



Labixiaoxin Snacks Group Limited 蠟筆小新休閒食品集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 1262

Environmental, Social and Governance Report

2023



Environmental, Social and Governance Report

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1. ABOUT THIS REPORT

1.1 Overview

The Report is the eighth environmental, social and governance report (the “ESG Report”) prepared and issued by Labixiaoxin Snacks Group Limited in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange. The Report discloses the Company’s responsible practices in relation to its shareholders, customers, employees, partners, the environment, communities and other key stakeholders, as well as its environmental, social and governance (the “ESG”) performance. The Report covers the financial year from 1 January 2023 to 31 December 2023 (the “Reporting Period”), with some important information backdated to previous years.

1.2 Basis of Preparation

The preparation of the Report is based on the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange and the Review of the Environmental, Social and Governance Reporting Guide and related Listing Rules Appendix 27 (“Environmental, Social and Governance Reporting Guide”), with reference to the Guidance on Climate Disclosures (《氣候信息披露指引》) issued by the Hong Kong Stock Exchange, GRI Standards of Global Reporting Initiative, Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China (CASS-ESG5.0), Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China 4.0 – Food Industry (《中國企業社會責任報告編寫指南4.0之食品行業》) issued by Chinese Academy of Social Sciences and ISO 26000: 2010 Guidance on Social Responsibility issued by International Organization for Standardization.

The Report is prepared based on the requirements set out in the abovementioned standards, and proceeded through identifying and ranking major stakeholders, identifying and ranking important ESG-related issues, defining the scope of the ESG Report, collecting relevant materials and data, preparing reports based on the information collected, and the report reviewing process by the Board, so as to ensure the materiality, quantification, balance and consistency of the content in the Report.

1.3 Reporting Scope and Boundaries

The policies and relevant data provided in the Report cover the head office of Labixiaoxin Snacks Group Limited (stock code 1262) and its three subsidiaries in Fujian, Sichuan and Anhui, and the scope of the Report is consistent with that of the annual report. Unless otherwise stated, the currency used in the Report is RMB.

1.4 Statement about Information and Assurance of Reliability

All information and data used in the Report are extracted from the Company’s formal documents, statistics reports and financial statements. Information of the Report are provided by the Group’s employees and partners, intended solely to disclose environmental, social and governance affairs of the Group, but not for commercial use. The Board of the Company undertakes that the Report does not contain any false records or misleading statements and is responsible for the truthfulness, accuracy and completeness of its contents.

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1.5 Reporting Specification

"Labixiaoxin", "the Group" and "we" in the Report all represent Labixiaoxin Snacks Group Limited.

1.6 Report Languages Available

The Report is publicly available in English and Chinese. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

1.7 Confirmation and Approval

The Report was confirmed by management and approved by the Board on 28 March 2024.

1.8 Feedback on the Report

If you have any questions or suggestions on the content of the Report, please contact the Administrative Department of Labixiaoxin Snacks Group Limited through the following means.

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Tel: 2536 9669

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2. INFORMATION OF LABIXIAOXIN

2.1 Group Introduction

Labixiaoxin (Fujian) Food Stuff Industry Co., Ltd. was established in 2000. After two decades of development, it has now become a leading snack food producer in China, exporting to more than 30 countries and regions across Europe, America, Southeast Asia and Africa. The Company's products cover a wide range of more than 300 varieties, which primarily include jelly puddings, popsicles, candies, baked goods, beverage, cooked food, fast food, and other snack food. In December 2011, Labixiaoxin Snacks Group Limited was officially listed on the main board of the Hong Kong Stock Exchange (stock code: HK.1262), becoming the first Jinjiang food corporate to entry into the capital market. Labixiaoxin has adhered to the product philosophy of "health and nutrition" to insist in using high-quality raw materials. The Group has three production bases in Fujian, Anhui and Sichuan and has approximately 1,200 employees.

In more than two-decade development, Labixiaoxin has been improving its equipment level, manufacturing capability, sound supply chain management capability and strict quality assurance system. In terms of products, Labixiaoxin continues to introduce new products and keeps pace with food industry trends. It successively introduced new snack foods such as fruit & vegetable blend jelly, peel-off juice gummy candy and double-protein pudding, which were align with current consumer preferences and brought consumers more choices of diverse and premium products and formed a diversified product portfolio. In terms of sales, through a mature distribution network, Labixiaoxin's high-quality products are widely available at home and abroad, forming a strong brand influence.

During the Reporting Period, the revenue from principal activities of Labixiaoxin was approximately RMB764 million.

2.2 Corporate Culture and Philosophy

Upholding the corporate mission of "creating a great health undertaking and building a century-old brand", Labixiaoxin is committed to providing consumers with healthy and nutritious products by embracing the corporate vision of "a leading brand in China's snack industry", taking the value of "hard working and struggle, innovation-driven, rigorous and self-disciplined, co-creation and co-sharing", enriching its brand concept of "stick to high-quality snacks, every bite is carefully selected" and adhering to the operation philosophy of "reaching and understanding customers' needs is the origin of our management".

Corporate core values:

- Hard working and struggle (new concept): Represent second entrepreneurial concept of establishing the culture of hard working and struggle for all employees; struggle concept of integrating the diligent culture into the organizations; benchmarking concept of forward-looking, down-to-earth and being practical.
- Innovation-driven (new model): Develop new channels to accelerate channel structural reforms; optimize product categories to expand presence of products; adopt innovative sales models to accelerate the exploration of e-commerce marketing methods; enhance brand image and lead the trend of health; improve mechanism construction and adopt innovative ways for system reform.

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- Rigorous and self-disciplined (new motivation): Strengthen the building of leadership among senior management with “top ten key rules”; establish a scientific and rigorous management style for middle management with military management; optimize work methodology and behavioral models with code of conduct.
- Co-creation and co-sharing (new value): Adopt equity co-sharing and undertaking co-creation for senior management; implement platform co-creation and wealth sharing for distributors; implement quality symbiosis and benefit sharing for suppliers; implement project partnership and results sharing for management; implement all staff co-creation and platform fission for marketing.

2.3 Patents, Innovations and Honors

2.3.1 Labixiaoxin’s Patents and Innovations

On the way to the innovation and promotion of Chinese snack foods, Labixiaoxin has always been committed to self-reform. By relying on the National Health and Production Commission Functional Food Research Institute (全國健產委功能食品研究院) and its own Technology Research and Development Center, the Group has setup a comprehensive technology research and innovation system, establish a think-tank integrating National Health and Production Commission and the Secretariat of the Functional Food Association, adopt the human resources development model which “introducing high-tech talents, cultivating and enhancing the level of corporate technological personnel” on the basis of “cooperation with universities and scientific research institutes” to launch high-quality and diversified new products with innovation.

Patent certificates and awards in recent five years:

- September 2019: First Class Prize of Fujian Provincial Technological Progress Award 2018;
- November 2022: Third Class Prize of Fujian Provincial Technological Progress Award 2021;
- 2022: A total of 7 patents have been applied for and accepted;
- 2023: A total of 7 patents have been applied for and accepted.

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2.3.2 Labixiaoxin's Major Honors in Recent Five Years

Social recognition:

- May 2018: MIIT Certification for the Integration of Informatization and Industrialization Management System;
- May 2019: "Outstanding Enterprise" of Bakery & Confectionery Industry at the 40th Anniversary of China's Reform and Opening-up;
- September 2019: Outstanding Enterprise at the 40th Anniversary of China's Reform and Opening-up;
- October 2019: Municipal-level Key Leading Enterprise of Quanzhou's 9th Agricultural Industrialization;
- May 2022: Human Resource Advanced Enterprise of Jinjiang;
- November 2023: First Top 100 Leading Enterprises in the Agricultural Industrialization of Fujian Province.

Brand reputation:

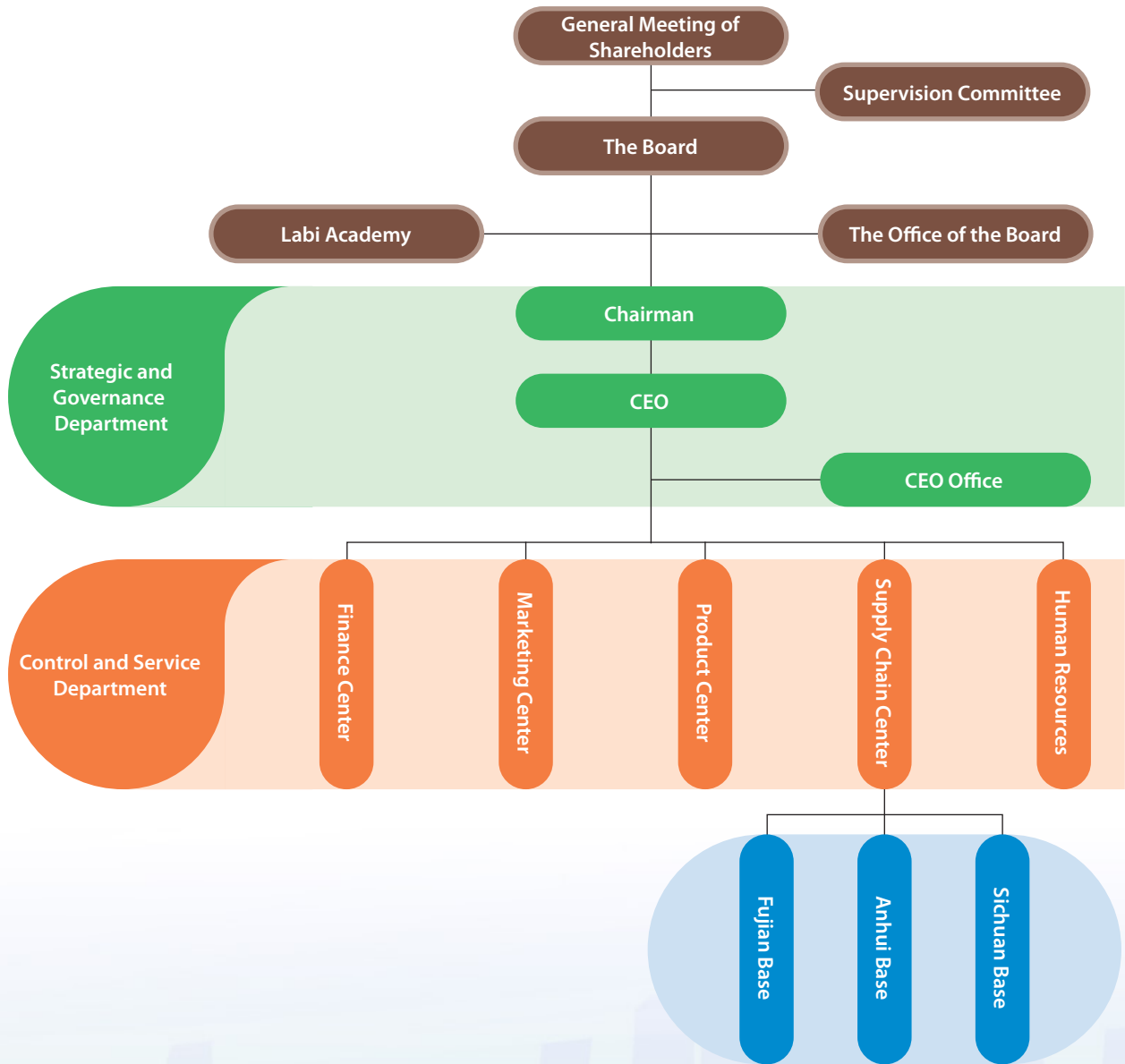
- May 2020: "Labixiaoxin" brand value amounting to RMB2.941 billion based on the evaluation of China Council for Brand Development;
- January 2021: Provincial-level Key Leading Enterprise of Fujian's Agricultural Industrialization appraised by the Fujian Provincial Department of Agriculture and Rural Affairs;
- 2023: Internationally Renowned Brand appraised by the Fujian Provincial Department of Commerce.

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2.4 Corporate Governance

2.4.1 Corporate Governance Structure

The Group is committed to maintaining a high-standard corporate governance structure. The Board is the highest authority of the Group, responsible for the Group's strategic planning and the daily operational management, so that the healthy development of the Company and the win-win situation with all stakeholders can be guaranteed. The Board has set up three specific committees, namely the audit committee, the nomination committee and the remuneration committee.



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The Board of the Group currently comprises 7 members, including 3 executive directors, 1 non-executive director and 3 independent non-executive directors.

Executive Directors:

Mr. Zheng Yu Huan (*chairman*)
Mr. Zheng Yu Shuang (*chief executive officer*)
Mr. Zheng Yu Long

Non-executive Director:

Mr. Li Hung Kong (*vice chairman*)

Independent Non-executive Directors:

Mr. Li Biao
Ms. Guo Li
Mr. Chung Yau Tong

2.4.2 Integrity Management

Labixiaoxin strictly complies with the Criminal Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations, resolutely prevents and eradicates bribery, extortion, fraud and money laundering acts. The Group values the integrity culture cultivation and education and adopts the zero-tolerance policy towards any act that will violate professional codes and business ethics. During the Reporting Period, there was no lawsuit due to the violation of laws and regulations in relation to anti-corruption, anti-bribery, anti-fraud and anti-money laundering.

In order to guarantee the realization of operating objectives and sustainable and sound development, Labixiaoxin has enhanced corporate governance and internal control, established a series of effective anti-fraud mechanisms, with focus on procurement, marketing and other high-risk areas, so as to prevent and discover fraud practices in time. In the meantime, Labixiaoxin further improve employees' integrity awareness through the promotion of integrity culture.

Improvement of supervision mechanism:

- The Group establishes the corruption monitoring point, which imposes punishments including warning, removal and termination of labor contract based on the seriousness of relevant cases when it discovers employees' violation of business ethics and labor discipline;
- Supervision and reporting channels are established, including online reporting, whistleblowing hotline, general manager suggestion boxes, and letters and petitions, to make it clear that employees of Labixiaoxin and parties connected with Labixiaoxin can raise concerns, reporting and investigation procedures for any possible misconduct related to Labixiaoxin;
- Confidentiality agreements and integrity agreements are signed with suppliers and distributors to increase the cost of upstream and downstream bribery, and the head of the procurement department and the chairman of the Group directly manage relevant data, so that the fraud risk can be controlled at source;

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- The Group has set up a digitalized intelligent procurement system, which automatically evaluated and rated the evaluation factors such as price, quality and delivery provided by suppliers, effectively reducing human intervention, so as to improve the transparency and fairness of procurement;
- The control over integrity management shall be enhanced. With the exception of the procurement department, gifts received with a value of RMB100 or above shall be reported to the Group, and gifts received by the procurement department shall be submitted as hospitality supplies.

Creation of integrity culture:

- New employees are required to sign the Letter of Integrity and Self-discipline, which regulates the behaviors of employees and clarifies employees' responsibility of conducting honest business practices;
- The Group realized visual management of employees' field affairs, and required all employees to carry out various tasks with fairness, integrity and honesty;
- The Group values the corruption risk education to employees, organizes corruption risk warning education activities, invites experts from the judicial system and the public security system to give lectures on integrity regularly, so as to improve employees' integrity awareness;
- Legal departments are regularly invited to offer training on legal knowledge to the Board and middle and senior management members of the Group, thereby creating a clean and honest corporate environment.

In 2023, the Group launched the theme activity of "Upholding Integrity in Mid-Autumn Festival and National Day (廉潔過中秋, 清風拂國慶)" during the respective holidays. The event featured a "Labixiaoxin Integrity Double Festival Garden Party (廉潔蠟筆雙節遊園會)", in which the staff not only improved their understanding of anti-fraud knowledge but also enhanced their collective cohesion by participating in the colorful game sessions such as the anti-corruption quiz. By integrating education with entertainment, the Group successfully embedded the culture of integrity into the hearts of each employee, so that the corporate culture of integrity can take root within them.



The "Upholding Integrity in Mid-Autumn Festival and National Day (廉潔過中秋, 清風拂國慶)" Event

2.4.3 Internal Audit Standards

Labixiaoxin strictly complies with the Company Law of the People's Republic of China, the Corporate Internal Control Audit Guidelines (《企業內部控制審計指引》) and relevant laws and regulations of the State. In accordance with the aforesaid laws and regulations, it has set up the internal control audit standards, and ensures the smooth and effective business operation, the reliability of financial reports and the compliance with relevant laws and regulations through monitoring the operation of internal control system, checking accounting records and relevant assets, monitoring the execution of preliminary and actual budgets and financial income and expenditures, and assessing benefits of major economic activities. Labixiaoxin carries out special audit projects on a regular basis, gives full play to the supervision function of audit works, and effectively monitors the rectification of relevant issues, so as to ensure that the internal operation of the Group complies with laws and regulations.

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3. ESG MANAGEMENT

3.1 ESG Management Principle

While focusing on production, Labixiaoxin always makes repaying society as the shared core value for its management and employees. We incorporate the concept of sustainable development into the gene of corporate culture. The Group actively fulfils its social responsibilities and is committed to protecting the health of consumers, creating win-win opportunities for shareholders and partners, and contributing to the progress of society.



Since the establishment of Labixiaoxin, the Group has always adhered to the principles of “Four Persistences”:

- The Group sticks to the “green food” management principle to guarantee the safety, quality, healthiness, and nutritiousness of the products it offers;
- The Group never stops offering care and support to its employees to enhance their sense of recognition and belongings to the Group. It resolutely safeguards employees’ benefits, and builds a working atmosphere that is harmonious and proactive;
- The Group strictly follows low-carbon and environmental friendliness rules in every aspect. It works hard to achieve energy conservation and emission reduction by increasing efficiency, minimize the impact on the environment, and promote sustainable development;
- The Group makes relentless devotion to charity cause, fulfills corporate social responsibility, delivers care and health to communities and the public and contributes to the healthy development of communities and the public.

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3.2 ESG Management Mechanism

To ensure the implementation and execution of the ESG management strategy, Labixiaoxin incorporates ESG management work into its daily operating activities and establishes a three-tier ESG management system, the core of which consists of the Board of the Group, the ESG Management Group and the ESG Working Group.



The Board: It is the top decision maker of the ESG management system of the Group and is responsible for identifying and assessing ESG related risks, ensuring that the Group has set up appropriate and effective ESG risk management system and internal control system, and reviewing the annual ESG report and work plan.

The Management Group: It is composed of the management of the Group, and mainly serves as the supervision function in the ESG management system. It is responsible for monitoring and managing the daily operation of ESG risk management and internal control systems, coordinating the daily work of the ESG Working Group and reporting the operation of the systems to the Board on a regular basis.

The Working Group: The ESG Reporting Group is formed by core departments including the Sales Department, the Human Resources Department, the Procurement Department, the Quality Inspection Department and production bases of the Group. It is responsible for executing all ESG related work, including collecting data, preparing report, communicating with stakeholders, arranging exchange and training activities, and at the same time, it leads the implementation of ESG work to help the Board and the ESG Management Group to assess whether the Group’s ESG management system is appropriate and effective.

