure and organic fertilizer application analysis to enhance the sustainability of agricultural farming. In Slovakia, Smithfield is committed to not using any chemical fertilizer.

### 3.3 Responsible Supply Chain

WH Group operates a supplier management system that complements its business needs and integrates sustainable development requirements into the supply chain management. The Group provides communication channels and training for suppliers and encourages suppliers to play an active role in environmental protection, compliance with labor standards, safeguarding employee safety, and animal welfare to jointly build a responsible supply chain.

#### 3.3.1 Supply Chain Management

Our subsidiaries in different operations develop their own supplier management systems and standardize management processes based on local conditions. Shuanghui Development has established the *Procurement Supplier Management System*, the *Supplier Code of Conduct*, and the *Shuanghui Procurement Supply Chain "Whistleblower" Management Policy*. Smithfield has established the *Procurement System*, *Supplier Code of Conduct*, and *Supplier Compliance Verification* system to carry out procurement work.

WH Group purchases a wide variety of materials, including raw materials, auxiliary materials, packaging materials, as well as live hogs and poultry, with suppliers distributed across a wide geological regions. We have established an admission and evaluation mechanism for suppliers, and implement a scorecard system to remove confirmed high-risk suppliers in a timely manner. A considerable proportion of our suppliers have obtained GMP<sup>11</sup> certification, TUV quality assurance system certification, ISO 9001 certification, HACCP<sup>12</sup> certification, and BRC certification, and certified suppliers have been increasing year by year.

<sup>11</sup> GMP is short for Good Manufacturing Practice.

<sup>12</sup> HACCP is short for Hazard Analysis and Critical Control Point.

## SUSTAINABLE SUPPLY CHAIN (continued)

### Supplier Approval, Evaluation, and Removal Mechanism of WH Group's Subsidiaries

	Shuanghui Development	Smithfield
• Supplier Approval	Set up a bidding system with the supplier management module incorporated into it, achieving information-based supplier management. And start the inspection of the suppliers of Class I <sup>13</sup> materials before approving them	Select suitable suppliers based on operational needs
• Supplier Evaluation	Evaluate suppliers through centralized and non-centralized methods, and then classify suppliers into four categories: key suppliers, key non-tier 1 suppliers, tier 1 suppliers, and non-tier 1 suppliers	In the U.S., Smithfield categorizes suppliers into three tiers based on the partnership scale. We review and manage suppliers of different tiers in different ways. The food safety and quality assurance team regularly conducts audits of tier 1 suppliers and quality inspections of local factories
• Supplier Removal	Remove high-risk suppliers promptly according to the scorecard system	Remove unqualified suppliers promptly based on review management and quality inspection results

In China, Shuanghui Development implemented an annual suppliers performance evaluation, performing inspection and verification in some key areas such as the production environment, raw material sources, production equipment, testing capabilities, and finished product warehouses. The results will be used in the classification process of suppliers. It has employed a scoring system based on an approach of “daily control, weekly inspection, monthly coordination, and annual evaluation”, performing unannounced on-site inspections and routine audits, and taking timely action to remove high-risk performers.

During the Reporting Period, Shuanghui Development updated the classification attributes for Class I and Class II materials<sup>14</sup>, and the scope of inspection items for different types of materials. Meanwhile, Shuanghui Development refined its annual performance evaluation dimensions for suppliers of auxiliary materials and packaging materials, and agricultural and animal husbandry suppliers, improving the effectiveness of supplier quality rectification.

Smithfield has established an appraisal system whereby suppliers are required to comply with relevant key performance indicators, including HACCP, quality planning, foreign material control and shelf-life performance. It has been using a mechanism that covers grading, evaluation, and auditing, for all suppliers to ensure a stable supply chain.

In Europe, Smithfield evaluates suppliers at least once a year and conducts audits on selected suppliers. In Mexico, Smithfield conducts on-site evaluations of suppliers, and perform close and frequent tracking on identified unqualified ones.

As of the end of the Reporting Period, the total number of WH Group's suppliers reached 36,001. Please refer to the *Appendix 3 : List of ESG data* for the number of suppliers listed by region.

<sup>13</sup> Class I materials: According to the material expenditure specified in *Procedures for New Material Introduction and Application* of Shuanghui Development, Class I materials refer to new varieties that have never been used in product development and actual production, or need to be introduced as new varieties or that of new manufacturers for the purpose of improving product quality, and materials that need to be tested and verified, mainly including food additives, essence and spices for food, flavoring products, proteins and other food materials, and chemical materials such as ink and glue.

<sup>14</sup> Class I materials refer to materials that have never been applied in product development and actual production, or materials that need to be introduced as new varieties or that of new manufacturers for the purpose of improving product quality, as well as materials that need to be tested and verified; Class II materials refer to materials that are under government monopoly, control and central government reserves, and other materials that do not need to be tested and verified.

## SUSTAINABLE SUPPLY CHAIN (continued)

### 3.3.2 Sustainable Supply Chain

Promoting sustainable development among its suppliers is crucial for WH Group to bolster a stable, safe and eco-friendly supply chain. To achieve this, we have integrated ESG management into our requirements for suppliers to motivate them to take steps forward in their ESG performance.

#### **ESG Management Requirements for suppliers**

In China, Shuanghui Development formulated and issued the *Supplier Code of Conduct*. In addition, it has integrated suppliers' sustainability considerations into various policies such as the *Procurement Supplier Management System* and *Procurement Center Anti-Corruption Management System*.

In the U. S., Smithfield has developed the *Supplier Code of Conduct*, which sets clear requirements for environmental performance, labor rights, product safety, animal welfare, employee health and safety, business integrity and encourages suppliers to establish their own sustainable development paths.



#### **Subsidiaries' Management Requirements for Suppliers**

Requirements	Shuanghui Development	Smithfield
Product quality	<ul style="list-style-type: none"> <li>Requiring suppliers to sign the <i>Food Safety and Quality Commitment Statement</i></li> </ul>	<ul style="list-style-type: none"> <li>Requiring all suppliers to obtain PQA Plus<sup>15</sup> certification</li> <li>Require suppliers to undergo GFSI<sup>16</sup> certification or equivalent certification annually, and they are subject to third-party animal handling audits, including transport audits</li> <li>In the U. S., Smithfield requires 100% of suppliers to be certified under the U.S. Department of Agriculture Process Verified Program (PVP)<sup>17</sup></li> </ul>
Business ethics	<ul style="list-style-type: none"> <li>Establishing and continuously broadening reporting channels, such as emails and telephones</li> <li>Requiring suppliers to sign the <i>Anti-Bribery Statement</i> and <i>Integrity Agreement</i></li> </ul>	<ul style="list-style-type: none"> <li>Require suppliers to comply with the <i>Supplier Code of Conduct</i>, which clarifies requirements for business ethics</li> </ul>

<sup>15</sup> PQA Plus is short for Pork Quality Assurance® Plus, which aims to assist pig farmers and their employees in improving production practices.

<sup>16</sup> GFSI is short for Global Food Safety Initiative, which is committed to providing a benchmark and bringing harmonisation to global food safety standards.

<sup>17</sup> PVP is short for USDA Process Verified Program, is a verification service that advocates "Transparency from Farm to Market".



## SUSTAINABLE SUPPLY CHAIN (continued)

Requirements	Shuanghui Development	Smithfield
Environmental protection	<ul style="list-style-type: none"> <li>Requiring suppliers to comply with all relevant environmental laws and regulations for waste management and pollution control</li> <li>Encouraging suppliers to explore new energy sources, prioritize advanced environmental protection, energy-saving technologies, low-pollution raw materials, and optimize transportation routes to reduce carbon emissions</li> <li>Requiring suppliers to respond and sign the <i>Environmental Protection Initiative</i></li> </ul>	<ul style="list-style-type: none"> <li>Requiring suppliers to comply with the <i>Supplier Code of Conduct</i>, which includes specific requirements for environmental performance</li> <li>Driving suppliers to save energy and resources, and collaborate with the largest packaging material supplier to explore more environment- friendly packaging</li> <li>Collaborating with suppliers to promote photovoltaic (PV) installation projects and having installed PV solar panels on our hog farms in Romania and processing facilities in Poland</li> </ul>
Farming management	<ul style="list-style-type: none"> <li>Implementing the <i>Hog Purchase and Sale Agreement</i>, which requires suppliers to protect animal welfare in livestock farming. For live hogs procurement, suppliers are required to sign the <i>Statement on Live Hogs Supplied</i>, ensuring that all feed, additives, and drugs used in the rearing process comply with the applicable laws and regulations</li> <li>Requiring suppliers to maintain a good barn environment, and ensure balanced feed nutrition for the animals</li> </ul>	<ul style="list-style-type: none"> <li>Requiring all its hog transporters obtain Transport Quality Assurance (TQA)<sup>18</sup> certification</li> </ul>

Shuanghui Development has employed a risk identification and evaluation mechanism, which involves pre-assessment, onsite assessment, and an audit on suppliers' sustainability risks. We identify high-risk suppliers based on various factors such as (1) production features, application scope, application route, and potential risks; (2) common problems uncovered during flight inspections in recent years; and (3) historical risk issues on quality and delivery. Smithfield conducted sustainability surveys on key suppliers to understand their specific performance in energy conservation, resource utilization, employee safety, and community contribution.

In addition, we are committed to effective communication with suppliers, and provide them with the trainings and assistance needed.

### Shuanghui Development: Special Training, Cooperation, and Exchange for Supplier Quality Improvement

In 2023, the Quality Management Center of Shuanghui Development conducted online special training on impurity control for 62 raw material suppliers. This training provides specialized explanations on various aspects of chicken slaughtering and processing, inviting suppliers to participate to facilitate their growth.

Meanwhile, the Material Procurement Center of Shuanghui Development conducted industry benchmarking exercise, exploring new technologies, introducing new resources, and organizing exchanges to learn from leading enterprises in the industry. As of the end of this Reporting Period, Shuanghui Development has conducted more than 90 technical and informational exchanges with key suppliers, covering equipment, feed, chicken industry, and auxiliary and packaging material suppliers, while collaborating to promote the development of new products and industries.

<sup>18</sup> TQA is short for Transport Quality Assurance, is a certification program for the transport of pigs.

## SUSTAINABLE SUPPLY CHAIN (continued)

In China, Shuanghui Development communicates with suppliers through online and offline channels and provides training to continuously support their growth. Shuanghui Development continued to implement localized procurement policy, prioritizing the high-quality suppliers close to own facilities to help promote local development.

In the U.S., Smithfield regularly holds monthly meetings with key suppliers and collects supplier feedback through online communication platforms and supplier questionnaire surveys. Smithfield pays attention to the diversity of suppliers and actively carries out small farmer support programs, improving supplier diversity, while assisting small farmers in their development. In Mexico, Smithfield holds monthly communication meetings with suppliers to promote ESG knowledge. The sustainable development department leads the supplier training program and provides support for suppliers to obtain ESG and social responsibility related certifications.

### Sustainable Procurement

*The State of the World's Forests*<sup>19</sup> released by the Food and Agriculture Organization of the United Nations (FAO) indicates that approximately 90% of global deforestation is associated with disorderly agricultural production expansion, with 40%–50% of associated risks present in the supply chains of palm oil, beef, and dairy products. Understanding the source and production process of seafood is an important way to protect endangered marine species and avoid overfishing. To effectively control ESG related risks in the procurement process, WH Group and its subsidiaries trace raw materials that may cause negative impact such as deforestation or overfishing as appropriate.

Raw material type <sup>20</sup>	Uses
Palm oil	<ul style="list-style-type: none"> <li>In China, palm oil is used as an auxiliary ingredient in products. In America and Europe, we do not purchase palm oil.</li> </ul>
Beef	<ul style="list-style-type: none"> <li>In China, most of our beef purchases are sold directly to traders, wholesalers, etc., with a small portion used for product processing. In the United States, we purchase beef primarily for the manufacture of beef hot dog products.</li> </ul>
Seafood	<ul style="list-style-type: none"> <li>Fish mince is included in very few manufactured goods only in China.</li> </ul>
Dairy products	<ul style="list-style-type: none"> <li>In China, Shuanghui Development adds whole milk powder to very few ham sausages. In Poland, Smithfield adds cheese and whey to some food. Dairy products are not sourced in other regions.</li> </ul>

We are in the process of developing a sustainable sourcing standard on material certification, to guide the sourcing of palm oil and dairy products. We do not have any meaningful purchases of seafood and have only a small amount of dairy sourcing in China and Poland.

<sup>19</sup> The State of the World's Forests 2022: <https://www.fao.org/publications/home/fao-flagship-publications/the-state-of-the-worlds-forests/zh>.

<sup>20</sup> Purchases by type of raw material purchased were: about 5,000 tonnes of palm oil purchased, about 150,000 tonnes of beef purchased, about 5,400 tonnes of seafood purchased, and about US\$2,500,000 of dairy products purchased.

## SUSTAINABLE SUPPLY CHAIN (continued)

Raw material type	Sustainable Management
Palm oil	<ul style="list-style-type: none"> <li>Our major supplier of palm oil has obtained the RSPO<sup>21</sup> certification, giving preference to palm oil feedstock suppliers that commit to “no deforestation and labour exploitation”, and the procurement volume from whom accounting for approximately 60% of the total palm oil consumption of Shuanghui Development. At the same time, we regularly fill in traceability information on the palm oil we purchase to fulfil our commitment to responsible and sustainable sourcing more effectively</li> </ul>
Beef	<ul style="list-style-type: none"> <li>In China, Shuanghui Development purchases beef from other countries, and most of its beef products are exported. We strictly select suppliers in accordance with the <i>Regulations on the Supplier Management of Imported Materials</i>. In the U.S., we carry out procurement and traceability management of beef products with reference to the relevant requirements of the location.</li> </ul>
Seafood	<ul style="list-style-type: none"> <li>In China, Shuanghui Development doesn't involve much seafood procurement, and it requires its fish mince suppliers to provide documents to prove the legality of their fishing areas, making every effort to protect natural resources.</li> </ul>
Dairy products	<ul style="list-style-type: none"> <li>A very small portion of our products only to add whole milk powder, cheese and whey, the suppliers of which are strictly reviewed for their qualifications.</li> </ul>

<sup>21</sup> RSPO is short for Roundtable on sustainable palm oil, which is responsible for implementing and promoting global sustainable palm oil standards.





# 4

## PROMOTING GREEN DEVELOPMENT



## PROMOTING GREEN DEVELOPMENT (continued)

Resource and pollution management plays a crucial role in WH Group's environmental management system. The Group explicitly outlines its stance and commitments regarding climate change, energy, emissions and resource management in the *Corporate Principles*. We are dedicated to the principles of resource and energy conservation, taking proactive steps to reduce the company's environmental footprint through technological advances and process innovations.

Corporate Principles	UNSDGs
<p><b>Climate Change and Environment</b></p> <p>A robust ecosystem of land, water and air is the very basis of the existence and sustainability of our industry. WH Group fully supports the Paris Agreement's initiatives to combat global climate change. We are committed to the Group's target of zero emissions by 2050 along the whole value chain, reducing GHG emissions across all subsidiaries through a combination of technology enhancements, process transformation and energy mix optimization.</p> <p>WH Group continues to monitor and incorporate industry best practices and explore relevant innovative technologies, while allowing subsidiaries to steer priorities suitable to their local circumstances in terms of capital investment in equipment upgrades and process improvements.</p> <p>We prioritize water efficiency by way of recycling and alternative water withdrawals through technological innovation and process modification, at the same time, lifting our capacity in automated monitoring over water discharge, in order to protect the natural recovery and regeneration capacity of water sources and their watershed ecosystems where our operations are located.</p> <p>We are committed to reducing both volume and/or intensity in wastewater, air emissions and solid waste through process innovation.</p> <p>We manage product packaging by way of reducing excessive wrap, replacing with lightweight materials and adopting recycle methods.</p> <ul style="list-style-type: none"> <li>• Climate change</li> <li>• Energy and emissions management</li> <li>• Resource management</li> </ul>	

### 4.1 Greenhouse Gas Management

Compared with the pre-industrial era, the impact of global climate change caused by human intervention has been increasingly conspicuous over recent years. WH Group, taking into account each operating country's Nationally Determined Contributions (NDCs), legal requirements, energy structure, policy trends and other external factors, as well as its own industrial structure and supply chain landscape, established energy efficiency targets and greenhouse gas (GHG) emission reduction goals at both the Group and subsidiary levels.