3.3 Communication with Stakeholders

Based on its business scope and nature of production and operation, Labixiaoxin identified stakeholders who have decision-making power and influence on the operational matters of the Group, including its employees, customers, suppliers, investors, local communities, government and non-government organisations. Effective engagement of the stakeholders is crucial to Labixiaoxin’s ESG management. Therefore, the Group attaches great importance to the communication with stakeholders and is dedicated to setting up a normalized, open and transparent communication mechanism for stakeholders, which is a key measure for Labixiaoxin to fulfill and promote social responsibility. Through close communication and information sharing with the stakeholders, the Group can further understand stakeholders’ expectations and demands on Labixiaoxin’s assuming social responsibility. While striving to fulfill the basic social responsibility, the Group endeavors to integrate the demands and concerns of stakeholders into the operation and decision-making process, thereby achieving a win-win situation with stakeholders.

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Communication Mechanism for Stakeholders

Stakeholders	Shared Targets	Communication and Feedback Channels
Shareholders and investors	<ul style="list-style-type: none"> • Assets preservation and appreciation • Steady growth in return on investment • Risk and crisis management • Development of new markets and new opportunities 	<ul style="list-style-type: none"> • General meeting of shareholders • Annual report • Special meetings • News and announcement published on the website
Government and regulatory authorities	<ul style="list-style-type: none"> • Operation compliance • Tax compliance • Contribution to local economic development 	<ul style="list-style-type: none"> • Supervision and performance evaluation • Correspondence • Voluntary tax payment • Special meetings
Consumers	<ul style="list-style-type: none"> • Product safety and quality • Smooth feedback channels • Customer satisfaction • Diverse product choices 	<ul style="list-style-type: none"> • “Green food” management principle • Customer service hotline • WeChat official account/official Weibo • Online mall • Product quality management system
Suppliers	<ul style="list-style-type: none"> • Fair, open and impartial procurement • Supply chain management • Code of business conduct and anti-corruption • Long-term and stable cooperative relationship 	<ul style="list-style-type: none"> • Supplier site visits • Supplier tendering • Supplier meetings • Distributor training • Supplier strategic cooperation negotiation
Environment	<ul style="list-style-type: none"> • Environmental protection • Energy conservation and emission reduction 	<ul style="list-style-type: none"> • Regular environmental assessment • Technology upgrading • Environmental management plan
Employees	<ul style="list-style-type: none"> • Occupational health and safety • Wages, benefits and security • Employees’ rights and interests • Occupational growth platform 	<ul style="list-style-type: none"> • Employee activity • Occupational health and safety management system • Employment and employees’ rights • Employee training and development • Labi academy • Enterprise journal
Communities	<ul style="list-style-type: none"> • Public welfare undertaking • Activities for repaying the community • Contribution to local economic development 	<ul style="list-style-type: none"> • Support development of education industry • Products donation and charitable contribution • Be warmhearted to public service • Stimulation of local industrial development

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3.4 Analysis of Material Issues

Since its establishment, Labixiaoxin has been keeping sound communication with stakeholders, timely understanding and actively responding to stakeholders' requirements so as to constantly improve the Group's sustainable development ability. On the basis of requirements of the ESG Guide of the Hong Kong Stock Exchange and with reference to practices of leading enterprises at home and abroad, Labixiaoxin systematically analyzes, classifies, selects and ranks issues that reflect the Group's economy, the significant environmental and social impact and those have material impact on stakeholders' assessment and decision making, which is taken as the important basis of managing and public disclosing ESG information.

Identification of Issues

Labixiaoxin focuses on characteristics of its business and key areas of the industry. The Board is responsible for identifying and assessing the impact and possible risks the Group's businesses may bring to the environment, the society, and the corporate governance, identifying material environmental, social and operational issues after the consolidation in accordance with the ESG Guide, and taking such identification and assessment as the basis to analyze material issues.

Surveys and Research

The ESG Working Group conducts group discussion and personal interviews with stakeholders for communication and exchange, so as to understand the issues stakeholders prioritize and assess the materiality of various issues.

Questionnaire Surveys

The ESG Working Group invites stakeholders to evaluate the materiality of all issues by way of questionnaire, so as to collect accurate and specific data, and further measure and analyze stakeholders' judgments on importance to material issues.

Screening and Assessments

Based on the results of surveys and research, the ESG Working Group assesses different material issues from two perspectives, i.e. the importance of the impact on corporate internal development and the importance of the impact on stakeholders, and prioritizes the importance of respective issue in order to obtain the materiality matrix. The relative importance of various issues is identified through matrix analysis.

Review and Confirmation

Through the abovementioned assessing process, 15 key ESG issues that are important to the Group are identified; by the review of the Board and the ESG Management Group, they become the core part of the Report, which means that Labixiaoxin should focus on the monitoring and management of such issues and disclose relevant information.

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Labixiaoxin's ESG Material Issues

Environmental issues	Social issues	Operational issues
1 Environmental protection 2 Use of resource 3 Waste treatment	4 Employees' salary and benefits 5 Employees' occupational health and safety 6 Employee development and training	7 Supply chain risk management 8 Promote supply chain to perform social responsibility 9 Food safety and nutritiousness 10 Product quality management 11 Customer service 12 Intellectual property protection 13 Anti-corruption 14 Community activity 15 Public welfare undertaking

Materiality Matrix of Labixiaoxin's ESG Material Issues



Importance to Corporate Internal Development

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4. CONTINUOUSLY EMBRACE INNOVATIONS AND KEEP MOVING FORWARD

4.1 Diversified Product Portfolio

Since its establishment in 2000, Labixiaoxin has always been consumer-centric, focusing on the snack food industry, and has accumulated more than 20 years of experience in the industry. In the face of increasingly diversified and personalized consumer demands, the Group has insisted on improving the taste of its products through technological innovation and satisfying the needs of various consumer groups with product innovation, and has built up a rich and mature product portfolio of leisure snacks, including jelly puddings, popsicles, candies, cooked food, beverages and others. To meet the market demand in 2023, Labixiaoxin has launched the following featured product series:

- Jelly pudding series: green plum konjac jelly, green plum konjac & coconut jelly, fruit-flavored jelly, fruit & vegetable blend jelly, fresh Q mixed jelly bucket, creamy coconut milk pudding, double-protein pudding;
- Popsicle series: yogurt ice cream flavored pudding, crushed fruit ice milk stick, probiotic smoothie popsicle, smoothie popsicle;
- Candy series: Meiqu (美趣) peelable juice fudge, coconut delight candy, sculpting fudge, sculpting fudge handbag, creamy milk crisp, black truffle cocoa cereal crisp;
- Cooked food series: hot pot shrimp slider, boneless chicken feet, shrimp cakes with fruits and vegetables, low-fat shredded konjac;
- Beverage series: fresh Q vitamin C juice tea, chilled mango sago cream with pomelo, passion fruit & pineapple fusion, high-fiber juice blend, drinkable white fungus botanical beverage.

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4.2 Iterative Product Innovation

In 2023, Labixiaoxin continued to dig deeper into the insight of consumer needs, adhered to the strategic policy of leading the market with products and driving development with innovation, and continuously explored and developed products that are in line with current social trends and consumer preferences. On top of ensuring and improving product quality, Labixiaoxin places greater emphasis on the research and development of products in terms of health and nutrition to meet the new demands of today’s consumers for food quality, and is committed to delivering leisure food that is both healthy and delicious to every consumer. In the process of product iteration and optimization, Labixiaoxin has been skillfully applying the law of innovation, continuing to develop and design products in terms of balanced nutrition, healthy and delicious, and green packaging, introducing a series of tasty and nutritious leisure snacks, endowing its products with differentiated competitive advantages and gaining the love and recognition of consumers.

“Fresh Q Fruit & Vegetable Blend Jelly” boasts an impressive 68% real fruit juice content, and the entire product line meets the four “zero” standards of zero fat, zero artificial colors, zero artificial sweeteners and zero trans fats, guaranteeing the purity and health of the food.

The “Double-protein Pudding” series blends an array of plant proteins, including coconut milk powder, oatmeal powder and rice protein powder, with premium milk protein sourced from New Zealand. Through a homogenized emulsification process, each cup of pudding boasts a milk protein content of $\geq 1.4\%$, allowing consumers to enjoy the smooth and luxurious texture while benefiting from a diverse spectrum of high-quality dietary nutrients.

“Yogurt Ice Cream Flavored Pudding” is a tender yogurt-flavored pudding at room temperature and has a luscious ice cream mouthfeel after freezing, which offers a unique taste experience, blending two beloved treats into one and providing consumers with the dual enjoyment of ice cream and pudding.



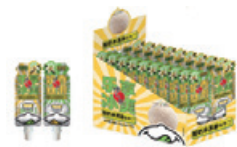
Fresh Q Fruit & Vegetable Blend Jelly



Yogurt Ice Cream Flavored Pudding



Double-protein Pudding



Yogurt Ice Cream Flavored Pudding

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4.3 Omni-channel Product Operation

In terms of product operation, Labixiaoxin has realized digital innovation and marketing innovation, promoting the upgrading of the “online + offline” omni-channel layout. During the Reporting Period, Labixiaoxin had a large sales network of thousands of distributors and tens of thousands of retail terminals, covering 33 provinces, cities and special administrative regions across China.

Offline channels:

The year 2023 marked the onset of the post-epidemic era, during which offline sales channels experienced a slow recovery in customer traffic and traditional supermarket channels still encounter significant obstacles in driving sales growth. In this situation, in addition to maintaining strategic partnerships with many well-known retail giants at home and abroad such as Wal-Mart, RT-Mart and Carrefour, Labixiaoxin has grasped the fast-growing leisure snack sales channel and reached in-depth cooperation with many leisure snack chain brands such as Ball & Chain, Busy for You and Super Ming, successfully driving sales growth and significantly enhancing the brand influence of Labixiaoxin among young consumers. In addition, Labixiaoxin emphasizes end-user marketing for its quantitatively packaged products, explosive products and bulk packaging options, adopts a variety of merchandise display methods such as grouped hanging displays, individual product showcases and centralized displays to bolster the visibility and marketing of key products, and by initiating thematic campaigns such as “Candy in Action”, intensifies its efforts to penetrate the end-user market channels.



Labixiaoxin's End-user Marketing Strategy

In order to strengthen communication and cooperation with offline distributors, Labixiaoxin held a number of distributor business consensus meetings in Jiangsu, Sichuan, Henan, Jiangxi, Guangdong and other provinces across China in 2023, where it had in-depth exchanges with distributors centered on the theme of “solidifying new objectives and reinvigorating efforts” in respect of the marketing strategy of “new products, new channels and new models”, listened attentively to feedback from various regional markets and reached a broad consensus on win-win cooperation with distributor partners.



Distributor Business Consensus Meetings

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Online channels:

In 2023, Labixiaoxin continued to maintain good cooperation with major e-commerce platforms such as Tmall, JD.com and Tik Tok, and increased its layout in the sections of brand live-streaming, live-streaming by influencers and short-video live-streaming sales promotion. Meanwhile, Labixiaoxin continued to deploy on social media platforms such as Xiaohongshu, Tik Tok, Weibo, etc., forming a brand promotion matrix and creating a good brand image of snacks, which has effectively contributed to sales growth and brand promotion. In addition, during the Reporting Period, the Group concentrated its efforts on creating an in-house short-video production team dedicated to crafting high-quality content for product and brand promotion. These short videos were strategically disseminated through specialized channels, successfully reaching millions of potential customers and achieving over one hundred million product exposures.



Live-streaming Sales Promotion by Cooperative Influencers

Labixiaoxin’s keen understanding of sales trends and its upgraded “online + offline” omni-channel layout have enabled the Group to achieve new heights in sales volume in 2023. Not only did the Group uphold its position as the leading company in the jelly category in the face of fierce market competition, but it also greatly increased its market share in the jelly sector, realizing a new breakthrough in brand influence.

5. FULL NUTRITION AND ASSURED QUALITY

Labixiaoxin consistently adheres to the management concept of providing “green food”, prioritizes consumer interests, aims to provide consumers with high-quality, safe and nutritious foods and strives to make contribution to people’s healthy lifestyle. Labixiaoxin strictly complies with a series of laws and regulations on food production and operation, food package, food safety and utilization of food additives, including the Food Safety Law of the People’s Republic of China, GB14881-2013 National Standard of Food Safety – General Hygienic Regulation for Food Production (《GB14881-2013食品安全國家標準食品生產通用衛生規範》), Food Hygiene Supervision Procedures (《食品衛生監督程序》), GB12695-2016 National Standard of Food Safety– Hygienic Regulation for Beverages Production (《GB12695-2016食品安全國家標準飲料生產衛生規範》) and GB7100-2015 National Standard of Food Safety – Cookies (《GB7100-2015食品安全國家標準餅乾》), so as to ensure strict compliance with relevant laws and regulation during the process of production and processing, packaging, storage and transportation and to resolutely guarantee product quality and safety.

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With the increasing awareness of healthy diet among Chinese consumers in recent years, Labixiaoxin has continued to innovate in pursuit of a healthy and quality development direction. In order to accurately control product quality, we invested a total of more than RMB9.90 million in 2023 to upgrade production equipments and procedures with new processes and technologies, aiming to ensure product quality in all aspects.



Examples of Quality Upgrading

5.1 Product Quality Management System

Labixiaoxin regards quality as the lifeline of brand, adheres to execute strict quality control measures from the source of supply chain to the marketing terminal, and makes every product with “craftsmanship spirit” that relentlessly seeks for ever greater perfection. Labixiaoxin diligently ensures the annual endorsement of its quality and safety system. During the Reporting Period, Labixiaoxin achieved renewal and certification from a third-party professional certifying body for GB/T19001/ISO9001 Quality Management System Certification, HACCP Management System Certification, BRC Food Safety Global Standard Certification and Halal Certification.

In addition, the Group regularly performs internal audits and self-inspections of its quality management system, and provides trainings to the management and all staff on the quality system and related laws and regulations. With years of development and accumulation, Labixiaoxin has established a set of mature and effective product quality management system.



Product Quality Management System

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5.2 Supply Chain Management

Labixiaoxin has been adhering to the faithfulness and win-win philosophy in operation, continuously improving the supply chain management and collaborating closely with both upstream and downstream partners to create shared success. Through the implementation of a scientific and strict supplier selection and assessment system and the complete supplier assessment management system, Labixiaoxin creates a level-playing field for suppliers and guarantees the quality of products from source.

In accordance with the Supplier Management Regulations (《供應商管理規定》), Labixiaoxin mainly adopts the procurement management strategy of centralized procurement by the Group and selected high-quality suppliers through open tenders. At the same time, through the form of separation of power and responsibility management, the procurement of materials with minor market variations, such as cartons and other items that do not directly affect the product, is delegated to each production base for independent purchasing, which has effectively reduced procurement costs and risks while enhancing procurement efficiency.

In order to ensure the quality of procurement, the Group implements a comprehensive supplier site visit policy to conduct a thorough and comprehensive multi-dimensional investigation into the suppliers' technical standards, quality inspection standards, equipment status, brand awareness and quality assurance methods. In 2023, the Group added a new position of resident engineer, who is responsible for conducting on-site flight inspections of suppliers, focusing on evaluating suppliers' inventory, safeguarding services, production levels and other aspects, with comprehensive inspections spanning all supply categories. Meanwhile, the Group also included suppliers' production environment, packaging materials, staff management and other social benefit factors into the scope of inspection to ensure that the qualifications of our approved suppliers meet Labixiaoxin's requirements while urging them to make continuous progress in fulfilling their social responsibility.

In 2023, the supply of raw materials for Labixiaoxin was guaranteed to be sufficient. The Group actively tried to find substitutes for raw materials that had a more significant rate of price rise, in order to reduce the costs of the relevant raw materials, while meeting the relevant requirements of quality, taste, health and nutrition. In addition, Labixiaoxin managed to control raw material costs through a series of means including price locking, formula adjustment, stocking up in advance, negotiations and purchasing raw material futures, realizing a reduced consolidated raw material procurement cost in 2023, which alleviated the capital pressure brought by procurement and enhanced the market competitiveness of its products.

The Group assesses suppliers based on the four dimensions of quality, price, delivery and service, and manage suppliers in a hierarchical manner based on assessment results. Labixiaoxin will continue to establish stable partnerships with excellent A-grade suppliers and provide them with preferential policies, propose improvement deficiencies to potential B-grade suppliers as well as coaching and support to qualified C-grade suppliers, and eliminate unqualified suppliers in order to ensure the high quality of raw materials for its products. Labixiaoxin adopts a multi-supplier joint supply model. For each product, Labixiaoxin requires two to three suppliers as much as possible, and purchases are made according to the supplier's rating in accordance with the "3-7" or "5-3-2" purchasing ratio, which not only establishes a long-term partnership with each supplier, but also ensures that the Group is in control of the purchasing initiative and reduces purchasing risks.

During the Reporting Period, Labixiaoxin established sound cooperative relationships with 373 suppliers of raw materials, auxiliary materials and packaging materials, including 171 suppliers from local production bases (in Fujian province, Anhui province, and Sichuan province) and 202 non-local suppliers, with local suppliers accounting for 45.84%.

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Regional Distribution of Suppliers

Province	2023	Percentage (%)
Beijing	6	1.61%
Tianjin	4	1.07%
Hebei	6	1.61%
Liaoning	2	0.54%
Shanghai	20	5.36%
Jiangsu	15	4.02%
Zhejiang	23	6.17%
Anhui	24	6.43%
Fujian	127	34.05%
Jiangxi	7	1.88%
Shandong	24	6.43%
Henan	13	3.49%
Hubei	10	2.68%
Hunan	0	0.00%
Guangdong	57	15.28%
Guangxi	1	0.27%
Hainan	6	1.61%
Sichuan	20	5.36%
Chongqing	1	0.27%
Yunnan	1	0.27%
Shaanxi	0	0.00%
Gansu	3	0.80%
Inner Mongolia	1	0.27%
Import	2	0.54%
Total	373	100.00%

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5.3 Production Control and Management

To maintain better quality control in each production process, Labixiaoxin strictly implements a series of system and regulations for the production control and management, including the HACCP Program and the Hygiene Standard Operation Procedures (《衛生標準操作程序》), in accordance with relevant laws, regulations and the requirements of respective quality management systems and by taking into consideration the actual development, so that it can ensure the standardization and professionalism of production procedures, production process and operation. In 2023, Labixiaoxin revised the HACCP Program and the Hygiene Standard Operation Procedures of the Group in accordance with the latest requirements of respective quality management systems.

1) *HACCP Program (Hazard Analysis and Critical Control Point for Food Safety)*

The HACCP Program serves as both a framework and the regulatory document for the Group's food safety management, which stipulates the organizational structure of the food safety team of Labixiaoxin, product description, production process flow chart, production process description, hazard analysis worksheet, HACCP plan table, corrective procedures and verification procedures. It defines the process composition, the process sequence, and the interaction between processes necessary for the HACCP Program, and the guidelines and methods for effective control of critical control points. Through monitoring, measurement and analysis, it takes necessary improvement measures to ensure the implementation of Labixiaoxin's food safety policies and objectives.