#### WH Group's Internal Policies and Regulations

**China:** Shuanghui Development Environmental Protection Management Code, Energy Technical Standards, Energy Management Code, Energy Assessment Program

**The U.S. and Europe:** Smithfield Environmental Policy



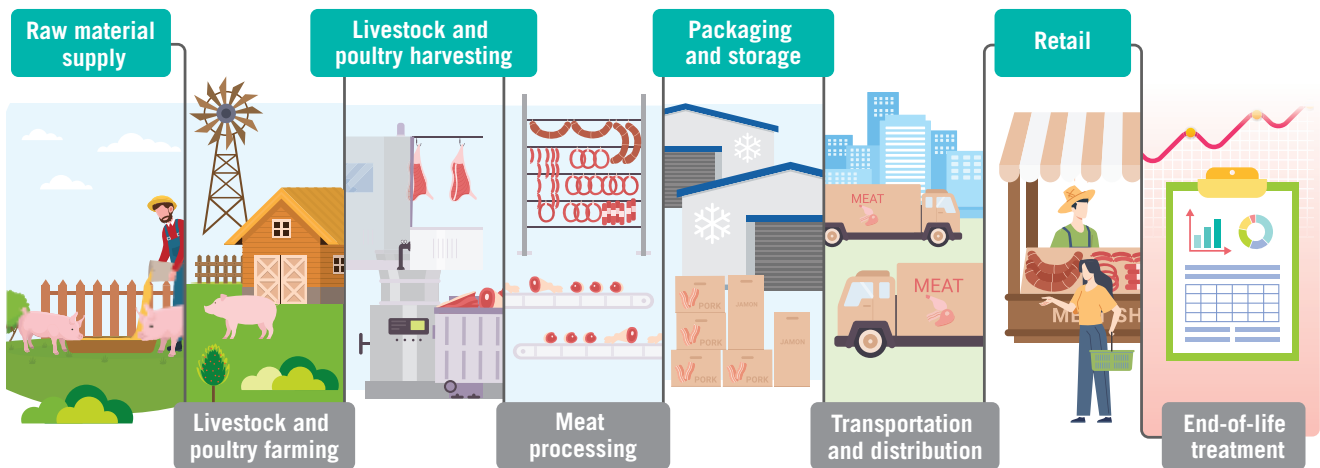
## PROMOTING GREEN DEVELOPMENT (continued)

WH Group 2030/2050 Carbon Reduction Goals	
To reduce GHG emissions per unit of product by 30% by 2030 compared with a 2017 baseline and to achieve zero emissions by 2050 inclusive of supply chain <sup>22</sup>	
<p><b>Shuanghui Development</b></p> <ul style="list-style-type: none"> <li>Adjust the energy structure by steadily replacing fossil fuels with biomass energy</li> <li>Introduce energy conservation projects to reduce energy consumption per unit and carbon emissions</li> <li>Increase the use of renewable photovoltaic energy to reduce external energy purchases and achieve carbon emission reductions</li> <li>25% of total electricity use from renewable sources by 2030</li> </ul>	<p><b>Smithfield</b></p> <ul style="list-style-type: none"> <li>50% of the electricity demand to be covered by renewable energy by 2030</li> <li>Achieve carbon negative in all company-owned US operations by 2030<sup>23</sup></li> </ul> 

### 4.1.1 Calculating GHG Emissions

Starting in 2022, to better carry out the Group's commitment to achieving zero emissions across the entire industry chain, WH Group encourages Shuanghui Development in China and Smithfield in the U.S. to conduct a carbon inventory, including Scope 3 emissions, within their respective operational boundaries. This entails refining the Group's GHG inventory, examining the sources and proportions of GHG emissions in various stages from material procurement and farming to harvesting, processing, transportation and distribution, retail and storage, etc., in order to establish a more thorough database.

WH Group's Operation and Value Chain Process



<sup>22</sup> Zero carbon emissions, or carbon neutrality, refers to measures taken by companies to remove carbon from the atmosphere and permanently sequester it to offset the impact of residual emissions.

<sup>23</sup> The scope of Smithfield's carbon-negative target exclusively focuses on the component of Scope 1 and 2 emissions originating from facilities under direct ownership and control of the company. Any implications regarding total inventory must be understood within the context of company-owned operations. Additionally, Scope 3 emissions, such as emissions from contract farmers and other suppliers, are not included in this. We acknowledge that future refinements, as well as advancements in the science and methodologies of GHG reporting, and emerging disclosure compliance requirements, may lead to corrections or changes in GHG reporting and targets in subsequent reports.

## PROMOTING GREEN DEVELOPMENT (continued)

In China, in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard and Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard, we conducted a GHG inventory for Scope 1, 2, and 3 emissions within its operational scope in China, using operational control methods. During the Reporting Period, the company comprehensively reviewed the GHG inventory of its main and supporting services, including poultry harvesting, meat processing, farming, procurement, packaging manufacturing, logistics transportation, and retail, with added methane emissions from pig and poultry farming processes into the calculation. This marks the first time the Group has accounted for GHG emissions from the value chain of its China operations.

Based on the carbon inventory data from China and the U.S., the majority of GHG emissions (approximately 91%) stem from upstream and downstream value chain activities. Although Scope 1 and Scope 2 GHG emissions only make up about one-tenth of the total, they remain the company's primary focus for emission reduction efforts leading up to 2030, as they represent the GHG emissions generated directly from our operational activities.

During the Reporting Period, the total GHG emissions directly generated by the Group's global operations amounted to approximately 485 in ten thousand of tCO<sub>2</sub>e, with Scope 1 and Scope 2 emissions accounting for about 293 and 192 in ten thousand of tCO<sub>2</sub>e, respectively. More than 80% of WH Group's business are from its operations in the U.S. and China, whereby approximately 4,630 in ten thousand of tCO<sub>2</sub>e of Scope 3 emissions were recorded in the Reporting Period. The Group will steadily advance carbon inventory for other regional businesses and disclose and report accordingly as appropriate.

### WH Group GHG Emissions in 2023<sup>24</sup>

GHG Scopes	Unit	WH Group
Scope 1 & 2	Metric tons of carbon dioxide equivalents (tCO <sub>2</sub> e)	4,845,515
Scope 1	Metric tons of carbon dioxide equivalents (tCO <sub>2</sub> e)	2,925,037
Scope 2	Metric tons of carbon dioxide equivalents (tCO <sub>2</sub> e)	1,920,478
Scope 1 & 2 emission intensity	Metric tons of carbon dioxide equivalents (tCO <sub>2</sub> e)/metric ton of products produced <sup>25</sup>	0.51
Scope 3 value chain (U.S. and China regions)	Metric tons of carbon dioxide equivalents (tCO <sub>2</sub> e)	46,299,600

<sup>24</sup> Scope 1 and Scope 2 GHG emission sources are primarily manure, enteric fermentation, owned vehicle fuel combustion, natural gas flaring, refrigerants, propane flaring, biomethane use, and purchased electricity use. The coverage of this data has been expanded compared to 2022. At the organizational boundary level, the 2021 holding GCM Group is added; at the operational boundary level, emission sources such as manure and enteric fermentation are included in China. The five categories with the highest share of GHG emissions in Scope 3 are purchased products or services, use of sold products, processing of sold products, fuel and energy-related activities (upstream), and end-of-life disposal of sold products. For more details, please refer to the table in subsection 4.1.2 of this Report, "WH Group's Scope 3 GHG Emissions (China, U.S.) in 2023".

<sup>25</sup> Due to the expansion of the Group's poultry farming layout, the denominator selected for the 2023 emission intensity expands, with per metric ton of produced product = meat products + pork + poultry (excluding production of hogs and production of poultry).

## PROMOTING GREEN DEVELOPMENT (continued)

### 4.1.2 Carbon Reduction Pathway Containing Four Primary Actions

To achieve the carbon reduction targets for 2030 and 2050, we have developed a pathway with four Group-level carbon reduction initiatives: 1) promoting the circular economy to realize carbon reduction from farming, 2) forming a diversified energy structure by increasing the proportion of renewable energy, 3) promoting energy efficiency improvements to meet the growth of energy demand, and 4) broadening the scope of carbon reduction actions to lead the low-carbon development of our value chain. We continue to focus on the aforementioned carbon reduction pathway, driving the Group forward steadily on a journey of green development.



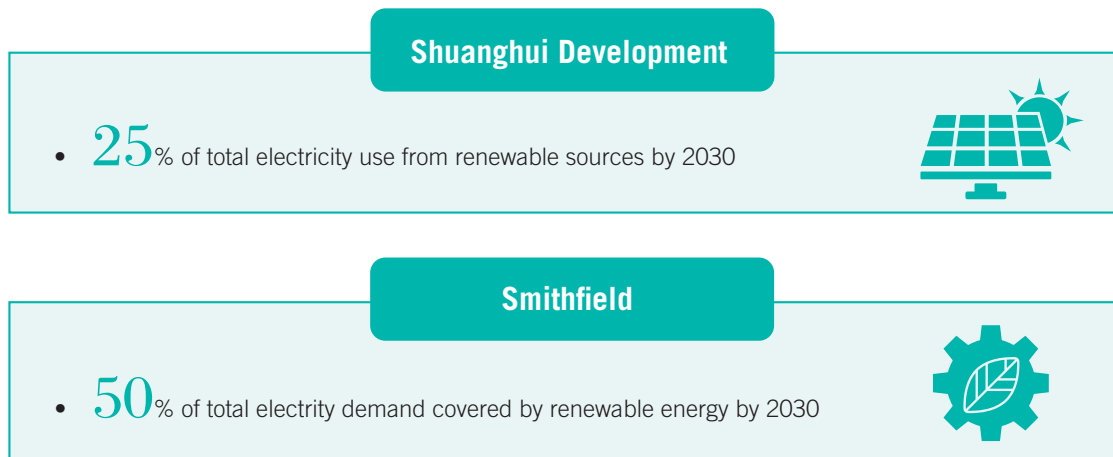
#### ***Circular Economy and Livestock***

##### ***Farming***

WH Group is dedicated to identifying opportunities for reducing carbon emissions in livestock farming and enhancing the efficiency of biomass energy utilization in agricultural production. We are actively pursuing innovations in animal feed to minimize methane emissions resulting from ruminant animal digestion. Additionally, through the utilization of biomass energy, we aim to effectively recycle waste, embodying the principles of a circular economy.

<b>Emission reduction through intestinal fermentation</b>	<ul style="list-style-type: none"> <li>In China, Shuanghui Development improves feed quality and increases animal feed intake by using extruded soybeans, soy protein hydrolysate, and milk replacers as ex vivo pre-digestion materials. This helps to shorten the residence time of feed in the digestive tract and reduce GHG emissions. Meanwhile, Shuanghui Development expands the scale of poultry farming and processing industry, accelerating the transformation from high-carbon meat to low-carbon meat, which is also an important part of the Group's strategy to realize low-carbon protein.</li> <li>In the U.S., Smithfield explores innovative feed formulations by incorporating bakery byproducts into the feed formula.</li> </ul>
<b>Energy utilization of manure</b>	<ul style="list-style-type: none"> <li>Smithfield continues to increase investment in the utilization of manure resources on its own farms, collecting natural emissions from manure through anaerobic digesters and converting it into low-carbon, pipeline-ready renewable natural gas (RNG). As of 2023, Smithfield operates 118 covered lagoons and digesters covering more than one million hog spaces to produce nearly one million dekatherms of RNG per year. In the U.S., Smithfield primarily feeds RNG to existing pipelines and grids as a clean, renewable source of energy. In Mexico, Smithfield heats barns with biogas to reduce both energy costs and emissions.</li> <li>In China, Shuanghui Development adopts a contract energy management model to promote manure treatment in the livestock industry, preparing biomass natural gas to further reduce reliance on fossil fuels. Its Xihua base biomass natural gas cooperation project began operations in October, processing 400 metric tons of chicken manure per day and producing 10,000 cubic meters of natural gas per day.</li> </ul>

### Utilization of Renewable Energy



WH Group is committed to expanding the use of renewable energy by investing in clean energy, implementing contract energy management, and integrating green energy applications. This aims to meet the renewable energy usage targets established across our operating locations. We have proactively embraced a wide range of renewable energy sources, including solar and wind power, as part of our efforts to reduce reliance on fossil fuels and enhance our energy infrastructure.

In China, Shuanghui Development conducts feasibility analyses for distributed rooftop photovoltaic installations at factories. Eight production bases such as Henan Luohe Industrial Parks have achieved significant increases in the proportion of photovoltaic power generation, which is expected to reduce annual purchased electricity by approximately 4.8 million kWh. Additionally, through the contract energy management model, distributed photovoltaic power generation projects can help promote societal low-carbon transformation by utilizing surplus electricity generated for the grid.

In the U.S., Smithfield has established Smithfield Renewables, with the goal of increasing renewable energy utilization across various dimensions, including manure management, grain farms and feed milling, processing, transportation, retail and food waste. Smithfield has invested in ALLETE Clean Energy's Diamond Spring project, which has a 112-turbine wind site in south-central Oklahoma, catering to approximately 15% of Smithfield's energy needs in the U.S. Furthermore, Smithfield has initiated a wind turbine pilot project with Eocycle Technologies in Colorado, aiming to provide clean electricity to farms by establishing small, independent wind turbines.

Smithfield continues to install photovoltaic panels on its hog farms in Romania and at its Animex Foods Poland facilities to convert thermal energy into electricity.

### Continuous Energy Efficiency Promotion

In today's business landscape, improving energy efficiency stands as a critical avenue for enterprises seeking to optimize energy usage. Enhancing energy efficiency across diverse energy consumption areas is an effective measure for our group to reduce GHG emissions. We consistently identify energy-saving opportunities for our production, processing, transportation and farming activities, selecting and adopting new energy-saving equipment to reduce energy consumption. We optimize the consumption of natural gas, electricity, steam and diesel in various processes and transportation stages, aiming to reduce energy consumption per unit weight of products.

## PROMOTING GREEN DEVELOPMENT (continued)

In China, Shuanghui Development prioritizes energy management, by utilizing intelligent cloud energy management platforms across various production bases to enhance energy metering accuracy and real-time monitoring capabilities, facilitating the timely identification of energy consumption issues and improvement potentials. Shuanghui Development consistently replaces high-energy-consumption equipment to improve energy recycling rates. In 2023, Shuanghui Development replaced 38 air suspension fans with more efficient models, resulting in a power saving of approximately 1.56 million kWh. Shuanghui Development also introduced energy-saving air compressors in 15 factories, resulting in an accumulated power saving of approximately 1.18 million kWh during the year.

In the transportation services, Shuanghui Logistics is accelerating the transition from vehicles adhering to National III and National IV diesel emission standards, primarily utilizing vehicles compliant with National V and higher diesel standards for transportation. As of the end of this Reporting Period, approximately 58% of Shuanghui Logistics' vehicles are National VI compliant, while about 36% are National V compliant. The total number of National V, National VI, and new energy vehicles in operation exceeds 990. The logistics business diligently monitors diesel consumption per unit transportation distance while prioritizing the utilization of new energy vehicles for logistics transportation and distribution within urban areas.