2) *Hygiene Standard Operation Procedures*

Hygiene Standard Operation Procedures are the basis and guarantee of the Group's HACCP Program, which set out the standards of performing cleaning, disinfection and hygiene procedures in the course of food processing, and clarifies the monitoring of eight key production elements, i.e. water quality monitoring, food contact surface monitoring, cross contamination monitoring, disinfection and hygiene monitoring, pollutant monitoring, toxic chemical monitoring, employee health and hygiene monitoring, and insect pest monitoring, therefore further ensuring the healthiness and hygiene of products.

Labixiaoxin has achieved intelligent quality control across the entire product process through an information system, and the risk of product quality is managed in an informatized way from four dimensions, namely raw material inspection, production process, product delivery and SOP testing, with each functional department controlling the risk of different dimensions. Through the quantitative indicators of the system, Labixiaoxin can rapidly access real production information and promptly address critical issues. In response to the problems found, Labixiaoxin will facilitate inter-departmental information sharing and set up a quality improvement team as soon as possible according to the procedures, and the task force will execute 8D quality improvement projects to analyze and investigate the causes of the problems found, and then formulate and implement strategic solutions.



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To enhance the quality management awareness among production line management, strengthen production quality management and reduce customer complaints, Labixiaoxin launched an advanced training for team leaders on “Quality and Efficiency Enhancement” in May 2023, which targeted front-line management and quality management personnel across all bases. The training aimed to enhance the management capability of front-line management through training on the essential knowledge and skills of team leaders and their daily management duties. In addition, the training provided a comprehensive overview of food safety, food hazards, control of food contamination and other critical subjects, helping participants to gain a thorough understanding of the importance of food safety, and a clear grasp of the legal obligations and responsibilities incumbent upon food producers and operators, propelling Labixiaoxin’s safe operation and quality management to a new level.

5.4 Quality Inspection

Labixiaoxin continuously improves the product quality inspection system and strictly complies with the Group’s Regulations on Management of Annual Quality Objectives (《年度質量目標管理規定》) to ensure the high quality of products. After years of development, Labixiaoxin has established a comprehensive product quality inspection system:

1) *Inspection on raw materials*

Labixiaoxin requires that raw materials must be delivered together with a delivery inspection report provided by relevant vendor. The Group will gather samples from incoming shipments for testing in accordance with the requirements. Raw materials that do not meet the standards shall be returned by the Group. The quality inspection department shall arrange a third-party professional inspection institution to carry out quality inspection on key materials such as milk powder in accordance with relevant requirements.

2) *Inspection in the production process*

The Group’s QC staff shall carry out a series of pre-production inspections in accordance with relevant requirements, such as inspecting billboards, equipment, machine hygiene and various production resources, as well as verifying ingredient mixing processes, parameters, main materials, auxiliary materials and filtering devices, so as to ensure that the ingredient preparation process strictly follows the standard recipes.

In the production process, QC staff shall provide respective positions with inspection guidelines. Each position shall implement multi-tiered supervision measures, including self-inspection, inspections and real-time monitoring in accordance with the guidelines to ensure compliance with process requirements in both production and disinfection processes.

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3) *Final product inspection*

Inspectors are responsible for collecting and documenting samples from the process team or finished products in accordance with the Group's Product Outgoing Inspection Management System. The testing lab performs random sampling inspections on each batch of finished products, which generally include microorganism inspection, the appearance of raw materials, professional physical and chemical inspection, and issues inspection reports.

Meanwhile, the Group has formulated the Daily Control, Weekly Inspections and Monthly Reconciliation System for Food Safety (《食品安全日管控、周排查、月調度制度》) in 2023, establishing a working mechanism that ensures food safety through daily control, weekly inspections and monthly reconciliation. During normal production, food safety officers are responsible for conducting daily inspections according to the Food Safety Risk Control Checklist (《食品安全風險管控清單》), providing timely feedback on the existence of food safety risks and hazards, identifying the relevant accountable departments, and taking corrective actions. The food safety director or food safety officers shall organize at least one risk and hazard inspection per week to review frequent and high-risk concerns within daily food safety management, thereby ensuring that food safety risks remain under control. Each month, the principal person in charge of the enterprise receives a report on the month's food safety management and gives further instructions on forthcoming tasks. This mechanism ensures that food safety management is highly emphasized at all levels of the Group and that risk prevention and control measures are implemented and managed at all levels.

In 2023, in order to further improve product quality and ensure that the quality of our products meets corporate standards and satisfies the quality requirements of customers, the Group has improved its quality assessment system and formulated the Quality Assessment Management Regulations (《質量考核管理規定》), which specifies the rules on quality-related rewards and penalties applicable to staff and management in various positions within the production workshop, and is designed to encourage staff to enhance their efficiency in identifying defective products by offering incentives.

5.5 Warehousing and Logistics

For warehousing and logistics of products, Labixiaoxin has implemented strict management control measures to ensure effective protection of products during transportation and storage:

- Upon being rated as qualified, finished products are sorted and stored by product category and production batch in strict compliance with warehousing management requirements. Product stacking is performed in accordance with the principle of "off the ground and away from walls", ensuring that the storage environment is secure against rodents and moisture, and maintained at an appropriate temperature. In addition, the Group engages external professional teams every month to investigate the potential risks associated with warehouse hygiene and safety and to offer relevant solutions;
- Prior to product transportation, the logistics department is responsible for conducting a strict review of the hygiene conditions of vehicles delivering products and the qualification of drivers to ensure that all goods are transported by qualified vehicles and drivers. In addition, the Group regularly reviews the qualifications of its logistics service providers and performs consignee satisfaction visits every year to ensure that logistics companies uphold a superior level of service quality. If there is any issue in the logistics process, the Group will actively coordinate with relevant logistics service providers to conduct necessary investigations and handling;

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- By optimizing the transportation strategy, such as adjusting the radius of delivery region and reducing the turnaround times of goods, the logistics department has effectively reduced freight costs, transport time and the risk of loss of goods;
- The logistics department has enhanced the transportation process by introducing the function of reservation for transportation vehicles, which has effectively saved the waiting time and loading time of vehicles and significantly improved the logistics efficiency;
- Labixiaoxin regularly distributes logistics satisfaction survey questionnaires to collect distributors' satisfaction with logistics speed, freight and product damage handling, etc., and promote logistics service providers to continuously improve service quality and efficiency through distributors' feedback.

5.6 Product Traceability Management

Labixiaoxin has established a digitalized traceability system and rendered each product a unique product "ID card" relying on the advanced "one product, one code" information traceability system, realizing the informatization, visualization and precision of product traceability management. With the product association code, customers can trace the information about the whole product lifecycle from production, processing, logistics and consumption. In addition, the function of "point inspection through code scanning" enables customers to intuitively understand the quality inspection that Labixiaoxin has performed in each key production process, meets the core requirements that "the source can be traced back, the production can be visualized, the circulation can be tracked, the risk can be controlled, and the public can get involved", achieving an end-to-end and informatized trace of the whole chain.

Labixiaoxin also formulated the Quality Issues Management Standards (《質量事故管理標準》) and Recall and Withdrawal Control Procedures (《召回和撤回控制程序》), which provides detailed specifications on the definition of quality issues, the classification standards, the countermeasures for quality issues at different levels and the product recall and withdrawal procedures. Once the product recall is necessary, Labixiaoxin will implement hierarchical recall management in accordance with relevant requirements, and disclose key information such as the batch of products recalled, the time when the recall commences and the work procedures.

In addition, Labixiaoxin is advancing its "5G+Smart Factory" project, which will rely on the wide connectivity, large bandwidth, low latency and high security features of China Unicom's 5G network to enable managers to understand the operation status of each production line or equipment in the workshop, key parameters and various fault alarm information through real-time updated images and data. In 2023, the project commenced the infrastructure construction of the first phase of automation and MES management system, and has completed the development of the basic functions of key modules such as production modules, warehouse modules, equipment modules, SOP modules, etc. The Group plans to realize the interconnection and interoperability of all production elements and processes within the next five years, i.e. interconnections of equipment, personnel, materials and products, realizing real-time data tracking of the whole lifecycle of all production elements in the factory, creating a transparent and intelligent chemical factory, and comprehensively improving production management efficiency.

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5.7 Product Quality

The comprehensive product quality management system is the cornerstone to ensure the high quality of Labixiaoxin's products. During the Reporting Period, Labixiaoxin's product quality continued to be of a consistently high standard and realized 100% food safety qualification, and the number of products sold or shipped subject to recalls due to safety and health concerns was zero.

Product Quality Data for 2021-2023

Year	Product qualification ratio	Food safety compliance ratio	Percentage of products sold or shipped subject to recalls for safety and health reasons
2021	99.82%	100%	0%
2022	99.85%	100%	0%
2023	99.88%	100%	0%

5.8 Customer Service System

Labixiaoxin has always adhered to a customer-focused service attitude and insisted on implementing the operation philosophy of "being close to our customers and understanding their needs as the origin of our management", and is committed to creating superior and satisfactory consumption experience for consumers. Labixiaoxin has formulated the Customer Complaint Management System (《顧客投訴管理制度》) and the Customer Complaint Handling Process Specification (《客訴處理流程規範》) in accordance with the Consumer Rights and Interests Protection Law of the People's Republic of China and other laws and regulations to specify the extent of customer complaint service management and relevant work procedures, ensuring customer complaints are resolved effectively.

Labixiaoxin offers a variety of feedback channels for consumers in the market, including the national customer service hotline, online platforms such as the WeChat official account or the official Weibo, as well as offline in-person consultations with our business teams, guaranteeing prompt attention to consumers' opinions. The Group is equipped with professionally trained customer complaints specialists who are responsible for instantly communicating with customers to ensure that consumer complaints and feedback are handled appropriately.