In Poland, Smithfield is actively enhancing energy efficiency by modernizing the compressor rooms of feed mills, implementing heat recovery, replacing lighting with LED fixtures within the park and installing water-saving devices and insulation materials. Additionally, a new boiler room has been put into operation, expected to reduce approximately 8,300 metric tons of CO<sub>2</sub> annually.

In Romania, Smithfield feed mill teams continue to implement energy reduction projects to streamline the way feed is produced and delivered to farms. By adjusting feed production practices to eliminate unnecessary steam production, the mill reduced the energy needed to make one ton of feed by 5 kWh from 2021.

### ***Low-carbon Development along the Value Chain***

From farm to factory to table, the lifecycle of food extends far beyond the retail stage, encompassing purchase, transportation, cooking and further processing. Within and beyond our value chain, significant opportunities exist for carbon and emission reduction to be explored. Since 2022, WH Group has been conducting assessments of GHG emissions sources upstream and downstream in the value chain in China and the U.S., aiming to understand the steps required to achieve zero emissions with the assistance of data.

Scope 3 emissions are a crucial component of GHG emissions in the corporate value chain but are often difficult for companies to directly control. Our assessment of operational activities within the operating boundaries in China and the U.S., the assessment results reveal that 76% of Scope 3 emissions are generated by upstream activities of the value chain, while approximately 24% of GHG emissions are generated by downstream activities.

WH Group leverages its advantage of vertically integrated business, consistently exploring opportunities for emission reduction and value creation at the same time through investments and partnerships. This proactive approach not only enriches our carbon reduction strategies, but also enhances the resilience of our value chain, and enables us to turn challenges into opportunities.

Going forward, we will continue to improve our ability to identify and measure Scope 3 emissions across 15 categories, focusing on and implementing, as appropriate, various standards and guidelines including the Intergovernmental Panel on Climate Change (IPCC) GHG inventory guidelines, applicable laws and regulations, and relevant standards in various operating locations. We will consistently disclose Scope 3 GHG emissions. By doing so, we aim to improve the climate data transparency of the food industry and the value chain.



## PROMOTING GREEN DEVELOPMENT (continued)

### WH Group's Scope 3 GHG Emissions (China, U.S.<sup>26</sup>) in 2023

Scope 3 Emissions	Percentage
Purchased products or services <sup>27</sup>	74%
Use of sold products	15%
Processing of sold products	6%
Fuel and energy related activities (upstream)	1%
End-of-life disposal of sold products	1%
Other categories <sup>28</sup>	3%
<b>Total</b>	<b>100%</b>

### WH Group's Key Carbon Reduction Measures in the Value Chain

Value chain upstream	Value chain downstream
<p><b>Reduce agricultural carbon footprint in supply chain:</b> Smithfield's agronomy program, SmithfieldGro, assists farmers in its upstream supply chain to reduce crop inputs and increase crop yields through investment in carbon reduction and ecological conservation. Meanwhile, by actively collaborating with suppliers, we track feed supply and explore the feasibility of using feeds with lower carbon footprints. As of the end of the Reporting Period, Smithfield has reduced over 100,000 metric tons of feed-related GHG emissions compared to 2010.</p> <p><b>Upstream transportation and distribution:</b> Shuanghui Development prioritizes sourcing products from nearby suppliers, and increase the proportion of direct procurement to reduce carbon emissions during transportation. Smithfield Grain also directly purchases related goods from nearby farms to reduce the carbon footprint during transportation.</p> <p><b>GHG emissions from employee commuting and business travel:</b> Smithfield has implemented a work-from-home program for employees, while Shuanghui Development encourages employees to opt for high-speed railway when traveling long distances and adopt online meetings flexibly to reduce non-essential business travel.</p>	<p><b>Reduce carbon footprint from product usage:</b> WH Group's packaged meat products (pre-prepared and ready-to-eat) do not necessitate additional water for washing or extra energy for cooking by consumers, thereby largely avoiding Scope 3 emissions in the downstream consumption processes.</p> <p><b>Downstream transportation and distribution:</b> Smithfield initiated a logistics optimization plan, which annually reduces product transportation distances by approximately 11.2 million miles, saving 1.6 million gallons of diesel consumption, and reducing GHG emissions by nearly 13,000 metric tons of carbon dioxide equivalent per year.</p>

<sup>26</sup> Due to changes in the Forests, Land, and Agriculture (FLAG) industry standard of the Science Based Targets Initiative (SBTi) that Smithfield joined in September 2022, making it nearly impossible for Smithfield to complete the assessment of science-based carbon targets within the two-year timeframe specified by SBTi, Smithfield has decided to withdraw from SBTi (see their media statement). Nonetheless, Smithfield remains firmly committed to achieving its emission reduction targets.

<sup>27</sup> Our primary procurement categories are detailed in the Responsible Supply Chain section of Sustainable Value Chain.

<sup>28</sup> Other categories include capital goods, upstream transportation and distribution, waste generated from operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, and franchising and investments.

## PROMOTING GREEN DEVELOPMENT (continued)

### 4.2 Environmental Management System

WH Group and its subsidiaries have established environmental management systems enabled by organizational structures at all operation sites. Our commitment to effective management systems and business processes extends across the entire chain of operations, encompassing feed production, livestock and poultry farming, meat processing, storage and transportation. This ensures that all production facilities fully comply with the relevant environmental laws and regulations in their respective countries and regions. (Please refer to the *2023 Shuanghui Development ESG Report* and the *2023 Smithfield Sustainability Impact Report* for more detailed information about our subsidiaries).

#### Environmental Organization Structure



Smithfield has established a management approach tailored to its specific development environment and has incorporated ESG factors, including environmental and GHG management, into relevant management evaluations in daily operations. The Vice President of Shuanghui Development consistently monitors the Company's environmental performance and supervises the implementation effectiveness of environmental management policies, including environmental emissions and water resource management. Shuanghui Development has integrated environmental performance indicators such as wastewater treatment and solid waste disposal into the performance evaluations of relevant managerial personnel. This linkage of safety and environmental performance with remuneration serves to reinforce the effectiveness of our environmental protection endeavors.

WH Group actively promotes the certification of an environmental management system (EMS) and conducts regular internal audits at production sites to ensure that relevant practices are consistently applied. This approach enables us to monitor the reliability and effectiveness of our environmental management efforts. During the Reporting Period, a total of 87.7% of WH Group's slaughterhouse and meat processing plant operating facilities obtained ISO 14001 certification.

#### Environmental Management System Certifications

China: By the end of the Reporting Period, 44 of Shuanghui Development facilities were ISO 14001 certified. In addition, annual internal audits were carried out with a passing rate of 100%.

The U.S. and Europe: By the end of the Reporting Period, all of Smithfield's operation sites (except new acquisitions and those where certification is not applicable) and all company-owned farms had been ISO 14001 certified.



### 4.3 Water Resource Management

Water efficiency management is an important initiative for the Group to limit impact on the ecological system while carrying out its production activities. We use water in livestock farming primarily for animal feeding and house cleaning, and in harvesting and processing for sterilization and cleansing. The Group's subsidiaries conduct assessments to manage and control water risk. We promote the conservation and recycling of water resources by using water-saving equipment and recycling technologies. In China, the President of Shuanghui Development regularly reviews the water resource development strategy and water management performance. In the U.S., the CSO of Smithfield is responsible for water resource strategy and related performance, continuously monitoring and promoting the effective implementation and continuous improvement of water resource management.

#### WH Group Internal Policies and Systems

**China:** Shuanghui Development Environmental Protection Management Regulations

**U.S.:** Smithfield Environmental Policy, Water Policy

## PROMOTING GREEN DEVELOPMENT (continued)

### 4.3.1 Water Risk Management

We understand the significance of sustainable water resource risk management for enterprises. Subsidiaries of WH Group have conducted water resource risk assessments and control to continuously strengthen water risk identification and adaptation capabilities.

In the U.S., Smithfield has been utilizing the World Resources Institute's (WRI) Global Water Tool and the GEMI Local Water Tool developed by the Global Environmental Management Initiative (GEMI), to assess the risks associated with water supply in the operation sites, and closely monitor the availability and potential changes of water sources. Meanwhile, Smithfield was able to further understand the current and future groundwater demands across the U.S. company-owned locations, contracted hog farms and grain suppliers, and developed a water footprint assessment tool based on the water cost model of its operation sites, so that we can avoid taking water from areas identified as water scarce through risk assessment and implement more targeted water conservation actions. Smithfield released a research report in 2022, providing support for further improvement of its sustainable water resource management in the U.S. in 2023 and beyond.

In Mexico, Smithfield avoids cooperation with suppliers located in water scarce areas at the critical stage of introducing primary suppliers, to reduce water risks from the supply chain. Meanwhile, Smithfield regularly commissions third-party audits and inspections to promptly identify and respond to water resource risks during operations.

In China, Shuanghui Development primarily uses water from the municipal water supply system. Referring to the *General Principles of Water Balance Test* (GB/T 12452-2022), Shuanghui Development systematically evaluates the water resource utilization at the factory level, calculates and continuously monitors the water use of facilities. It has formulated its management policy and plans for water use, and regularly tracks and identifies water use risks. Additionally, Shuanghui Development has built tap water reserve pools, equipped with a dual water supply system, and an automated water supply pump room that is 24-hour manned, to enhance the adaptability of the production bases in face of risks. In anticipation of potential water resource risks, Shuanghui Development has developed the *Emergency Plan* and established an emergency leadership group to promptly handle emergencies.

### 4.3.2 Water Resource Management

We focus on optimizing the use of water resources through our two major water intensive processes, namely livestock and poultry farming and production. The subsidiaries of WH Group have set water resource management goals, aiming to continuously strengthen their water resource management capabilities and effectively improve the efficiency of water utilization.

#### Shuanghui Development:

- By 2030, reduce water consumption in China by **10**% per unit of main product compared to a 2019 baseline.

#### Smithfield:

- Reappraise its entire U.S. water supply footprint and adopt internationally recognized water management standards by 2025.

## PROMOTING GREEN DEVELOPMENT (continued)

During the Reporting Period, the subsidiaries of WH Group carried out multiple programs to promote the recycling of water resources and reduce water consumption. Due to the expansion of the Group's business and the improvement of the industrial chain, we have seen an increase in water demand.

<p><b>Water resource management initiatives during livestock and poultry farming</b></p>	<ul style="list-style-type: none"> <li>• In China, each poultry farm of Shuanghui Development has full-time employees to manage water resources and has established the Total Productive Maintenance (TPM) system with all staff involved to prevent unnecessary waste of water such as water dripping and leaking. It has also improved the flushing mode to reduce the amount of water used for farm flushing.</li> <li>• In Mexico, Smithfield recycles water on farms by collecting and reusing rainwater and water from its wastewater treatment facilities.</li> </ul>
<p><b>Water resource management initiatives during production</b></p>	<ul style="list-style-type: none"> <li>• In China, Shuanghui Development has promoted the recycling and reuse of wastewater such as steam condensate, vacuum pump drainage, and scalding pool drainage in multiple factories. Water flow meters are installed on the vacuum pumps of tumblers and mixers to save water. The electrified water treatment is used for sterilizing warm water, so as to reduce chemical oxygen demand (COD) and the use of tap water.</li> <li>• In Poland, Smithfield determines operation sites for targeted water conservation actions according to the water consumption data collected by water meters, and ensures the effective implementation of renovation programs through closed waterway design and other means.</li> <li>• In Mexico, Smithfield's production and meat processing facilities have established water performance indicators, continuously monitoring and tracking water usage, and effectively controlling water efficiency in the facilities. Smithfield's meat processing facilities are also actively promoting the reuse of reclaimed water from wastewater treatment facilities, aiming to convert treated wastewater into reclaimed water that can be used for facility operations, thereby achieving effective recycling of water.</li> </ul>

In addition to its own water conservation and efficiency improvement, WH Group also focuses on the water management of its partners in the value chain and the watershed where its critical business operates.

In the U.S., Smithfield conducted a thorough watershed analysis of the vertically integrated supply chain, covering all production facilities, contracted hog farms and grain suppliers in the United States. It aimed to develop water conservation strategies, update the water usage policy and set performance goals. Smithfield reviews water consumption data at least quarterly to identify areas for improvement and propose corresponding water conservation solutions. Smithfield also launched the SmithfieldGro project, working with upstream farmers to reduce pesticide pollution to water resources and soil erosion. Meanwhile, Smithfield collaborates with farm related organizations, providing guidance to feed suppliers to improve water efficiency during feed cultivation.

In Mexico, Smithfield engaged in the watershed integrated management initiative where its critical business operates, providing support for water management at their operation sites.

During the Reporting Period, WH Group continued to promote the reuse of water resources through measures such as rainwater collection and reclaimed water. The cumulative reused water reached 5.99 million cubic meters, with a reused water ratio of approximately 7.9%<sup>29</sup>. Please refer to the *Appendix 3 List of ESG data* of this Report for further details of water consumption by the WH Group.

<sup>29</sup> Reused water ratio = amount of reused water/(amount of freshwater use + reused water)



## PROMOTING GREEN DEVELOPMENT (continued)

### 4.3.3 Wastewater Management

WH Group does not tolerate any non-compliance on discharge and emission performance. The Company actively works to reduce both the volume and intensity of wastewater discharge to minimize its impact on the environment.

In the U.S., Smithfield rigorously manages the treatment and discharge of wastewater from its production facilities. Each facility holds a wastewater discharge permit issued by federal or state environmental agencies and ensures compliance with the permit requirements. Additionally, Smithfield has made investments in wastewater treatment facilities, focusing on reducing wastewater discharge at the source. Smithfield has been collaborating with Optima BioEnergy on an innovative biogas project that converts wastewater into natural gas (RNG), providing clean energy while reducing wastewater emissions.

In May 2023, Smithfield U.S. began operating a new \$45 million state-of-the-art wastewater treatment plant at our Sioux Falls, South Dakota, facility and were fully operational and meeting all new permit limits by July 1. The upgraded system biologically converts ammonia-nitrogen in wastewater to nitrate-nitrogen and further removes nitrate-nitrogen from wastewater, a treatment process known as denitrification that is strongly preferred by the U.S. EPA. The new denitrification process has reduced Smithfield's overall nitrogen load to the Big Sioux River by two-thirds or more and dramatically improved water quality in the region.

In Europe, Smithfield's factories have obtained environmental permits in their operation locations, and wastewater is discharged in compliance with environmental permits.



## PROMOTING GREEN DEVELOPMENT (continued)

In China, Shuanghui Development's main sources of wastewater consist of cleaning in packaged meat processing production facility cleansing, and domestic wastewater. While ensuring full compliance, Shuanghui Development adheres to internal policies such as the *Standardization of Wastewater Discharge Stations Safe Operations* to monitor online and strictly control wastewater discharge at each plant in China. Particular attention is paid to pollutant concentrations such as chemical oxygen demand (COD), phosphorus, nitrogen, and suspended solids.

Please refer to *Appendix 3 List of ESG Data* of this Report for further details about wastewater discharged by WH Group during the Reporting Period.

### 4.4 Disposal and Recycling of Emissions

WH Group implements appropriate pre-treatment measures at the end of business activities, such as livestock and poultry farming, production and transportation, based on the specific operational circumstances. We consistently monitor and assess exhaust gas and solid waste emissions to ensure full compliance with or even surpassing, the standards mandated by laws and regulations. Meanwhile, as a member of the food industry, we strive to maximize resource utilization and minimize waste within our capabilities, promote the manure resource utilization by converting manure to fertilizer or energy, avoid waste in food processing and assist in the recycling and reuse of resources in society.

#### 4.4.1 Air Emissions Management

We strictly abide by applicable laws and regulations where it operates for the management of air emissions generated from its operations and standardizes its management.

Our subsidiaries commence their environmental stewardship with air emissions monitoring and data management. They implement systematic monitoring and a series of pollutant management measures. This includes mandating production sites to consistently collect, analyze and evaluate their air emission data, promptly identifying any abnormal emissions, and take immediate response measures.

In China, Shuanghui Development has engaged a third-party professional service for the monitoring of emissions data. Air emissions mainly consist of sulfur dioxide, nitrogen oxides, inhalable particulate matter, Volatile Organic Compounds (VOCs) and odors. The data is reviewed on both completeness and accuracy before submitting to relevant government authorities on a regular basis.

In the U.S. and Europe, Smithfield optimizes the production process of packaged meat and energy mix in an effort to reduce air emissions. For major pollutants such as nitrogen oxides (NO<sub>x</sub>) and sulfur oxides (SO<sub>x</sub>), Smithfield regularly reports its data to regulators for environmental protection and makes public disclosures in its *2023 Smithfield Sustainability Impact Report*.

## PROMOTING GREEN DEVELOPMENT (continued)

### Air Emissions Management Initiatives of WH Group

#### Shuanghui Development

- Apply vacuum hot water boilers with higher vacuum thermal efficiency to reduce natural gas consumption and exhaust emissions.
- Replace conventional coal-fired boilers with biomass gasification boilers to reduce exhaust emissions.
- Use central heating to reduce emissions from boilers.
- Replace offset printing with watermark printing technology to reduce exhaust emissions.
- Install biological deodorization devices to reduce odor gas emissions.

#### Smithfield

- In the U.S., Smithfield shortened the product cook time by replacing clear casings with pre-smoked casings.
- In the U.S., Smithfield reduced the use of wood chips as fuel to lower emissions from the source.
- In Poland, Smithfield introduced a new type of power saver at the Morliny plant that reduces emissions as well as gas consumption.
- In Poland, Smithfield modernized some boilers to reduce exhaust emissions.

The air emissions of WH Group in China during the Reporting Period are shown in the *Appendix 3 List of ESG data* of this Report. For additional regional air emissions, please refer to *2023 Smithfield Sustainability Impact Report*.



#### 4.4.2 Solid Waste Management

Our solid waste includes hazardous waste and non-hazardous waste, of which non-hazardous waste includes general waste, recyclable waste and organic waste. General waste is mainly domestic garbage, recyclable waste includes waste metals, and waste plastics, and organic waste is sludge, pig manure, kitchen waste and food waste. We ensure compliance with applicable laws and regulations in all regions where we operate and we have articulated our stance on solid waste management in our *Corporate Principles*, emphasizing our commitment to minimize the volume generated and optimize the recyclable amount for re-utilization. Each subsidiary has established its own internal management system and regulations related to solid waste, has set targets for solid waste management<sup>30</sup> and deliver respective progress accordingly.



**Shuanghui Development:**

Continuously strengthen the management of waste such as farm manure and processed food waste, and improve the **comprehensive utilization rate of waste**.

**Smithfield:**

**75%** reduction in solid waste compared to a 2010 baseline and zero-waste-to-landfill certification at **75%** of our U.S. facilities by 2025.

<sup>30</sup> In China, domestic waste disposal facilities are municipal infrastructure, and enterprises cannot choose the method of domestic waste disposal on their own, so the waste mentioned in Shuanghui Development's target only refers to the waste generated during production and operation, excluding domestic waste.

## PROMOTING GREEN DEVELOPMENT (continued)

In China, to meet with legal requirements, Shuanghui Development's operation sites have carved out dedicated storage place for solid waste which is manned with a log system, recording details such as type, volume, and receiving party. All solid waste is collected by qualified third party service companies for treatment required by law and regulation. Additionally, during the Reporting Period, all hog manure and chicken manure from Shuanghui Development's livestock and poultry farming are recycled.

In the U.S., Smithfield's hog farms in North Carolina have obtained a general license for a hog waste management system, which strictly regulates the amount of fecal waste used on the farm. Each approved farm of Smithfield has established a Certified Animal Waste Management Plan (CAWMP), developed by certified technical experts.

Smithfield also continued to implement waste reduction initiatives through external cooperation. It set a goal to achieve zero-waste-to-landfill certification at 75% of U.S. facilities by 2025. In a bid to accelerate the pace of waste reduction, Smithfield has shifted from a regional waste management model to a centralized performance tracking model, strengthening the waste management capabilities of the entire supply chain. By the end of the Reporting Period, 14 facilities achieved zero-waste-to-landfill (ZWTL). Solid waste has decreased by 51% compared to 2010.

### ***Food Loss and Waste***

WH Group implements control measures in the production process to ensure product quality while maximizing resource utilization and minimizing waste generation to avoid food waste during processing. Additionally, the Company actively explores the recycling and utilization of by-products in the food industry through collaboration with multiple partners and promotes actions to reduce food loss and waste on a larger scale in society.



## PROMOTING GREEN DEVELOPMENT (continued)

### Reducing food loss

- In China, Shuanghui Development sets KPIs of comprehensive product yield to gauge the recyclability of raw materials, such as by-products and scraps. In addition, Shuanghui Development optimizes production and processing technology during the processing stage, adds protection plates to installations and equipment, applies new mesh belts to the drying machines, and other measures to reduce waste.
- In the U.S., Smithfield conducts a prevention evaluation on Food Loss and Waste (FLW) in operation sites and formulates action plans correspondingly.
- In Mexico, Smithfield's meat processing plants continuously monitor the amount of organic waste generated by its restaurants and regularly report the results. In addition, we minimize waste generated during meat production and efficiently utilize raw materials to minimize loss.

### Reducing food waste

- In China, Shuanghui Development utilizes digital means to estimate the feed volume to be purchased and optimizes inventory to prevent feed waste due to expiration. During product transportation, Shuanghui Development has achieved “temperature tracking during the entire process” with the system and implements the measure of “handling within 1 hour after the alarm” of the temperature controller, to reduce temperature control risks during transportation. It also utilizes digital means to integrate and manage warehouse data to improve distribution efficiency.
- In the U.S., Smithfield joins hands with renowned manufacturers to recycle the bakery byproducts generated during production and convert it to hog feed through partnership with nutritionists. Such conversion provides alternative raw materials for feedstuff reducing resource consumption and helps lower the overall weight of waste sent to the landfill. Smithfield plans to continue investing in professional equipment to promote efficient processing of packaged bakery products that are difficult to recycle to reduce food waste.
- In Mexico, Smithfield collaborates with Food Banks to donate products and reduce food waste.

Smithfield plays an active role in reducing food loss and waste in the U.S. Smithfield has joined a variety of organizations and initiatives to relieve the burden caused by food production and consumption on the natural environment together with partners sharing the same ambition.

## PROMOTING GREEN DEVELOPMENT (continued)

### Key Initiatives that Smithfield Joined

#### U.S. Food Loss and Waste 2030 Champion

- By 2030, the member companies aim to reduce food loss and food waste caused by corporate business operations by 50% in the U.S.

#### The 10×20×30 Initiative

- The organization advocates halving food loss and waste by 2030.

#### Farm Powered Strategic Alliance (FPSA)

- The organization is devoted to promoting the reduction and recycling of food waste and converting food waste that can't be eliminated into renewable energy through anaerobic digesters.

### Manure as Resource

As we continue to implement our vertically integrated business strategy, it has become apparent that livestock manure in our farming operations represents a major waste stream. Proper management and disposal of manure can help enterprises reduce their carbon footprint and achieve economic benefits. Actively engaging in deep cooperation with fertilizer suppliers and third-party energy companies to convert animal manure to resource and energy is also a way to promote social low-carbon transformation.

WH Group promotes manure resource utilization from two perspectives: manure to fertilizer and manure to energy.

#### Manure to fertilizer

- In the U.S., Smithfield reached a strategic partnership with Anuvia™ utilizing organic matter in hog manure on farms to create sustainable, commercial-grade fertilizers.
- In China, Shuanghui Development promotes the circular economy featuring regional crop production and farming, and actively cooperates with third parties, using manure produced from farms as an organic fertilizer with a conversion rate of 100%.

#### Manure to energy

- In the U.S., Smithfield collaborates with carbon recycle energy companies to produce RNG through manure fermentation, which not only reduces the expense of waste disposal but also gradually reduces our reliance on fossil fuels.
- In China, Shuanghui Development collaborates with third-party energy companies who produce biomass natural gas with chicken manure. We use the biomass natural gas produced by them in preference to others and offer favorable prices to them. In this way, we have utilized manure as a resource.

Please refer to the *Appendix 3 List of ESG data* of this Report for WH Group's waste generation and disposal during the Reporting Period.

#### 4.5 Exploring Sustainable Packaging

The management and utilization of packaging materials, which are significant resources consumed in our operations, have been a key focus at WH Group. We focus on three aspects of packaging, namely consumption reduction, weight reduction and recycling. Always following standardized procedures and adhering to the principles of consumption and weight reduction, we persistently explore new ways to reduce the use of packaging materials. We actively adopt recyclable packaging materials to replace traditional packaging materials to improve efficiency.

We are well aware that the non-biodegradability of plastics has been one of the continuous research objects of many industries, including the food industry, and one of the challenges they are trying to overcome. Taking food safety as the fundamental consideration, we comprehensively evaluate the barrier performance, ductility performance, protective performance and display performance of materials when we select packaging materials. We are dedicated to monitoring the advancement of biodegradable plastic packaging and alternative technologies, and introduce high-performance materials, biodegradable packaging and low-carbon manufacturing processes when any of these becomes viable.

In our business activities, we primarily use packaging for meat products, fresh meat products and internal transfer of harvested meat. In the packaging process of meat products, the Group is dedicated to reducing unnecessary excessive packaging and exploring alternative materials with good barrier performance from the product design stage. Fresh meat products are supplied to supermarkets and other retail terminals in a single packaging bag. Starting from January 2024, Shuanghui Development will prioritize the use of alternatives such as biodegradable plastic shopping bags and starch based biodegradable plastic shopping bags in preference to the old ones. In the harvesting process, we use some packaging for internal meat transfer, which is recycled to improve reuse rate. Additionally, our subsidiaries pay close attention to the maturity of the recycling chain in their operation locations. They collaborate with suppliers, and qualified processing and recycling institutions in the recycling and reuse of packaging and waste.

##### Smithfield

- Smithfield has set the goal of achieving 90% recycle-ready, reusable or industrially compostable packaging by 2030, while also reducing the use of virgin petroleum-based plastics by 50% by 2030 compared to a 2019 baseline.
- In Poland, Smithfield has set 2020 as a baseline and aims to reduce plastic consumption in packaging materials at an annual rate of 5% by 2025.

##### Shuanghui Development

- Leveraging its advantages in industrial chain layout, Shuanghui Development continuously explores the utilization of single material, material reduction, continuous improvement of packaging structure, and carbon reduction of packaging materials. It introduces more high-performance, biodegradable, and low-carbon packaging.

In the U. S., Smithfield has established a cross-functional team to review and update internal standard requirements, taking into account the definition of recyclability in the *United States' Federal Trade Commission Green Guides*, the definition of reuse in ISO 18603:2013, and specification for industrial composting as provided in ASTM-D6400/D6868. Smithfield has identified key strategies such as reducing the use of virgin petroleum-based plastics, reasonably reducing packaging size, considering the use of plant-based alternative materials and proactively seeking suitable packaging suppliers. In addition, Smithfield takes an active role in the Sustainable Packaging Coalition to promote industry collaboration and innovation.

## PROMOTING GREEN DEVELOPMENT (continued)

In China, fully leveraging its advantages in industrial chain layout, Shuanghui Development conducts in-depth research on the needs of product packaging production, manufacturing, transportation, and retail sales to evaluate and explore the potential for environmental protection and sustainability and reduces the consumption of packaging materials from the dimensions of material substitution, process upgrading, structural optimization, and R&D of biodegradable alternatives.

### Key Initiatives for Consumption Reduction, Weight Reduction and Recycling by Subsidiaries of WH Group

	Shuanghui Development	Smithfield
Consumption reduction	<ul style="list-style-type: none"> <li>In China, Shuanghui Development controls the packaging of new products layer by layer ever since product design, and sets up dedicated auditors in the packaging design department and standardization audit department to ensure that the factory products aren't excessively packaged. Meanwhile, Shuanghui Development reduced the size of gift packages</li> <li>In China, Shuanghui Development introduced high-performance materials such as blown films of polyethylene and polypropylene, allowing product packaging to be reduced through the use of a single material while maintaining its performance</li> <li>Shuanghui Development is promoting research on replacing low-performance paper with high-performance paper to reduce the consumption of base paper</li> </ul>	<ul style="list-style-type: none"> <li>In Slovakia and Hungary, Smithfield achieved a reduction of approximately 15% in the thickness and weight of waste aluminum foil</li> </ul>
Weight reduction	<ul style="list-style-type: none"> <li>In China, considering the actual needs of products, Shuanghui Development studies the impact of different paper layers on the indicators of cardboard boxes, adjusting the structure and improving the core paper. It also promotes the application of prepress, and optimizes the layout of cardboard boxes, in a bid to realize weight reduction of cardboard boxes</li> </ul>	<ul style="list-style-type: none"> <li>In Poland, Smithfield reduced the weight of plastic in packaging by following the annual target of reducing plastic usage by 5%: Optimize foil thickness while maintaining product quality; Use lighter single material packaging</li> </ul>

## PROMOTING GREEN DEVELOPMENT (continued)

	Shuanghui Development	Smithfield
Recycling	<ul style="list-style-type: none"> <li>In China, Shuanghui Development prioritized the use of single material and biodegradable materials for product packaging. Meanwhile, it introduced high-performance resin to reduce the thickness of PE (polyethylene) by 8% and improve the recyclability of plastic composite film</li> <li>Starting from January 2024, Shuanghui Development is going to reduce the use of non-biodegradable plastic shopping bags in all chain stores and prioritize the use of alternatives such as biodegradable and starch -based degradable plastic shopping bags</li> </ul>	<ul style="list-style-type: none"> <li>Smithfield has established internal collection and recycling facilities and collaborates with external organizations to provide more consumer-friendly channels to collect and recycle materials</li> <li>In the U.S., Smithfield tested recyclable alternatives to the packaging of polystyrene trays in select markets and replaced traditional plastics with recycled or industrially degradable materials for use in products at multiple customers and sites</li> <li>In the U.S., Smithfield is evaluating a partnership with a specialty recycling company that cleans, extrudes, filters, pelletizes, deodorizes and removes oils, grease and organic matter to produce high-quality recycled resin (PCR) pellets</li> </ul>

Please refer to *Appendix 3 List of ESG data* of this Report for WH Group's consumption of packaging materials during the Reporting Period.






5

**EMPOWERING  
EMPLOYEES**

## EMPOWERING EMPLOYEES (continued)

WH Group is committed to protecting the legitimate rights and interests of its employees in alignment with *United Nations Sustainable Development Goals* (UNSDGs) and the *United Nations Global Compact* (UNGC). We have established an efficient human resources system and employee development platform. While providing employees with a safe workplace and diverse benefits, we aim to foster a mutually respectful and enterprising corporate atmosphere that enables mutual growth for a shared future.