Labixiaoxin strictly protects customers' rights and privacy, and adopts strict confidentiality measures for customer privacy information obtained through shopping channels, including requiring all employees to keep customer information absolutely confidential. The Group implements authorization management for all types of information generated from production and operation, and employees can only access information within the scope of authorization. In the meantime, the Group requires all personnel who have access to sensitive information to sign confidentiality agreements, and encourages employees to transmit data via the Group's internal information platform, so as to maximize the prevention of unauthorized disclosure of customer information.

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In 2023, in order to strengthen the concept of customer service, the Group has further enhanced the statistical method of product complaints: the number of product complaints is now calculated by not just counting the number of times of complaints but by considering the specific number of products involved in each complaint; and the computation of the complaint rate has been refined from a measurement based on the number of complaints/thousand tons of products to the number of complaints/total product count, so that every single complaint is acknowledged and addressed with the utmost attention. As a result of the change in product statistics methodology, the Group recorded 720 product complaints in 2023, with a customer complaint rate of 0.92/total product count.

Year	Number of product complaints	Complaint rate (times/kiloton)
2021	64 times	1.85 times/kiloton
2022	51 times	1.24 times/kiloton
2023	720	0.92/total product count

During the Reporting Period, the complaints were mainly about minor damages to the external packaging of the products during transportation, such as broken packages and liquid leakage caused by crushing of jelly puddings and other products. There were no complaints arising from issues such as food health concerns or infringement of customers' privacy and loss of customers' information, and all complaints were handled properly.

5.9 Intellectual Property Management System

5.9.1 Intellectual Property Protection

Labixiaoxin attaches great importance to the protection and management of intellectual property, strictly abides by relevant laws and regulations including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Copyright Law of the People's Republic of China, and has developed and implemented the Group's intellectual property protection strategies by taking account of its own actual situation. Labixiaoxin firmly believes that the protection of intellectual property rights is to protect innovation. In order to strengthen the management of intellectual property rights and better drive innovation and development, Labixiaoxin has established its intellectual property management system in accordance with the Standards for the Management of Corporate Intellectual Property Rights (《企業知識產權管理規範》) GB/T29490: 2013 for the purpose of improving its overall intellectual property management. In 2023, the Group will promptly upgrade its intellectual property management system in accordance with the new standard of Requirements for Corporate Intellectual Property Rights Compliance Management System (《企業知識產權合規管理體系要求》) GB/T29490: 2023 to ensure that its internal systems comply with the requirements of the latest version of the standard. During the Reporting Period, Labixiaoxin did not record any lawsuit caused by intellectual property infringement.

5.9.2 Eradication of False Publicity

Labixiaoxin strictly complies with the Advertising Law of the People's Republic of China and other relevant laws and regulations. Holding the attitude of being responsible to consumers, Labixiaoxin implements a strict internal audit process for advertisements and other information to be released through official channels and the same will only be released when the audit is passed.

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6. LOW CARBON AND ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Labixiaoxin actively responds to the national goal of “Achieving Carbon Neutrality before 2060” by promoting the development concept of “green production, green consumption, and green development”, and it is committed to building a healthy food company being in harmony with the environment. The Group strictly abides by the Environmental Protection Law of the People’s Republic of China, the Atmospheric Pollution Prevention and Control Law of the People’s Republic of China, the Water Pollution Prevention and Control Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and other relevant laws, regulations and standards for emission management requirements, strictly implements the Environmental Management Plan, and continuously strengthens the control and management of waste gas, waste water and wastes, therefore making contribution to the national green ecological construction. During the Reporting Period, Labixiaoxin did not record any violation of laws and regulations related to environmental protection.

6.1 Emissions

In 2023, Labixiaoxin continued to optimize process technology, updated high-performance environment-friendly production facilities, and upgraded facilities for disposing of emissions including waste water and waste gas, thereby effectively fulfilling its obligations to dispose of wastes in a way that complied with laws and regulations and controlling the environmental impact from production and operation.

Waste Gas

- In strict compliance with requirements of the local environmental protection bureau, the Group designates professionals every year to measure the emission of waste gas, and therefore ensures that the emission of waste gas meets national emission standards.

Waste Water

- Wastes and waste water produced during the production are mixed and grinded first, and then automatically gathered in the waste water treatment system through the pipeline, and discharged after reaching the emission standard;
- The rain and sewage diversion pipe network are regularly maintained to meet the relevant requirements.

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Solid Wastes

- Solid wastes are disposed in strict compliance with local requirements;
- Domestic wastes are collected and handled by city sanitation departments in compliance with local requirements;
- Recyclable wastes are collected by specialized plants in compliance with relevant requirements;
- Other solid wastes including used batteries and luminous tubes are sorted and stored as required and then collectively collected and treated by third parties.

During the Reporting Period, emissions of Labixiaoxin mainly included greenhouse gas generated by energy consumption and waste gas, waste water and solid wastes produced in the course of production and operation. As the total number of the Group's products increased from the level of prior reporting period, the overall data of packing scrap wastes, cans, and waste water recorded certain increase. Nevertheless, it is worth mentioning that by reducing the use of gasoline and natural gas, the Group has made considerable strides in lowering the total emissions of nitrogen oxides and carbon dioxide. Details of which are indicated as the table below:

Emission of Greenhouse Gas and Waste Gas

Emission type	Emission in 2022	Emission in 2023 ¹
Nitrogen oxides (NO _x)	4,388.08 kg	3,242.84 kg
Scope 1 ² carbon dioxide (CO ₂)	74,470.44 tons	56,787.05 tons
Scope 2 ³ carbon dioxide (CO ₂)	25,375.13 tons	29,907.77 tons
Density of carbon dioxide (CO ₂)	1.24 tons (CO ₂ e)/ton product	0.97 tons (CO ₂ e)/ton product

Discharge of Waste Water and Solid Wastes

Name of waste	2022 Total discharge (ton)	2023 Total discharge (ton)	2023 Density of discharge
Cartons	128.83	123.52	0.001 ton/ton product
Packing scrap wastes	148.94	162.61	0.002 ton/ton product
Cans	119.14	126.01	0.001 ton/ton product
Waste water	398,330	404,243	4.510 ton/ton product

¹ The data cover the emission of the Group's headquarters in Fujian and subsidiaries in Anhui and Sichuan
² Scope 1: Covers the carbon dioxide emissions from the Group's use of gasoline and natural gas combustion
³ Scope 2: Covers the carbon dioxide emissions generated indirectly from the Group's outsourcing power and steam

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6.2 Use of Resources

Labixiaoxin has been strictly abiding by the Energy Conservation Law of the People’s Republic of China, and actively optimizing energy structure, to ensure that environmental, social and governance considerations are always integrated into its core business operations, and actively promote social sustainability. In order to achieve the goal of energy conservation and emission reduction, the Group has continuously optimized the resource management standards and system, as well as focused on raising employees’ awareness of resource conservation to optimize the efficiency of energy utilization.

In 2023, Labixiaoxin has continuously adopted a series of measures regarding energy-saving and consumption-reducing. In terms of electricity saving, Labixiaoxin vigorously responded to the call of the state and local governments, rationalized its production arrangements, and implemented off-peak production to ease the pressure on regional power supply and reduce production costs. In the meantime, the Group strictly controlled the indoor temperature of air conditioning, set the power saving mode for the office equipment, and gradually upgraded the lighting of its production bases to sound-controlled lighting to minimize unnecessary energy wastage. In addition, the Group has actively explored green and low-carbon energy sources by collaborating with third parties to install solar photovoltaic panels, prioritizing the use of electricity generated from such panels.

In terms of water saving, labels for saving water are set in the factory by Labixiaoxin to strengthen the promotion and education of water saving; and further expanded the use of recycled water, with over 90% of the production lines using the recycled water to cool the system, saving 4,600 tons of water per day. In terms of energy management, the Group conducts monthly energy use assessment of the production units, and identifies exceptional use of energy in a timely manner by analyzing energy consumption, so as to prevent wasting energy. In the meantime, the Group regularly inspects and repairs steam pipelines and drain valves to effectively prevent steam leakage and reduce steam loss.

In 2023, Labixiaoxin carried out hundreds of equipment upgrades, replaced old equipment with new and optimized production process to improve the use efficiency of energy resource and reduce energy waste. In addition, Labixiaoxin has made its environmental targets specific and quantitative, combining the production targets of its major products with its environmental targets, and incorporating them into its annual management objectives. Through conducting the knowledge training regarding energy-saving and emission reduction as well as environmental protection, the Group also continually improved its systems for energy-saving and consumption-reduction management, promoted the energy-saving awareness of all staff, and developed good habits of energy conservation.



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During the Reporting Period, as the total number of Labixiaoxin's products has increased, the Group's primary resources has mostly increased from the level of prior reporting period. Nevertheless, the Group continued to vigorously promote measures to improve energy and resource efficiency. It is worth noting that the Group has achieved a significant decrease in the natural gas use, with only the Sichuan base currently using natural gas due to insufficient steam supply. In addition, there has been a significant reduction in total gasoline consumption through the reduction of vehicle use in the production bases. Details are set out below:

Table of Resource Consumption and Density

Resource category	Total resource consumption in 2022	Total resource consumption in 2023	Density
Electricity	14,068,262.74 kWh	14,386,166.48 kWh	160.52 kWh/ton product
Natural gas	272,246.02 m ³	57,040.38 m ³	4.58 m ³ /ton product
Steam	57,757.41 tons	72,440.94 tons	0.81 ton steam/ton product
Water	726,784.72 tons	897,111.09 tons	10.01 tons of water/ton product
Gasoline	22,551.80 tons	17,289.66 tons	0.19 ton gasoline/ton product
Packaging materials	12,395.05 tons	13,475.69 tons	0.15 ton packaging material/ton product

6.3 Environmental Impact Management

Labixiaoxin consistently sticks to the core concept that highlights the green and sustainable development, and attaches great importance to environmental protection and resource conservation. The Group incorporates the concept of energy conservation and emission reduction into production, operation and management, makes every effort to minimize the impact on the environment during production and operation, and positively responds to practical and potential environmental challenges.