Corporate Principles	UN Sustainable Development Goals
<p><b>Labor Standards and Employee Rights</b></p> <p>We value respectful relationships and encourage enterprising work ethics; we nurture an inclusive culture and provide a safe work place. Guided by the principles of the United Nations Sustainable Development Goals (UNSDGs) and the United Nations Global Compact (UNGC), we respect and protect individual rights within our operations and across our value chain, supported by a fair and efficient human resources system.</p> <ul style="list-style-type: none"> <li>• Employee rights and development</li> <li>• A culture of mutual respect</li> <li>• Labour Standards</li> </ul> <p><b>Working Environment and Safety</b></p> <p>Most of our employees work on the production line, where they frequently come into contact with livestock and poultry, and some operate machines. Consequently, the management team places paramount importance on employee occupational health and safety. We are dedicated to enhancing preventive measures to minimize accidents, aiming to maintain a safer and more comfortable work environment in alignment with the goal of “Good Health and Well-being”, among other United Nations Sustainable Development Goals.</p> <ul style="list-style-type: none"> <li>• Management system and targets</li> <li>• Workplace safety and occupational health</li> <li>• Emergency response and drills</li> </ul>	 <p>The image displays four UN Sustainable Development Goal icons stacked vertically. From top to bottom: Goal 3 (Good Health and Well-being) in green, Goal 5 (Gender Equality) in red, Goal 8 (Decent Work and Economic Growth) in dark red, and Goal 10 (Reduced Inequalities) in pink.</p>

## EMPOWERING EMPLOYEES (continued)

### 5.1 Value-Based Employment

At WH Group, we prioritize cultivating respectful relationships. Our employment management system is established in compliance with the relevant laws and regulations in regions where we operate. We offer reasonable and competitive remuneration and benefits within the industry, while also respecting and safeguarding the individual rights of our employees, so that the enterprise achieve together.

#### 5.1.1 Diversity, Equity and Inclusion

WH Group has consistently nurtured a corporate culture marked by diversity, equity and inclusion. We treat employees equally regardless of their cultural background, gender, race, nationality, or disability. A workforce with mixed cultural backgrounds provides diverse perspectives for the steady development of the Company.

In China, Shuanghui Development upholds the principles of fairness, diversity, and inclusiveness and offers support for potential candidates, such as veterans, individuals with disabilities, and female applicants. In the U.S., Smithfield considers “Diversity, Culture and Engagement” as an integral part of corporate business strategies, continually monitoring relevant performance data and goal achievement. Smithfield has also continued to develop



and grow its employee-organized business resource groups (EBRGs) from four to six groups, including the Black Professional Network (BPN), Women’s Connect, Smithfield Next (for young professionals), Smithfield Salutes (for veterans), PRISM (for LGBTQIA+ and straight ally colleagues) and LCS (Latinx Community of Smithfield/Comunidad de Latinx de Smithfield) to strengthen the connections among employees and sustain a diverse, equitable and inclusive working environment.

#### Initiatives of WH Group to Maintain Diversity in our Workforce

##### Female Employees

- In China, Shuanghui Development has established the *Regulations on the Labor Protection of Female Employees* and has consistently signed the *Special Collective Contract for Female Employees* to ensure that women have access to equal employment opportunities, career development, and benefits. Additionally, Shuanghui has implemented a merit-based promotion and succession planning system irrespective of gender.
- In the U.S., Smithfield has continued to pursue its gender diversity goal, aiming to promote and hire qualified female leaders to represent at least 35% of supervisors and above by 2030. At the end of the Reporting Period, the proportion of male and female employees in Smithfield was nearly equal. In Mexico, Smithfield Granjas Carroll de Mexico (GCM) is working to advance its goal of “increasing the number of female team members to 18% from 12% over five years,” as well as partnering with the Government of Mexico to promote women’s economic independence.

## EMPOWERING EMPLOYEES (continued)

<b>Veterans</b>	<ul style="list-style-type: none"> <li>In China, Shuanghui Development, a partner of the employment services for veterans at the provincial and municipal levels, runs a dedicated recruitment service and prioritizes the recruitment of veterans.</li> <li>In the U.S., Smithfield has continued to promote its Helping Our Heroes program. As of the end of the Reporting Period, Smithfield had more than 3,600 veterans on active duty and has made phased progress in delivering its commitment to recruit 4,000 veterans by 2025. Its veteran focused EBRG, Smithfield Salutes, has also continued to deliver on its commitment to provide resources for employees with prior military service and help active-duty personnel transition to civilian life.</li> </ul>
<b>Employees with Disabilities</b>	<ul style="list-style-type: none"> <li>In China and the U.S., we prioritize the employment of people with disabilities. We offer suitable positions for those holding a disability certificate and prevent disabled employees from engaging in excessive physical labor.</li> </ul>
<b>Diversity, Culture and Engagement</b>	<ul style="list-style-type: none"> <li>In the U.S., Smithfield has set DCE (Diversity, Culture and Engagement) goals and is committed to increasing the gender diversity of the female leadership to 35% by 2030 and increasing the racial diversity of its leadership team by promoting and hiring qualified Black, hispanic and other underrepresented groups to reflect at least 30% of supervisors and above by 2030.</li> <li>In 2023, Smithfield continued to promote its Unity &amp; Action initiative, and enhanced the leadership of female and ethnic minority employees through the Operations Leadership Program.</li> </ul>

### 5.1.2 Recruitment

In compliance with the laws and regulations of the regions where we operate, WH Group engages in recruiting activities using both on-line and off-line channels including campus and public platforms. Our recruitment process prioritizes the assessment of a candidate's competency relevant to the position offered. We are conscientious during the interviewing process, especially in areas where unintended language could lead to misunderstandings and potential discrimination. Our employment and promotion decisions are made without regard to ethnicity, race, gender, sexual orientation, religious belief and cultural background. As of the end of 2023, the headcount of WH Group was 101 thousand employees. Further details on the composition and turnover rate of employees can be found in *Appendix 3: List of ESG data*.

In the U.S., Smithfield utilizes online recruitment methods, including social media and third-party recruitment websites, as well as internal talent acquisition processes to meet its staffing needs. Additionally, the company evaluates candidates' job competencies and identifies high potential individuals through its annual performance review process. Smithfield also implements strategic workforce planning through the Personnel Analysis System to attract and retain suitable candidates for its positions.

In China, Shuanghui Development has continuously optimized its employee recruitment procedures and made standardization where necessary, it has also established collaboration agreements with 58 universities. The company enhances its training programs for management trainees to support its internal talent pipeline through "Lingyinghui" and "Qunyinghui", two campus recruitment initiatives.

### **Compensation and Incentives**

WH Group upholds the principle of equal pay for equal work, ensuring that employees in the same position, with comparable performance ratings and experience, receive consistent compensation regardless of gender. We regularly conduct research on compensation levels for various positions in the labor market and provide an annual incentive plan along with additional rewards for all employees and senior executives in key positions.

## EMPOWERING EMPLOYEES (continued)

In the U.S., Smithfield complies with the requirements of the *Fair Labor Standards Act*. It sets and enforces the goal of “base salary reaching at least 90% of the market median” remunerating employees with base salary, performance-based bonuses, and attendance bonuses. Additionally, the company develops annual incentive plans for employees at various levels. In China, Shuanghui Development has established the *Employee Compensation Management Regulations* and incentivizes employees with a package of fixed salary and variable pay the latter includes performance bonus, equity schemes, and retirement benefit plans. It also implements a reward mechanism of “more sales, more rewards.” for employees in sales and R&D positions.

### **Promotion and Performance Appraisal**

WH Group prioritizes the promotion and performance appraisal of employees for value-based employment practices to ensure their development through a fair, just, smooth and sound process. In China, Shuanghui Development has established dual promotion channels (management and professional skills) based on an open and transparent competition system, providing equal development opportunities for each employee in their respective fields. The company conducts comprehensive evaluations of the match between personnel and positions, considering employee professional competence, future planning and operational ability. Meanwhile in the U. S. and Europe, Smithfield has implemented a unified and standardized performance evaluation scale. This scale evaluates employee performance across four stages: goal setting, mid-year review, year-end review, and rating calibration. Additionally, Smithfield facilitates knowledge sharing among employees through basic skills training programs, aiding transferred or promoted employees in quickly adapting to their new roles.

### **5.1.3 Labor Rights**

WH Group is actively engaged in safeguarding employees’ rights and interests in health, safety, and equal development. The company offers a range of care and protections measures to support employee well-being, while also striving to eliminate workplace discrimination, harassment and other inappropriate behaviors. Additionally, the Board of Directors monitors topics relevant to employee rights and interests through routine reports, to ensure that the legitimate rights and interests of all employees are fully protected and respected.

In accordance with conventions established by the International Labour Organization (ILO), the *Universal Declaration of Human Rights* (UDHR), the *Labor Law of the People’s Republic of China* and some other human rights related initiatives both within and outside of China, WH Group prioritizes the protection of human rights such as anti-discrimination, prohibition of child labor and preventions of forced labor. This commitment is aimed at maintaining an inclusive, reliable and comfortable workplace.



Smithfield ensures compliance of the company’s labor management by employing a chief ethics and compliance officer, reporting to the general counsel, along with a Human Rights Compliance Team within its Human Resources department. In the U.S., Smithfield conducts audits and evaluations annually on approximately 25 to 30 factories to assess the implementation of human rights policies and identify actual or potential human rights risks during operations in line with the SMETA four-pillar (Labor Standards, Health and Safety, Environment and Business Ethics) standards of the Sedex Members Ethical Trade Audit (SMETA). In Mexico, Smithfield consistently evaluates the effectiveness of its human rights management policy outlined in its internal *Code of Business Conduct and Ethics*. It continuously refines human rights risk analysis plans, and gathers and analyzes potential human rights risks during operations. In Europe, external third parties are regularly engaged to perform audits related to human rights.



## EMPOWERING EMPLOYEES (continued)

WH Group has explicitly outlined in the *Corporate Principles* that any form of harassment, discrimination, or violent behavior targeting employees' cultural backgrounds is strictly prohibited. In the U.S., Smithfield adheres to the *Equal Employment Opportunity/Non-discrimination Policy*, and internal regulations. The company consistently promotes anti-harassment training for all employees, including part-time staff, and encourages them to report any instances of unfair treatment in the workplace to their superiors or the human resources department through channels such as the Speak Up platform, ethics hotline, or the internal dispute resolution procedures. In 2023, Smithfield received and investigated a total of 103 complaints related to discrimination and unfair treatment.

WH Group attaches significant emphasis on human rights and respects each employee's right to freedom of association and collective bargaining. In the U.S., aligning with the requirements of the *United Nations Global Compact* and *Sustainable Development Goals*, as well as the legally binding designated *Collective Bargaining Agreements*, Smithfield has established an Employee Advisory Council. The company regularly conducts joint labor management meetings to facilitate opportunities for employees to exercise their collective bargaining rights. In China, all employees of Shuanghui Development have signed a *Collective Contract* and *Wage Collective Negotiation Agreement*. These agreements serve as a legal foundation for nurturing harmonious labor-management relations.

WH Group has explicitly stated that the use of child labor or any form of forced labor is strictly prohibited. In China, Shuanghui Development conducts identity document verification and information system registration during the recruitment process. Any violations are dealt with a zero-tolerance approach. In the U. S. and Europe, Smithfield's pre-hire employee screening process includes E-Verify, a national system that validates employment eligibility of U.S. citizens and non-citizens based on records available to the Department of Homeland Security and the Social Security Administration. The company also improves the capability of relevant employees and prospective candidates to recognize false identification documents through training and encourages employees to report any potential instances of employment violations discovered in the workplace through internal ethics hotlines and other available channels.

### **Employee Benefits**

WH Group has implemented an employee welfare system that is tailored to accommodate local customs. In addition to the basic statutory welfare, we provide additional benefits to employees around education support, employee health, care for vulnerable groups and disadvantaged employees, to enhance their sense of belonging.

In China, Shuanghui Development consistently offers festival benefits to employees for occasions like the Mid-Autumn Festival, Spring Festival and other cultural celebrations. The company provides financial assistance and supplies for needy employees, and extends additional support to female employees requiring assistance, including maternity leave, etc. Moreover, Shuanghui Development encourages the children of its employees to receive higher education, and has set up the "Golden Autumn Scholarship" for 13 consecutive years for 12,378 children of employees who have been admitted to universities, with a cumulative total of RMB 32 million being granted.

In the U.S. and Europe, we offer educational scholarships valued at over \$1 million to the dependents of our employees aiming to alleviate their financial obligations. Furthermore, we extend extra assistance and benefits to our female employees, including the provisions of mother-and-baby rooms for breastfeeding mothers, job protected maternity leave and, for all employees, two weeks of paid parental leave.

## EMPOWERING EMPLOYEES (continued)

### Employee Care Initiatives of WH Group

<b>Care for Employees' Health</b>	<ul style="list-style-type: none"><li>• Smithfield offers its employees supplementary benefits such as private medical insurance and access to psychological counseling. It also devises “rehabilitation” plans for employees, which may include services like massage, and sauna sessions.</li><li>• Shuanghui Development conducts initiatives such as “delivering coolness in summer” and provides psychological counseling for all employees.</li></ul>
<b>Care for Employees in need</b>	<ul style="list-style-type: none"><li>• Smithfield administers Workers' Compensation to offer benefits to employees who sustain work related injuries. Additionally, it coordinates employee assistance programs to aid employees in managing mental health challenges, financial stress and other difficult circumstances.</li><li>• Shuanghui Development extends support to employees in need by distributing relief funds and organizing activities to demonstrate care and concern for them.</li></ul>



5.2 Occupational Health and Safety

WH Group actively aligns with the UN SDGs particularly “Good Health and Well-being” by enhancing its occupational health and safety assurance system. This includes developing and regularly updating safety risk lists and intensifying supervision and inspection in production activities. These efforts aim to prevent workplace accidents from multiple perspectives, and establish a safe, dependable, and comfortable working environment for employees.

Occupational Health and Safety Targets

Shuanghui Development	Target Performance in 2023
<p>Shuanghui Development sets management targets related to work-related injuries and safety accidents:</p> <ul style="list-style-type: none"> <li>Annual minor injury accident rate is less than or equal to <b>1.5%</b>;</li> <li>Annual serious injury accident rate is less than or equal to <b>0.15%</b>;</li> <li>No death, no occupational disease, no major workplace safety accidents such as fire, and ammonia leakage.</li> </ul>	<p>In 2023, Shuanghui Development <b>achieved</b> occupational health and safety targets.</p>
Smithfield	Target Performance in 2023
<p>Smithfield has established a series of safety management goals with 2025 as an important milestone:</p> <ul style="list-style-type: none"> <li>Score at least <b>90%</b> on Smithfield Injury Prevention System (SIPS) audits at all U.S. locations by 2025;</li> <li>Obtain ISO 45001 Health and Safety certification at all facilities globally by 2025;</li> <li>Continue to maintain employee health and safety with incident rates below global industry averages;</li> <li>Increase safety engagement to <b>65%</b> or more of front-line employees globally by 2025.</li> </ul>	<p>Smithfield has consistently maintained accident rates <b>lower than that of the global industry average</b>. Additionally, the SIPS audit score, which encompasses all employees including contractual employees at all operations, has reached 90%.</p>

Abiding by the laws and regulations applicable to the places where we operate, WH Group continuously improves its occupational health and safety system, regularly reviews the safety systems compliance of its subsidiaries, and promotes the occupational health and safety system certification of its eligible operations and subsidiaries. Additionally, WH Group continuously monitors the annual achievement of safety performance indicators at Shuanghui Development and Smithfield.

In 2023, Our recorded work-related injury rate is 1.23 per 200,000 working hours. Data on deaths and occupational injuries for the past three years can be found in *Appendix 3: List of ESG data*.

In the U.S. and Europe, Smithfield has established its Smithfield Injury Prevention System, which is an injury prevention system based on ISO 45001 Occupational Health and Safety Management Systems covering all employees and contractors. The system has established a database that includes information on health and safety training, evaluation, audit results, and more for all employees and contractors in the United States to accurately improve injury prevention through digital control means. Additionally, Smithfield has introduced the “On Guard” Alarm System, and has adopted Hazard Identification and Risk Assessment (HIRA) protocols. These measures require a thorough safety risk assessment for every new production task and new equipment installation or adjustment in all facilities.

## EMPOWERING EMPLOYEES (continued)

In the U.S., Smithfield's global health and safety team, under the leadership of its chief manufacturing officer and senior director of corporate safety and health consistently optimizes and audits the Smithfield Injury Prevention System (SIPS), which is linked to the management's remuneration. Smithfield has set a safety management goal that the scores of SIPS audits at all U.S. locations should reach at least 90% by 2025. It strives to achieve safety management goals by driving ISO 45001 health and safety certification, conducting safety audits and risk assessments, and other means.

In China, Shuanghui Development has set up a Safety Management Committee chaired by the President of the Company and a Safety Production Leading Group headed by the General Manager in the company and in each subsidiary. These entities are responsible for coordinating the implementation of safety management and supervising the operation of the safety management system. Meanwhile, it links its health and safety performance with the remuneration of its senior management to fulfill safety management responsibilities down the line from the very top. And it also conducts assessments of workplace safety risks and rectifications regularly, implementing renovation and optimization in a targeted way.

### ***Employee Safety Management***

The majority of our employees serve as front-line workers who regularly interact with animals and perform mechanical operations. WH Group attaches great importance to the occupational health and safety of its employees, and constantly monitors and reviews the occupational health and safety management situation of its domestic and foreign subsidiaries.

Smithfield has implemented a safety engagement initiative, with the aim of ensuring that 65% or more of employees globally engage in the initiative by 2025, effectively enhancing safety awareness. In the U.S., Smithfield regularly conducts factory equipment audits and monitors the work environment, providing frontline employees with personal protective equipment. Additionally, the company communicates its health management system and safety protection knowledge to employees through written notices, emails, television channels, and other communication platforms. Smithfield also implements an employee health assessment program to monitor the physical well-being of employees in real time. As of the end of this Reporting Period, over half of the employees have participated in the safety engagement initiative, surpassing the expected goals set by Smithfield.

In China, Shuanghui Development regularly updates and upgrades workplace hardware facilities. The company provides employees in roles that may involve occupational hazards with appropriate personal protective equipment (PPE) and offers them guidance on how to use the PPE correctly. Additionally, Shuanghui Development conducts routine emergency drills and safety inspections, as well as physical examinations, operational inspections, and safety training for front-line workers to maintain a safe working environment.

### ***Safety Management of Contractors***

Contractors play vital roles in our stable operations. The health and safety principles outlined in the *Corporate Principles* is applicable to the contractors and provides guidance to their safety protection.

In the U.S. and Europe, Smithfield requires visitors and contractors to comply with the *Health and Safety Policy*, which is made public, in daily production and operations, and has established unified performance indicators including Total Incident Frequency Rate, Days Away from Work Injury and Illness, and Days Away, Restricted, and Transferred, while also regularly monitoring the safety management of employees and visitors/contractors. Meanwhile, Smithfield regularly commissions third-party audits to evaluate visitors/contractors' compliance with relevant laws and regulations, as well as the Company's requirements on safety agreements and safety training. In 2023, Smithfield conducted over 15,000 third-party audits for visitors/contractors.

In China, Shuanghui Development mandates that all external personnel adhere to the workplace safety regulations outlined in the *External Personnel (Unit) Safety Management Agreement Template*. The safety production of construction units, contracting units, and tenant units is collectively coordinated and managed. External personnel are obligated to be equipped with necessary safety protection equipment and undergo regular safety inspections. and timely urge to rectify potential safety hazards that may endanger the life of contractor.



### 5.3 Training and Development

WH Group considers value-based employment as a key to fully harnessing the value and potential of its employees. The company encourages its subsidiaries to actively listen to employees' feedback, and offer appropriate career planning and training programs, with the aim of maximizing employees' potential and nurturing high-quality talent. These efforts are essential to safeguarding the company's long-term and stable development by bolstering its capabilities.

#### 5.3.1 Employee Communication

WH Group firmly believes that fostering positive communication between employees and the company is a core element for achieving sustainable development. WH Group has established diversified communication channels across all operations, in accordance with local practices, to gather employees' feedback from multiple perspectives. We adopt constructive feedback to continuously optimize our management. As at the end of the Reporting Period, Shuanghui Development, a subsidiary of WH Group, regularly conducted research to collect employees' suggestions for improvement. Smithfield regularly listens to its employees through its employee engagement program and has set a target of 60% engagement for 2023, with an actual participation rate of 62.2% by 2023. In the future, Smithfield will continue to improve the coverage of the program.

In all locations worldwide, Smithfield encourages employees to safeguard their legitimate rights and interests through union and third-party ethics hotlines, as well as open and transparent management procedures. Smithfield's union-eligible employees at its operating locations are protected by collective bargaining agreements, are employed based on free will, and are in close communication with their unions to support the enforcement of employee rights.

In areas absent of labor unions, Smithfield addresses and resolves employees' concerns related to wages, working conditions, social security, and healthcare through an open policy hotline and website, and carries out regular employee engagement surveys to assess the effectiveness of employee communication. In 2023, the percentage of the active workforce covered under collective bargaining agreements was 59% in the U.S., 68% in Mexico, 15% in Poland, and 100% in Romania.



## EMPOWERING EMPLOYEES (continued)

In the U.S., Smithfield provides necessary support to the unions and promptly addresses challenges and reasonable appeals from full-time employees, part-time employees, and contractors regarding health and safety, discrimination and harassment, animal welfare, and corporate policies. Additionally, to assess the effectiveness of the existing appeals mechanism, employees can provide feedback and make appeals through regular one-on-one meetings with management, review and exit interviews, the Employee Advisory Council, and joint labor management meetings.

In China, Shuanghui Development has established multiple communication channels, including whistle-blowing hotline, an HR hotline, employee symposiums, and bulletin boards, to obtain advise on improving the company's decision-making and management; and convened annual staff congresses to consider and approve policies and systems other than those related to the interests of employees, and to communicate employees' suggestions on the management aspects of the company and the interests of employees.

### Communication Channels for Employees at Shuanghui Development

Communication Response	Communication Channel
Response on Opinion Platform	Whistle-blowing Hotline
	Whistle-blowing Mailbox
	Manager Opinion Mailbox
Response by Management Team	President Express
	Manager Opinion Mailbox
Response Through Conference	Employee Representative Assembly
	New Employee Meet & Greet
	College Student Meet & Greet
	Symposium

### Proposals on Employee Representative Assembly of Shuanghui Development in 2023 (Excerpt)

General Assembly Proposals	Implementation by Shuanghui Development
Election of Employee Representatives	Union committee members are elected every 5 years by 360 employee representatives.
Handling Queries	Seven senior executives of the Company responded at the meeting to 32 employee proposals in 24 categories received by the labor unions, covering areas such as product R&D, production equipment innovation, talent cultivation, and marketing campaigns. Relevant departments such as the Corporate Management Center and labor unions have been diligently tracking and implementing the relevant follow-ups.

### 5.3.2 Employee Training

Aimed at fostering the long-term development of high-quality talent and satisfying the company's needs for talent development, WH Group has created a content-rich and efficient training system to satisfy the company's talent development needs around leadership, professional skills and external qualification certification. In view of the differences in cultural backgrounds and specializations, we help enhance employee business acumen and skills by offering tailored courses that cover a number of major subjects. We believe these efforts also contribute to the building of a learning organization.

In China, in accordance with the *Training Management System*, internal regulations and requirements, Shuanghui Development has established a three-level training system. This system provides training programs on leadership innovation, new media, comprehensive management and other relevant content to the management of marketing and production system, as well as specialized talents. This initiative aims to continuously enhance the value of corporate human capital.

## EMPOWERING EMPLOYEES (continued)

In 2023, Shuanghui Development continued to enhance the role of the Integrated Training Center (ITC) in Level I training. It set forth and continuously promoted the three-year development objective — “upgrading the Integrated Training Center to a corporate university by 2026”. This effort is focused on establishing a comprehensive training system that includes leadership development center, professional development center, and teaching and research operation center, cultivating an elite team, to facilitate corporate transformation and upgrading.

### Three-level Training System at Shuanghui Development

<b>Level I Training</b>	Level I training is organized and implemented by the ITC. It provides training to business executives and marketing teams to improve their management capabilities on leadership and general skills. It adopts systematic evaluation methods such as performance intercross valuation, pre-training and post-training testing, and homework feedback to consolidate training results.
<b>Level II Training</b>	Level II training is organized and implemented by each functional center and business division. It promotes training sessions on specialized skills, laws and regulations, and SOP documents for each department through a combination of online and offline methods, and evaluates the training effectiveness through feedback, exams, and other means.
<b>Level III Training</b>	Level III training is organized and executed by each subordinate companies. Its primary focus is to deliver on-boarding training to new employees on comprehensive management procedures, safety and environmental protection.

### Highlights of Shuanghui Development Training in 2023

<b>Trainer System Construction</b>	In 2023, Shuanghui Development established an internal trainer team and completed the establishment of professional and personalized trainer pools for marketing, production, business etiquette, new media, and other categories.
<b>Curriculum System Construction</b>	In 2023, Shuanghui Development introduced courses covering production, marketing, and other needs, providing massive resources for employee development.
<b>Construction of Talent Cultivation System</b>	In 2023, Shuanghui Development completed a three-year training plan for the management of marketing and production systems, and continued to promote the management trainee program and personalized training programs on business etiquette, strategic distributors, innovative leadership, and new media.
<b>Building an Online Digital Learning Platform</b>	In 2023, Shuanghui Development officially launched the construction and operation of the “Shuanghui e-School”, an online digital learning platform, and completed the opening of exclusive portals for functional centers, business divisions and project companies during the Reporting Period, with approximately 18,000 users.

In the U.S., Mexico, Poland and Romania, Smithfield creates annual training plans tailored to employee requirements, offering training courses for all exempt<sup>31</sup> and non-exempt employees. In 2023, Smithfield carried out a range of diversity pipeline training programs in the U.S., including the Operations Leadership Program, focusing on enhancing management leadership, re-educating and empowering supervisory level employees. It continuously tests, enriches and improves management decision-making and professional skills of employees for their positions through practical operations.

<sup>31</sup> Exempt employee refer to employees who are paid a fixed weekly, biweekly, monthly, or annual salary, regardless of the number of hours they work for a fixed Period of time or within a week or a month.

## EMPOWERING EMPLOYEES (continued)

### Highlights of Smithfield Training Initiatives

<b>Operations Leadership Program (OLP)</b>	In the U.S., OLP empowers operational leaders at the production supervisor level and beyond. Participants undergo an intensive, three-month development program aimed at enhancing their leadership and job competency.
<b>Employee Education Program</b>	In the U.S., we help employees achieve educational advancement through an employee education program. Employees participating in this program can be reimbursed for tuition and registration fees proportionally leveled on their academic performance.
<b>Emerging Leaders Program (ELP) and Mid-Level Leaders Program (MLP)</b>	In the U.S., Smithfield explores potential management talents through both its ELP and MLP programs. Participants receive training to enhance their leadership and practical abilities, preparing them for future leadership roles.
<b>Key Position Training Program</b>	In Poland, Smithfield focuses on key production positions. It develops corresponding internal training plans and evaluates training results through a fair performance evaluation mechanism to improve the quality of talents in key production positions.

### Health and Safety Training

WH Group places significant emphasis on employees' safety awareness. We continuously enrich emergency drills and safety training content, and enhance employees' ability to self-rescue and respond to emergencies by combining theoretical knowledge with practical operation.

In China, Shuanghui Development enhances the safety awareness and prevention capabilities of the main project leaders, safety management teams at all levels, and contractual employees through training on theoretical knowledge about workplace safety, as well as drills. In 2023, Shuanghui Development organized emergency response training, firefighting drills, and fire evacuation exercises tailored to the actual conditions and management needs of the facilities. By the end of the Reporting Period, Shuanghui Development had conducted a total of 60 safety training sessions and emergency drills, with a total of 2,667 participants cumulatively.

In the U.S. and Europe, Smithfield has established policies and regulations concerning safe farm operations. These include guidelines for safe manure removal, barn safety regulations, deep-pit pumping, sign identification and pre-inspection checklists for deep-pit barns. We also establish SOPs to assist farm operators with barn preparation. The company also provides online safety courses for all employees and dispatched workers. Additionally, Smithfield offers workplace safety related training, such as first aid, cardiac resuscitation and safety drills during the on-boarding and on-the-job training stage. Throughout the Reporting Period, Smithfield conducted a total of almost 600 safety drills in the U.S., Mexico, Poland and Romania.

### Highlights of Safety Training Programs of Subsidiary Companies of WH Group

Shuanghui Development	Smithfield
Shuanghui Development steadily promotes emergency response training, drills on fire evacuation and firefighting, and other related work to eliminate safety hazards and prevent safety incidents.	Smithfield enhances employees' safety awareness and emergency response capabilities through activities such as first aid training and cardiac resuscitation training, and organizes online courses to raise employees' and visitors'/contractors' workplace safety awareness.





# 6

CO-BUILDING  
OUR COMMUNITY



## CO-BUILDING OUR COMMUNITY (continued)

### Corporate Principles

Giving back to society alongside our business development is part of who we are. WH Group is concerned about the phenomenon that food waste and starvation co-exist in today's society, for which we take actions where we can to reduce waste and offer donations. We believe that equity in education fosters a positive drive for good, therefore, we help individuals gain access to educational resources. We encourage and deliver voluntary services for social welfare contributing to a vibrant and prosperous community.

- Hunger eradication
- Donation and relief
- Education promotion

### UN Sustainable Development Goals



WH Group is committed to giving back to society as an integral part of our business ethos and a statement of who we are. Recognizing the unique characteristics of the food production and processing industry that we are in, WH Group has participated in and carried out multiple activities for hunger eradication, helping make positive social advancement. Meanwhile, we are concerned about unsatisfied social needs for education and development, and assume corporate social responsibility in promoting educational equality, conducting public welfare donations, providing disaster relief and supporting the development of vibrant communities.

During the Reporting Period, WH Group donated a total of USD 36.53 million in cash and in-kind contributions. In addition, our employees volunteered for over 5,300 hours working for social programs.





## 6.1 Hunger Eradication

At WH Group, our commitment to “good” extends beyond our products to encompass everything we do. In addition to producing high-quality food, we actively support vulnerable groups in addressing food insecurity by donating tens of millions of protein servings each year.



### Smithfield's Targets in Food Donation

Donating a total of 200 million servings of protein by 2025.

In the U.S. and Europe, Smithfield regards hunger eradication as one of the key areas of corporate philanthropy. In 2023, Smithfield set a long-term community investment goal to continuously develop and promote hunger relief programs, such as its Helping Hungry Homes® initiative, by donating protein servings to those in need. Through its hunger relief programs, Smithfield has donated more than 30.2 million protein servings to food banks in the U.S., Mexico, Romania, and Poland to support local hunger relief programs and social activities in 2023 alone.

In Mexico, driven by “Providing Food to Mexico” the Smithfield Granjas Carroll de Mexico (GCM) Foundation consistently carries out food donation programs to effectively improve local food security index<sup>32</sup>. During the Reporting Period, a total of 8,027 people benefited from the donation programs with Smithfield’s hunger relief efforts.