In view of its business nature, the Group has not brought significant impact on the environment and natural resources because of the emission of slight nitrogen oxides and carbon dioxide generated in coal firing for production and the discharge of waste water and solid wastes produced in production. For emissions generated, Labixiaoxin has adopted scientific and effective treatment procedures, to ensure that the emission meets the requirements of national laws, regulations and policies on environmental protection.

In addition, Labixiaoxin has developed a series of stringent system documents, including the Environmental Protection Management System, the Environmental and Occupational Health and Safety Management Operation Control Procedures, the Emergency Plans for Environmental Pollution and Damage Incidents, and the Environmental and Occupational Health and Safety Emergency Response and Control Procedures. These systems aim to prevent the risk events that may have a significant impact on the environment and natural resources, and clarify the emergency plans and procedures to be adopted in case of such incidents, to ensure that the protection of the environment is always implemented in the most effective manner.

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6.4 Tackling Climate Change

Labixiaoxin is profoundly aware that climate change has a great impact on the natural environment and corporate development. Although there is no formulated management regulations that are directly related to climate change yet, the Group strictly implements regulations and arrangements on extreme weather stipulated by local government. To cope with possible unexpected weather conditions, the Group has formulated the Flood Control and Typhoon Prevention Emergency Plan (《防汛防颱風應急預案》). According to the Plan, an emergency team leader for flood control and fire prevention has been set up by the Group, and the team leader is responsible for promptly organizing the team members to take necessary safety measures for important locations such as warehouses, workshops, dormitories and boiler rooms when faced with a flood and fire situation. In 2023, in the face of Typhoon “Doksuri”, the Group responded swiftly by activating the Flood Control and Typhoon Prevention Emergency Plan in a timely manner, thus effectively avoiding large-scale impacts.

In addition, Labixiaoxin constantly pays attention to the risks brought by climate change, particularly the risk of extreme weather. To this end, the Group has formulated clear environmental and operational objectives, and established supporting and effective management criteria and mechanisms. Through regular training, education and drills, the Group continues to raise staff’s awareness of climate change and rectify potential problems to ensure the Group’s sustainable development.

7. CARING FOR EMPLOYEES AND PROMOTING THEIR GROWTH

7.1 Our Values

Labixiaoxin knows deep down that employees are our most valuable asset. We adhere to the people-oriented management philosophy, and advocate mutual respect, candid communication, fair evaluation and common development. Labixiaoxin endeavors to create a more suitable working environment for our employees, continually improves the living conditions for them, provides them with a broader career development platform, and strives together with our employees to achieve the long-term goals of the Group.

7.2 Employment and Interests of Employees

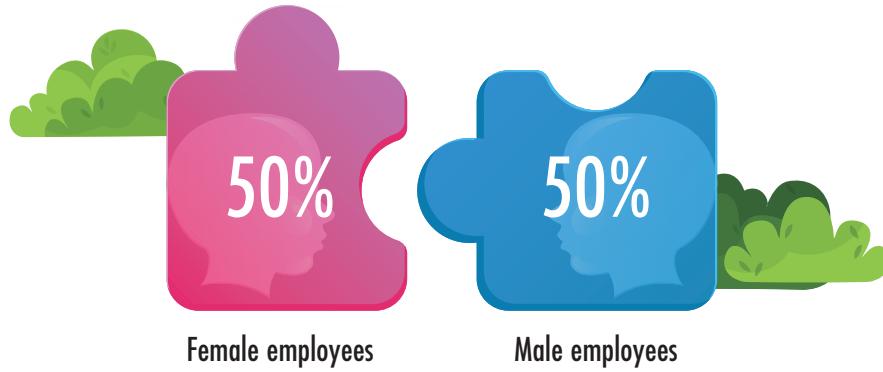
7.2.1 Employment

Labixiaoxin strictly follows the requirements stipulated in the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, Law of the People’s Republic of China on the Protection of Disabled Persons, Regulation on the Employment of the Disabled and relevant laws and regulations. The Group standardizes recruitment procedures and criteria based on its actual development requirements, and establishes a comprehensive remuneration and benefits system and employee promotion mechanism. The Group firmly prohibits the recruitment of child labor and forced labor, actively provides work supports to disabled employees, respects the culture and religious belief of each employee, and ensures employees of different genders, ages, skills, and educational background enjoy equal rights and opportunities. At the same time, Labixiaoxin has established feedback channels in respect of labor relationship, remuneration and benefits, and performance appraisal results to safeguard employees’ legal rights and interests in recruitment, promotion, dismissal, working hours, holidays and other aspects. During the Reporting Period, Labixiaoxin did not record the violation of relevant labor laws and regulations.

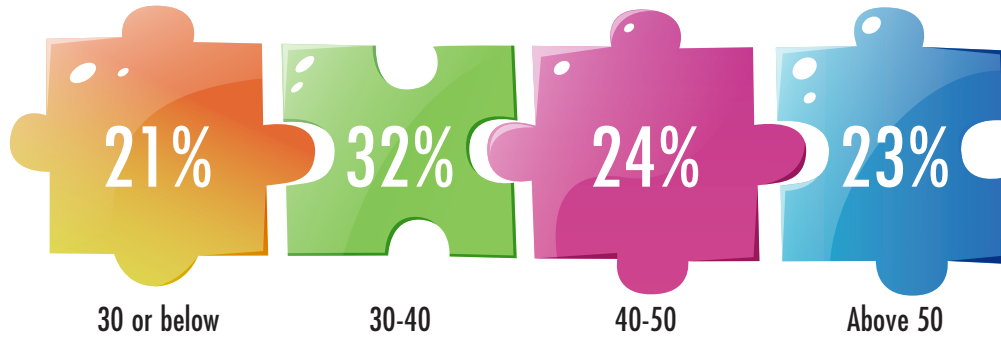
Environmental, Social and Governance Report

As at the end of 2023, the total number of employees reached 1,244, mainly based in Fujian, Sichuan and Anhui, among which:

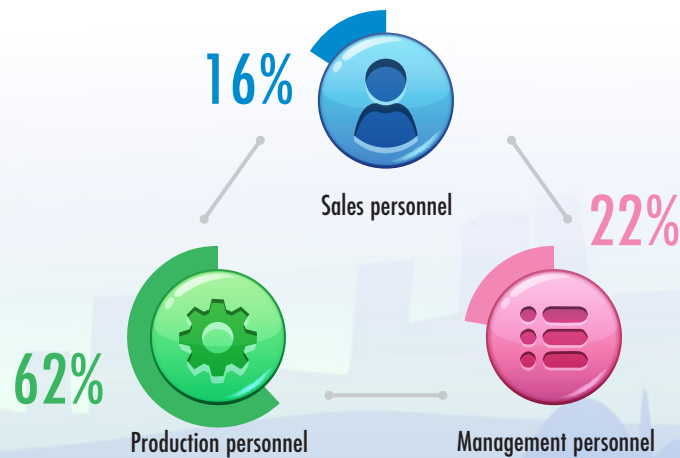
In terms of gender, there is a balance between male and female employees, with a total of 618 male employees and 626 female employees;



In terms of age, most employees fall in the age group of 30-40, accounting for 32% of the total number of employees;

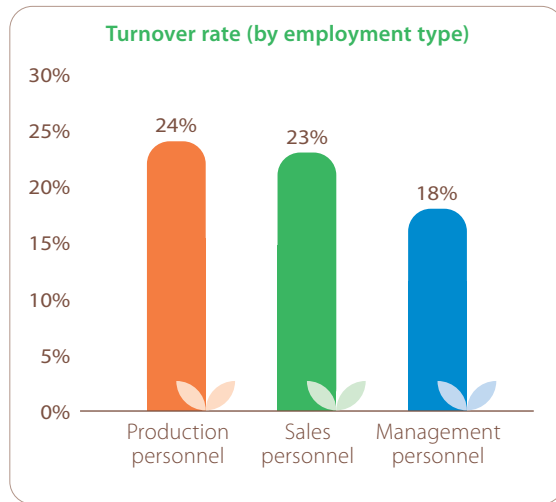
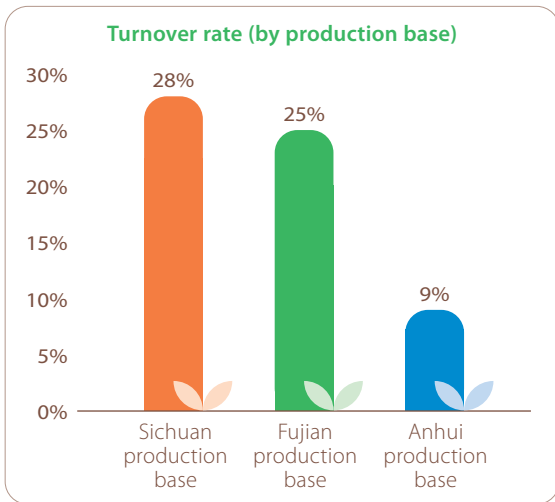


In terms of employment type, production personnel account for the largest proportion, being 62%;



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In 2023, the Group has optimized and upgraded its organizational processes and structure, effectively integrating business resources with the aim of enhancing the overall effectiveness of the team. However, the overall turnover rate has increased over last year due to a small reduction in the overall number of staff. According to the regions where the staff belong, the staff turnover rate of the Sichuan base was relatively higher. According to the employment type, the turnover rate of management personnel is about 18%, and the turnover rate of sales personnel and production personnel is about 24%. The Group will continue to monitor staff turnover and take steps to improve the situation.