#### The Donation Initiatives for Hunger Eradication by Smithfield in 2023

<p><b>Assistance to Vulnerable Groups</b></p>	<p>Smithfield collaborates closely with local food banks and community organizations in the areas where we operate. The company actively monitors the execution of donation activities, and makes every effort to provide support to vulnerable groups requiring food assistance, such as international refugees.</p> <ul style="list-style-type: none"> <li>• In the U.S., Smithfield collaborated with third-party community organizations such as the Fredette Family Foundation and Utah Pork Producers Association (UPPA) to donate 35,000 pounds of protein to the Utah Food Bank.</li> <li>• In Mexico, in collaboration with local communities, the Smithfield Granjas Carroll de Mexico (GCM) Foundation has established a Donation Beneficiary Committee and regularly conducts visits and monitoring activities to facilitate the management of food donations. During the Reporting Period, Smithfield donated about 75,000 pounds of pork to communities in need in Mexico.</li> <li>• In Poland, Smithfield continued to donate food to food banks and public welfare organizations near its operating locations, and firms up corporate donations by sending formal confirmation letters and requesting recipient organizations to provide photos. Meanwhile, Smithfield Poland donated another more than 390,000 pounds of meat products to Ukrainian refugee relief organisations.</li> <li>• In Romania, Smithfield provided nearly 125,600 servings of pork products to non-governmental organizations, social canteens, hospitals and day and night centers caring for children, the elderly, single mothers and other at-risk populations through its Food for Souls program.</li> </ul>
<p><b>Relief in disaster-stricken areas</b></p>	<p>Smithfield actively fulfils its corporate responsibility by donating food to help communities where it operates to withstand natural disasters such as blizzards and hurricanes.</p> <ul style="list-style-type: none"> <li>• In the U.S., Smithfield donated 28,000 pounds of food to communities in Florida to that were devastated by Hurricane Idalia. Additionally, the Company donated 35,000 pounds of food to eastern Kentucky to help feed those impacted by severe winter weather.</li> </ul>

<sup>32</sup> Food Security Index = (The number of people who have access to sufficient food/Total population)\*100

## CO-BUILDING OUR COMMUNITY (continued)

### Support for Community Activities

Smithfield keeps providing food support for activities such as festival celebrations and sports events in the communities where we operate, and strives to build friendly and mutually beneficial community relationships.

- In the U.S., Smithfield is donating 65,000 pounds of protein to local communities supported by Feeding Southwest Virginia and Blue Ridge Area Food Bank through the Helping Hungry Families programme in order to help alleviate hunger in local communities.
- Smithfield Romania continued to support a wide array of unique festival activities in Timis County and Arad villages through “Be One of Us Program”.



### Smithfield Supports Feeding America's Hunger Action Month

In 2023, Smithfield supported Hunger Action Month with a food donation campaign. It provided rewards for facilities based on their performance by the end of the month, and motivated employees to join in the Company's hunger eradication efforts. During the Reporting Period, Smithfield collected and donated over 25,000 pounds of food through this company-wide campaign. This event has become one of the largest single-day canned food drives in North Carolina, and since its inception in 1993, Smithfield has donated more than 6.5 million pounds of food to support the needy.

In China, Shuanghui Development pays close attention to the demand for food resources in the communities where it operates, in the event of natural disasters and other major events in the locations where its operations are located, it effectively contributes the production and supply of food to provide food and material security for the local communities, so as to enable the community residents to feel the warmth of Shuanghui.

## 6.2 Education Promotion

We share the conviction that quality education for future generations is the foundation for sustainable community development, resulting in profound positive changes to the countries and regions where we operate. WH Group provides educational support for students and strives to provide funding and encouragement for the development of the next generation through scholarships and educational grants to promote balanced development of education in different regions.

Smithfield believes the educational equality can foster a positive drive for good, and is committed to providing educational support for students from different backgrounds and rewarding students with excellent academic performance.



## CO-BUILDING OUR COMMUNITY (continued)

### Educational Support Initiatives of Smithfield in 2023

<p><b>Providing Assistance to Disadvantaged Students</b></p>	<p>Smithfield consistently supports the education of underprivileged students through financial donations and voluntary services, contributing to educational equality.</p> <ul style="list-style-type: none"> <li>In the U.S., Smithfield continued to support programs for equity in education at K-12 schools, providing additional educational resources for students from disadvantaged communities. Through the “School Garden” program, it provides crops for disadvantaged students and their families to help them achieve self-sufficiency while improving school facilities and improving the quality of education.</li> <li>In Poland, Smithfield has established the Zygmunt Piwoński Foundation offering yearly scholarships for outstanding students from low-income families.</li> </ul>
<p><b>Promoting Academic Exchanges</b></p>	<p>Smithfield actively promotes academic exchanges and supports research projects and field work.</p> <ul style="list-style-type: none"> <li>Smithfield Romania continued to promote the Smithfield Academics Program, which conducts diversified research projects in veterinary, livestock and food industry through seminars and conferences in collaboration with educational institutions in Banat.</li> </ul>
<p><b>Providing Education Support to the Operating Locations</b></p>	<p>Giving back to society alongside our business development is part of who we are. Smithfield pays close attention to improving education near its operating locations.</p> <ul style="list-style-type: none"> <li>In the U.S., Smithfield Foods donated \$1 million to launch the Southeastern Education and Economic Development (SEED) apprenticeship program in North Carolina. A partnership between the North Carolina Business Committee for Education (NCBCE) and Smithfield Foods, SEED is a comprehensive youth apprenticeship program that will provide career pathways and college education for high school students in southeastern North Carolina counties.</li> <li>Smithfield Romania has launched the Back-to-School Program for students in Timis and Arad counties, effectively improving local education. Through the Adopt a School Program, Smithfield has assisted in the construction of local school facilities and the improvement of educational conditions. Meanwhile, Smithfield continued to promote its Internship Program in which theoretical concepts are interwoven with practical experience, helping students understand the practical side of animal husbandry and pork production while enhancing their practical abilities in a lively and interesting way.</li> </ul>



### Education Support for Minorities from Smithfield (in the U.S.)

Smithfield provides additional educational resources and development opportunities for under-represented students through diversified support programs, and actively fulfills its corporate social responsibility. In 2023, Smithfield continued to support a Science, Technology, Engineering and Mathematics (STEM) education enrichment program for underrepresented students in collaboration with Iowa State University and Denison Community School District. Funding provided by Smithfield has been the main financial source of the program which has spanned for a decade.

Meanwhile, Smithfield has donated a total of USD 580,000 since 2020 to advance the Minorities in Agriculture, Natural Resources and Related Sciences (MANRRS) organization, providing educational opportunities for under-represented students majoring in agriculture, natural resources, and related branches of science.

## CO-BUILDING OUR COMMUNITY (continued)

In China, Shuanghui Development is committed to education and children's growth. We organize public welfare activities such as "Fly with You" a public welfare initiative, to celebrate Children's Day. We strive to promote educational equality, so that more children can receive care and support.

### Shuanghui Development Implemented the "Fly with You" Public Welfare Initiative in China

In 2023, Shuanghui Development's "Fly with You" initiative benefited tens of thousands of children and families through charitable donations and by providing assistance in teacher training, contributing to the advancement of education in underdeveloped areas during the Reporting Period.

## 6.3 Donations and Disaster Relief

WH Group pays close attention to the needs of the communities where we operate. When natural disasters occur, the Group donates supplies and funds for relief efforts, where appropriate employees are also encouraged to join in such programs'.

In China, Shuanghui Development continues to participate in activities of charitable donations and volunteer services such as "99 Giving Day," collaborating together with employees to provide assistance to those in need.

### Shuanghui Development Provides Voluntary Services

In 2023, the Shuanghui Development responded to the initiative of the Luohe City Government in Henan Province, contributing to community building by engaging in activities such as "Building a Civil Community" and "Cleaning Our City". During the Reporting Period, Shuanghui Development participated in community cleaning 25 times, with 167 volunteers contributing a total of 584 hours of voluntary service.

### Shuanghui Development in the "99 Giving Day"

In 2023, Shuanghui Development conducted the "99 Giving Day" activity in alignment with the "Notice on Launching the 2023 'Charity and Fundraising for Rewarding Courage for a Just Cause' and '99 Giving Day' in Luohe City." This initiative aimed to engage more employees to contribute to activities for local welfare. During the Reporting Period, the "99 Giving Day" activity organized by Shuanghui Development attracted 10,458 participants and a total of RMB180,000 was donated to the Luohe Charity Association.

Smithfield is actively involved in the development of the communities focusing on various aspects, such as society, health, and more. In the U.S., Smithfield considers community vitality as one of the three key areas for corporate philanthropic donations. The company establishes and implements mid-term community investment objectives, and relies on community development teams to organize public welfare activities tailored to meet the needs of the communities including voluntary services, supporting minority farmers, and enhancements to the community healthcare. Smithfield also encourages employee engagement in public welfare activities through matching gift programs.

### Smithfield's Midterm Community Investment Goals

Continue to conduct community survey and launch a new impact grant program, in a bid to identify strategic investment opportunities in the local communities in the U.S.

In Mexico, Smithfield has founded the Smithfield Granjas Carroll de Mexico (GCM) Foundation as a charitable body for social welfare activities like volunteer programs, consistently supporting community development efforts. The company prioritizes key charitable areas such as food security, self-employment and income generation and community infrastructure. Smithfield actively partners with local governments and third-party non-profit organizations to assess the needs of the communities where it operates and create various public welfare training and community engagement programs.

Smithfield Romania remains committed to investing in community development across various sectors such as education, labor demand, health and sports. The company carries out 12 social responsibility programs each year, encompassing all the communities in which it operates. These initiatives are designed to actively participate in community development through specific charity events and volunteer services, addressing challenges like food insecurity and contributing to community development and health care enhancements. In Romania, these programs benefit over 90 individuals annually.

## CO-BUILDING OUR COMMUNITY (continued)

### Smithfield's Initiatives to Support Communities in 2023

<b>Providing Voluntary Services</b>	<ul style="list-style-type: none"> <li>In the U.S., Smithfield has organized activities for “National Volunteer Week” in communities across its operating locations, effectively contributing to local community development.</li> <li>Smithfield Romania continued to promote the “Smithfield Romania Friends” program to encourage volunteering activities among its colleagues in Romania.</li> </ul>
<b>Enhancing Community Healthcare</b>	<ul style="list-style-type: none"> <li>Smithfield Romania carries out activities on International Food Day to help students near its operating locations develop healthy eating habits and a balanced lifestyle. Meanwhile, Smithfield continued to implement the “Solidarity with the Medical System” program to provide rapid diagnosis, necessary treatment, and security care in line with European standards. The financing program is accessible to non-governmental organizations (NGOs), providing medical assistance as well as public care centers for the elderly recognized by local medical and public health institutions.</li> </ul>
<b>Supporting Minority Farmers</b>	<ul style="list-style-type: none"> <li>In the U.S., Smithfield has actively promoted the objective of “Increasing production facility spend with minority-owned businesses by 14% by 2025.” The company has been dedicated to enhancing the Minority Farmer Program to provide support to minority farmers fostering collaboration for a more inclusive future in agriculture.</li> </ul>
<b>Assisting Local Residents in Enhancing Their Vocational Skills</b>	<ul style="list-style-type: none"> <li>In Poland, Smithfield actively supports the re-socialization of released prisoners and partners with prominent universities in the areas where the company operates to conduct sponsorship classes and corporate internship programs.</li> </ul>



### Smithfield's Volunteer Initiatives in Mexico

In 2023, Smithfield Granjas Carroll de Mexico (GCM) Committee developed a skills-based volunteering program, which provided skills training courses on edible fungi production and management, beauty, and baking, providing funding and income generating opportunities for community residents while enhancing employee engagement in community activities.

Smithfield actively partners with third-party non-profit organizations, promoting the engagement of all stakeholders in corporate philanthropic endeavors through skilled volunteer services and monetary contributions. In 2023, the number of Smithfield's volunteers in Mexico rose by 15% compared to the year 2022.



# FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. It includes statements regarding our outlook for the future and other statements regarding our beliefs, plans for the future and strategies or anticipated events and relevant statements. Our forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ from any of those described in forward-looking statements.

These risks and uncertainties include, but are not limited to, fluctuations in the prices of raw and auxiliary materials, changes in laws, changes in the economic environment, competitive market uncertainties, uncertainty about extreme natural events and other risks and uncertainties disclosed in Periodic reports of WH Group.

The forward-looking statements made in this report speak only as of the date the statements are made and are based on current expectations, assumptions, estimates and projections. WH Group undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the relevant statements are made or to reflect the occurrence of unanticipated events, except as required by applicable law. For more comprehensive information about our financial results and operations, including the risks that could adversely affect our results of operations and financial condition, please refer to our annual report and announcements posted on our official website and the website of HKEx.

# APPENDIX 1: MAJOR APPLICABLE LAWS AND REGULATIONS

## China

*Anti-unfair Competition Law of the People's Republic of China*  
*Anti-Monopoly Law of the People's Republic of China*  
*Civil Code of the People's Republic of China*  
*Criminal Law of the People's Republic of China*  
*Anti-Money Laundering Law of the People's Republic of China*  
*Interim Provisions on the Prohibition of Commercial Bribery*  
*Law of the People's Republic of China on Network Security*  
*Measures for the Administration of Internet Information Services*  
*Law of the People's Republic of China on the Protection of Consumer Rights and Interests*  
*Food Safety Law of the People's Republic of China*  
*Advertising Law of the People's Republic of China*  
*Consumer Protection Law of the People's Republic of China*  
*Cybersecurity Law of the People's Republic of China*  
*Water Pollution Control Law of the People's Republic of China*  
*Air Pollution Prevention and Control Law of the People's Republic of China*  
*Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*  
*Water Law of the People's Republic of China*  
*Energy Conservation Law of the People's Republic of China*  
*Environmental Protection Law of the People's Republic of China*  
*Environmental Protection Tax Law of the People's Republic of China*  
*Animal Epidemic Prevention Law of the People's Republic of China*  
*Ministry of Agriculture and Rural Affairs Document No.194*  
*Labor Law of the People's Republic of China*  
*Labor Contract Law of the People's Republic of China*  
*Safety Production Law of the People's Republic of China*  
*Regulations on Work Injury of the People's Republic of China*  
*Prevention and Control of Occupation Diseases Law of the People's Republic of China*  
*E-commerce Law of the People's Republic of China*

## APPENDIX 1: MAJOR APPLICABLE LAWS AND REGULATIONS (continued)

### America and Europe

*Federal Food, Drug, and Cosmetic Act*  
*Sherman Antitrust Act*  
*EU Antitrust policy*  
*Foreign Corrupt Practices Act (FCPA)*  
*Criminal Law Convention Against Corruption*  
*Civil Law Convention Against Corruption*  
*Twenty Guiding Principles on Combating Corruption*  
*General Data Protection Regulation*  
*California Consumer Privacy Act*  
*Clean Water Act*  
*Water Framework Directive*  
*Clean Air Act*  
*The Industrial Emission Directive*  
*Solid Waste Disposal Act*  
*Waste Framework Directive*  
*European Convention for the Protection of Farm Animals*  
*European Convention on the Protection of Animals in International Traffic*  
*International Agreement on Humane Trapping Standards*  
*International Labour Organization (ILO)*  
*Universal Declaration of Human Rights (UDHR)*  
*European Treaty on Human Rights*  
*Employment Information Directive*  
*Americans with Disabilities Act (ADA)*  
*Fair Labor Standards Act*  
*Occupational Safety & Health Act*  
*Framework Directive on Safety and Health at Work*  
*Energy Policy Conservation Act of 1975*  
*Provision of Food Information to Consumers*

## APPENDIX 2: HKEx ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
<b>A. Environment</b>			
<b>Aspect A1:</b>	<b>Emissions</b>		
A1	<p>General Disclosure</p> <p>Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p>	Promoting Green Development	
A1.1	The types of emissions and respective emissions data.	Promoting Green Development — Water Resource Management, Disposal and Recycling of Emissions	Appendix 3: List of ESG data
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in metric tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promoting Green Development — Greenhouse Gas Management	Appendix 3: List of ESG data
A1.3	Total hazardous waste produced (in metric tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promoting Green Development — Disposal and Recycling of Emissions	Appendix 3: List of ESG data
A1.4	Total non-hazardous waste produced (in metric tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promoting Green Development — Disposal and Recycling of Emissions	Appendix 3: List of ESG data
A1.5	Description of emission target(s) set and steps taken to achieve them.	Promoting Green Development — Greenhouse Gas Management	
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.	Promoting Green Development — Disposal and Recycling of Emissions	

## APPENDIX 2: HKEx ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX (continued)

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
<b>Aspect A2:</b>	<b>Use of Resources</b>		
A2	General Disclosure  Policies on the efficient use of resources, including energy, water and other raw materials.	Promoting Green Development — Greenhouse Gas Management, Water Resource Management, Exploring Sustainable Packaging	
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).	Appendix 3: List of ESG data	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Promoting Green Development — Water Resource Management  Appendix 3: List of ESG data	
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Promoting Green Development — Greenhouse Gas Management	
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.	Promoting Green Development — Water Resource Management	
A2.5	Total packaging material used for finished products (in metric tons) and, if applicable, with reference to per unit produced.	Appendix 3: List of ESG data	
<b>Aspect A3:</b>	<b>The Environment and Natural Resources</b>		
A3	General Disclosure  Policies on minimising the issuer's significant impacts on the environment and natural resources.	Promoting Green Development	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Promoting Green Development	Our business activities do not have the significant impact on the environment and natural resources.



## APPENDIX 2: HKEx ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX (continued)

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
<b>Aspect A4:</b>	<b>Climate Change</b>		
A4	General Disclosure  Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Creating a Culture of Sustainability — Risk Management	
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.	Creating a Culture of Sustainability — Risk Management	
<b>B. Social</b>			
<b>Employment and Labor Practices</b>			
<b>Aspect B1:</b>	<b>Employment</b>		
B1	General Disclosure  Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Empowering Employees — Value-Based Employment	
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix 3: List of ESG data	
B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 3: List of ESG data	Employee turnover rate = number of departures during the Reporting Period/number of employees at the end of the Reporting Period.

## APPENDIX 2: HKEx ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX (continued)

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
<b>Aspect B2:</b>	<b>Health and Safety</b>		
B2	General Disclosure Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Empowering Employees — Occupational Health and Safety	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix 3: List of ESG data	
B2.2	Lost days due to work injury.	Appendix 3: List of ESG data	WH Group uses an internationally accepted injury rate per 200,000 hours worked as an occupational safety KPIs.
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Empowering Employees — Occupational Health and Safety	
<b>Aspect B3:</b>	<b>Development and Training</b>		
B3	General Disclosure  Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Empowering Employees — Training and Development	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Empowering Employees — Training and Development	
B3.2	The average training hours completed per employee by gender and employee category.	Empowering Employees — Training and Development	Average hours of training = hours of training/total number of employees in the category.

## APPENDIX 2: HKEx ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX (continued)

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
<b>Aspect B4:</b>	<b>Labor Standards</b>		
B4	General Disclosure Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Empowering Employees — Value-Based Employment	
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Empowering Employees — Value-Based Employment	
B4.2	Description of steps taken to eliminate such practices when discovered.	Empowering Employees — Value-Based Employment	No violations were found this year.
<b>Operating Practices</b>			
<b>Aspect B5:</b>	<b>Supply Chain Management</b>		
B5	General Disclosure  Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain	
B5.1	Number of suppliers by geographical region.	Appendix 3: List of ESG data	
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.	Sustainable Supply Chain — Responsible Supply Chain	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain — Responsible Supply Chain	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain — Responsible Supply Chain	

## APPENDIX 2: HKEx ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX (continued)

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
<b>Aspect B6</b>	<b>Product Responsibility</b>		
B6	General Disclosure  Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Providing Quality Products	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Providing Quality Products — Product Quality and Safety  Appendix 3: List of ESG data	Considering amount of losses due to product recalls is relatively small, we track the number of recall events.
B6.2	Number of products and service-related complaints received and how they are dealt with.	Providing Quality Products — Product Quality and Safety  Appendix 3: List of ESG data	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Providing Quality Products — Food Nutrition and Health	
B6.4	Description of quality assurance process and recall procedures.	Providing Quality Products — Product Quality and Safety	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Providing Quality Products — Food Nutrition and Health	
<b>Aspect B7</b>	<b>Anti-corruption</b>		
B7	General Disclosure  Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Creating a Culture of Sustainability	
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.	Creating a Culture of Sustainability — Corporate Conduct	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Creating a Culture of Sustainability — Corporate Conduct	
B7.3	Description of anti-corruption training provided to directors and staff.	Creating a Culture of Sustainability — Corporate Conduct	

## APPENDIX 2: HKEx ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX (continued)

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
<b>Community</b>			
<b>Aspect B8</b>	<b>Community Investment</b>		
B8	<p>General Disclosure</p> <p>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.</p>	Co-building Our Community	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Co-building Our Community	
B8.2	Resources contributed (e.g. money or time) to the focus area.	Co-building Our Community	



# APPENDIX 3: LIST OF ESG DATA

All Performance Indicators	Unit	2023	2022	2021
<b>Environmental and Resource Indicators<sup>1</sup></b>				
SO <sub>x</sub> Emissions <sup>2</sup>	MT	10.07	17.85	35.92
NO <sub>x</sub> Emissions	MT	58.26	80.99	131.51
Total GHG emissions (Scope 1 + Scope 2)	MT CO <sub>2</sub> e	4,845,515 <sup>3</sup>	5,544,259 <sup>4</sup>	2,583,565
GHG emissions — Scope 1	MT CO <sub>2</sub> e	2,925,037	3,513,674	1,002,419
GHG emissions — Scope 2	MT CO <sub>2</sub> e	1,920,478	2,030,585	1,581,146
GHG emissions (Scope 3, China and U.S. region)	MT CO <sub>2</sub> e	46,299,600 <sup>5</sup>	/	/
GHG emissions intensity (Scope 1 + Scope 2) <sup>6</sup>	MT CO <sub>2</sub> e/MT produced product	0.51	0.62	0.28
Direct energy consumption	Millions of kWh	7,409	6,744 <sup>7</sup>	4,889
Indirect energy consumption	Millions of kWh	3,601	4,287	4,067
Combined energy consumption (direct + indirect)	Millions of kWh	11,010	11,031 <sup>8</sup>	8,956
Combined energy consumption intensity (direct + indirect) <sup>9</sup>	kWh/MT produced product	1,149	1,228 <sup>7</sup>	961

<sup>1</sup> Due to the expansion of the Group's poultry farming layout, the denominator selected for the 2023 environment intensity expands, with per metric ton of produced product = meat products + pork + poultry (excluding production of hogs and production of poultry). At the organizational boundary level, the 2021 holding GCM Group is added. The denominator for the intensity selection for 2022 and earlier is metric tons of produced products including meat products and pork production, excluding poultry meat production. The coverage of 2022 environmental and resource indicators do not include the GCM Group acquired in 2021.

<sup>2</sup> The air emissions (SO<sub>x</sub> and NO<sub>x</sub>) of WH Group in China during the Reporting Period have been shown in the appendix. For additional regional air emissions, please refer to Smithfield Sustainability Impact Report in the Reporting Period.

<sup>3</sup> Scope 1 and Scope 2 GHG emission sources are primarily manure, enteric fermentation, owned vehicle fuel combustion, natural gas flaring, refrigerants, propane flaring, biomethane use, and purchased electricity use. The coverage of this data has been expanded compared to 2022. At the operational boundary level, emission sources such as manure and enteric fermentation are included in China.

<sup>4</sup> The coverage of the Group's Scope 1 and Scope 2 GHG emissions data in 2022 has been expanded compared to the 2021 report. At the organizational boundary level, the addition of Nantong Huiyufeng New Material Co., Ltd. acquired in 2022, self-owned farms in the U.S. region, and the Mecom Group acquired in 2021. Meanwhile, we increase our farming capacity in Fuxin and Xihua, China. This results in an increase in both the total amount and intensity of GHG emissions in 2022 compared to 2021.

<sup>5</sup> The five categories with the highest share of GHG emissions in Scope 3 are purchased products or services, use of sold products, processing of sold products, fuel and energy-related activities (upstream), and end-of-life disposal of sold products. For more details, please refer to the table in subsection 4.1.2 of this Report, "WH Group's Scope 3 GHG Emissions (China, U.S.) in 2023".

<sup>6</sup> In 2023, the denominator selected for the Group's emission intensity has been expanded, and the statistical scope of the production of metric tons of produced products in the past three years is detailed in the footnote of the "Environmental and Resource Indicators" section. Due to the expansion of the Group's poultry farming layout, the denominator selected for the 2023 emission intensity expands, with per metric ton of produced product = meat products + pork + poultry (excluding production of hogs and production of poultry). The denominator for the intensity selection for 2022 and earlier is metric tons of produced products including meat products and pork production, excluding poultry meat production.

<sup>7</sup> As a result of the U.S. region revisiting and adjusting the energy conversion factor for transportation diesel, the Group has adjusted the direct energy consumption data and correspondingly, its combined energy consumption data for 2022.

<sup>8</sup> The coverage of the energy consumption data in 2022 does not include the GCM Group held in 2021, and the coverage of the energy consumption data in 2022 has been expanded compared to the 2021 report, with the addition of the Mecom Group acquired in 2021, and the Nantong Huiyufeng New Material Co.

<sup>9</sup> In 2023, the denominator selected for the Group's energy consumption intensity expands, and the statistical scope of the production of metric tons of produced products in the past three years is detailed in the footnote of the "Environmental and Resource Indicators" section.

## APPENDIX 3: LIST OF ESG DATA (continued)

All Performance Indicators		Unit	2023	2022	2021
Hazard Waste		MT	1,451	1,408	508
Hazard Waste intensity		kg/MT of produced product	0.15	0.16	0.05
Recycled non-hazardous waste	Scrap metal	MT	8,945	13,356	12,146
	Waste plastic	MT	7,487	7,340	7,845
	Waste paper	MT	47,601	41,907	48,591
	Cinder	MT	0 <sup>10</sup>	162	5,003
Resource utilization rate of pig manure			100%	100%	/
Disposed Non-hazardous waste		MT	64,673	80,250	59,798
Disposed Non-hazardous waste intensity		kg/MT of produced product	6.75	8.94	6.42
Wastewater discharge		million cubic meters	55.19	45.10	54.97
Total use of freshwater		million cubic meters	69.60	75.14	67.81
Total municipal water supplies		million cubic meters	38.13	39.24	36.50
Fresh surface water		million cubic meters	3.14	3.48	3.46
Fresh groundwater		million cubic meters	28.34	32.43	27.85
Intensity of freshwater use		cubic meters/MT produced product	7.26	8.37	7.28
Amount of reused water		million cubic meters	5.99	6.50	5.53
Total consumption of packaging materials		MT	686,768 <sup>11</sup>	682,741	630,222
Intensity of packaging material use		Metric ton/MT produced product	0.07	0.08	0.07

<sup>10</sup> No coal for direct use.

<sup>11</sup> In 2023, we continued to increase the use of recyclable plastic packaging materials in regions such as China, the U.S., and Romania. As of the end of this Reporting Period, the recyclable plastic packaging materials have not been included in the total consumption of packaging materials of the Group. In the future, we will continue to increase the proportion of recyclable plastic packaging materials and timely include them in the data disclosure of the consumption of packaging materials.

## APPENDIX 3: LIST OF ESG DATA (continued)

All Performance Indicators		Unit	2023	2022	2021
<b>Social Indicators</b>					
Total number of employees <sup>12</sup>		thousand	101	104	104
Total number of employees by nature	Direct Employee		94%	93%	96%
	Contractor		6%	7%	4%
By gender	Female		41%	42%	43%
	Male		59%	58%	57%
By position	Senior Management		0.5%	1.1%	0.4%
	Middle Management		7.2%	6.8%	7.2%
	General employees		92.3%	92.1%	92.4%
By age	Under 30 years old		16%	17%	17%
	30-50 years old		62%	62%	62%
	50 years old and above		22%	21%	21%
By region	China Region		45.9%	44.3%	47.7%
	Americas Region		37.3%	38.7%	35.6%
	Europe		16.8%	17.0%	16.7%
Employee Turnover Rate <sup>13</sup>			38%	45%	47%
By Gender	Female		36%	44%	46%
	Male		40%	48%	48%
By Age	Under 30 years old		79%	80%	100%
	30-50 years old		32%	40%	38%
	Over 50 years old		27%	38%	27%
By Region	China Region		32%	43%	36%
	Americas		54%	56%	29%
	Europe		22%	23%	71%
Total Employee Training Attendance <sup>14</sup>		person	1,250,457	2,029,411	2,200,066
Total Employee Training Hours <sup>14</sup>		hour	3,380,428	4,460,398	9,412,136

<sup>12</sup> The total number of employees and the proportion of employees by gender, grade, age and region herein only include directly employed employees. We have dispatched employees in the U.S., Poland, Slovakia, Hungary and other regions, and the relevant employment ratios are shown in the Employee Ratios by Nature.

<sup>13</sup> Employee turnover rate = number of departures during the Reporting Period/number of employees at the end of the Reporting Period.

<sup>14</sup> There was a slight decrease in the total number of employees trained, the total duration of training and the average duration of staff training in 2023, which was mainly attributable to the fact that we organised a number of such health and safety trainings in 2022 in conjunction with the prevention and control of diseases at our locations and the need for employee care, and at the same time, a small portion of the trainings initiated by various subsidiaries of the Group (e.g., the "Individual Contributors" training project) were not included in the collection for the time being due to the difficulties in compiling the statistics.

## APPENDIX 3: LIST OF ESG DATA (continued)

All Performance Indicators		Unit	2023	2022	2021
Percentage of Employees Trained			100%	100%	100%
Average hours of Training <sup>15</sup>		hour	31	43	91
By gender	Female	hour	36	46	95
	Male	hour	32	42	87
By Rank	Senior Management	hour	72	36	106
	Middle Management	hour	21	27	34
	General employees	hour	34	45	95
Fatalities directly caused by work			2	3	1
200,000 work hours injury rate <sup>16</sup>			1.23	1.33	1.54
Total Safety Training Attendance		person	224,108	234,587	187,382
Total hours of safety training		hour	495,100	566,593	477,077
Number of Suppliers			36,001	28,907	22,635
By Region <sup>17</sup>	China Region		14,693	11,977	8,264
	Americas Region		6,907	3,327	8,109
	Europe		14,386	13,545	6,223
	Other		15	58	39
Antibiotic use <sup>18</sup>	China	mg/kg	328	260	272
	United States	mg/kg	215	239	247
	Poland	mg/kg	238	218	205
	Romania	mg/kg	107	225	205
	Mexico	mg/kg	337	291	/

<sup>15</sup> Average hours of training = hours of training/total number of employees in the category.

<sup>16</sup> WH Group uses an internationally accepted injury rate per 200,000 hours worked as an occupational safety KPIs.

<sup>17</sup> In 2023, the Group re-sorted the total number of suppliers and the number of suppliers by region in our global operations.

<sup>18</sup> Due to various factors such as weather conditions, inventory decisions, types of antibiotics used, prevalence of diseases, and concentration of active ingredients, our antibiotic usage varies from year to year.

## APPENDIX 3: LIST OF ESG DATA (continued)

All Performance Indicators	Unit	2023	2022	2021
Number of product recalls		5	8	10
Number of complaints about services, products		72,159 <sup>19</sup>	46,428	42,986
Complaint handling rate		100%	100%	100%
Amount of public welfare and charity investment	million US dollars	36.53	34.77	46.47
<b>Governance</b>				
Business ethics and anti-corruption study/examination coverage rate		100%	100%	100%
Number of corruption cases prosecuted		0	0	0
Number of hours of anti-corruption training	hour	122,635	133,857	215,822
Number of accredited information security incidents		0	0	/
<b>Economic Performance</b>				
Operating income	million US dollars	26,236	28,136	27,293
Sales of package meat + pork	10,000MT	715.5	736	768

<sup>19</sup> In 2023, we included the number of complaints for our global operations excluding U.S. and China, and in 2022, China and the U.S. were included.





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