7.2.2 Employees' Rights and Interests

Labixiaoxin deeply recognizes the importance of employees' sense of happiness, is committed to improving their work and life quality, and ensures that employees enjoy the benefits they are entitled to. In order to build a solid talent echelon, the Group establishes an incentive and restraint mechanism oriented by objectives and performance, and divides its employees into those with outstanding business volume, those at middle level and those in need of improvement, to stimulate their motivation, initiative and creativity.

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Labixiaoxin follows national labor regulations and ensures that employees enjoy statutory holidays, annual leave, marriage leave and other legal rights and interests. In view of the labor-intensive nature of the industry in which the Group operates, the Group is committed to providing a safe and comfortable working environment for its front-line staff. In 2023, Labixiaoxin improved its employee meal benefits from providing free breakfast and lunch daily to three meals throughout the day, as well as improving the dining standards. At the same time, the Group has increased the employee birthday benefits, made corresponding improvements to the welfare standards of employees of different ranks, and provided exquisite birthday gifts for employees whose birthdays fall in the same month. In terms of employee accommodation, Labixiaoxin continued to repair the employee's accommodation environment, such as wall painting, replacement of doors and windows, rectification of water leakage, etc., aiming to create a comfortable and warm living atmosphere for employees.

In order to enrich employees' life and strengthen the cohesion within the Company, the headquarters and subsidiaries of Labixiaoxin organize various employee communication activities every year, which include basketball matches, outdoor activities, employee birthday party and other sports and cultural activities. These multi-level and multi-dimensional collective activities not only provide employees with opportunities for leisure and recreation, but also promote exchanges and communication among employees. In addition, when traditional festivals come in, such as the Lantern Festival, the Mid-Autumn Festival, and the Dragon Boat Festival, Labixiaoxin organizes special activities, distributes gift voucher and provides financial support for such activities to send holiday blessings and care to employees.



Outdoor Collective Activities



Lantern Festival

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Birthday Party

In 2023, in order to solve the problem of difficulties of employees in taking care of their children, the Group cooperated with the Jinjiang City Federation of Trade Unions to organize a 45-day summer care program, aiming to provide quality care services for employees' children. The summer care program attracted 35 children of employees, and professional teachers were hired to take charge of teaching, i.e., to help the children complete their academic tasks and create opportunities for them to make new friends. This not only met the practical needs of employees and helped them to keep a balance between work and family, but also demonstrated the Group's care and support for its employees. Through this activity, the employees expressed that they deeply felt the harmony and warmth of the Group as a big family, and more cherished the friendship with team members. These initiatives have played a positive role in improving the employees' sense of happiness and strengthening the cohesion within the Company.



Opening Ceremony of Summer Care Program

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7.3 Health and Safety

Labixiaoxin strictly observes the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Measures for the Administration of Contingency Plans for Work Safety Accidents and other relevant national laws and regulations, and is committed to effectively carrying out the works related to work safety and prevention and control of occupational diseases. To effectively manage occupational health and safety risks, the Group, in accordance with the requirements of GB/T 28000 Occupational Health and Safety Management System (GB/T 28000《職業健康安全管理體系》), eliminates or reduces occupational health and safety risks that Labixiaoxin's employees and other parties may be exposed to because of production activities organized by the Group, and implement its people-oriented management concept, to provide a safe and healthy working environment.

In terms of cultivating safety awareness, Labixiaoxin is committed to providing comprehensive training on occupational safety. Through the training on occupational safety, employees are able to grasp the work safety knowledge that is necessary to their work, improve their operational skills, and enhance their capabilities of accident prevention and emergency response. The team of production system organizes safety training at the morning meeting of workshops at least once a week, to constantly strengthen employees' safety awareness. In addition, the team also carries out secondary hazard identification at the production sites, and summarizes it into a Summary Table on Identification of Hazards, and publicizes the training in the production workshops to ensure that all employees are informed of the potential hazards and thereby, reduce the occurrence of safety incidents. During the period of production shutdown and counting, the team of production system will organize all employees to conduct the safety theories training, and advocate the actual hazards in the workshops and the safety incidents, so as to consolidate the safety awareness of employees. Meanwhile, Labixiaoxin regularly organizes fire evacuation exercises and emergency drill for power outage for the purpose of improving employees' safety awareness and relevant fire-fighting skills.



Fire Emergency Drill

In terms of production environment, Labixiaoxin continually improves the environment of the production workshops, upgrades production line equipment, to improve the level of automation, and reduce the health and safety risk of employees brought by operating environment from the source. The Group was equipped with protective device according to job requirements, and ensured the safety of employees through the introduction standards, adding die rod sensors, and supporting automation equipment in 2023. In addition, in order to cope with the high temperature in summer, Labixiaoxin has made major changes to the cooling and ventilation facilities of the production workshops, set up more industrial fans, and provided heat-relieving materials, such as mung bean soup and herbal tea.

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In terms of safety inspection, Labixiaoxin also conducts regular safety inspections and facilities inspection and maintenance monthly to completely check the conditions of production facilities, the working environment in workshops and safety/health protecting facilities. For any unqualified areas, the Group will ask employees to rectify immediately. Meanwhile, the Group regularly inspects various safety hazards in the production areas, records the problems, and prepares the Standing Book on Inspection and Removal of Potential Safety Risks (《安全隱患排查治理工作台账》) to ensure that safety hazards can be removed in time. In addition, for every year, the Group accepts regular inspections of the safety management office and the environmental administration of local government to ensure that it meets the requirements of fire-fighting, labor protection, hygiene and environment. In our daily work life, the Group implements “5S” inspection and encourages our employees to consciously organize, tidy, sweep and clean their work and living areas and develop good hygiene habits.

In terms of employee’s health, the Group provides a comprehensive physical examination to all employees each year and invites doctors to interpret the health check-up reports for them. The Group will arrange for health certificates to employees whose results are normal. In 2023, the Group contracted family doctor services with local hospital to ensure that professional doctors will visit the Group every week to provide free health consultation to employees. In addition, the Group provides each employee with six hospital consultations per year at no cost to the employee.



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From 2020 to 2023 (including the Reporting Period), Labixiaoxin had no work-related injury or death, nor did it record violation of laws and regulations in relation to occupational health and safety.

7.4 Development and Training

Labixiaoxin upholds the concept of staying people oriented and making everyone fully display their talent, and regard employees as the core driving force in achieving sustainable development. Therefore, the Group closely integrates training and education with employees' career development, and strives to offer employees diversified and multi-channel training resources. In 2023, Labixiaoxin further improved the promotion management system, conducted multi-dimensional evaluations of employees by constructing a scientific and systematic promotion evaluation system, and established a "dual-channel" rank system for management positions and professional positions, aiming to open up the channels for talent development. At the same time, the Group has continued to deepen the performance appraisal system to achieve full penetration from the organizational level to the position level. During the year, the Group focused on constructing a two-tier organizational performance appraisal framework that comprehensively covered the front, middle and back aspects to ensure that targets were distributed to each two-tier organization. In addition, by shortening the performance-appraisal cycle from annual/semi-annual appraisals to quarterly appraisals, we are able to provide timely feedback on performance results and motivate all employees.

7.4.1 Talent Development

Mr. Zheng Yu Shuang, the Chief Executive Officer of Labixiaoxin Group, believes that "Talent cultivating is the source of corporate longevity, the core of echelon construction, and an important means of talent competition". In order to accelerate the ability upgrade of internal talents and improve the competence of middle management personnel, in 2023, the Group continued to carry out the talent echelon rolling training, and optimized the "Special Training Camp of Talent Echelon Training" organized in 2022. 50 people were selected from core positions and further subdivided into supervisory and managerial echelons, adopting the "217" training model, i.e. 20% offline courses + 10% online activities + 70% practical learning, to provide targeted training for the weak points of different echelons. The successful launch of the special training camp of talent echelon training in the past two years marks an important step for the talent development of Labixiaoxin Group, cultivating talents with wider horizons, deeper thinking, and more comprehensive abilities and qualities. Labixiaoxin will increase investment in talent training in 2024, focus on improving the quality of talent training, and support and safeguard the rapid development of the Group.

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7.4.2 Talent Cultivation

Labixiaoxin established the “Labi Academy” and established a training system of “Five Forces (being New Manpower, General Skills, Professional Competence, Leadership and Commercial Power) and Three Trainings (being Training for New Staffs, Vocational Training and Cadre Training)”, created a talent supply chain for Labixiaoxin through the approaches such as online and offline empowerment, combination of internal and external training, cultivation of excellent lecturers and opening of course resources, and thereby, provided a steady stream of impetus for implementing the strategy of the Group. According to statistics, in 2023, Labixiaoxin conducted 1 to 2 internal training open sessions per month on average, with a total of 15 sessions. The cumulative training time for the whole year was 10,616 hours, with the total number of participants of 4,470, and the average learning time of 2.38 hours/person.



- Through the “Offline Master Sharing Sessions”, Labixiaoxin invited senior experts in different management fields to share their insights and practical experiences in their respective fields, covering supply chain management, human resources management, sales management and other important areas, so as to enable the employees to better enhance their professional skills in their positions.



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- Through the “Transformation Training for New Managers”, Labixiaoxin helped new management cadres to be empowered in the areas of managerial role recognition, talent selection, performance management, team management and other aspects, so as to complete the “transformation from cadre to manager”.



- Through the “Internal Psychological Knowledge Seminar”, Labixiaoxin paid attention to the mental health of employees and helped them find ways to relieve stress and emotions.



Labixiaoxin advocates the on-the-job training and performance coaching that emphasizes “growth in the practice”, adopts “training and practice integration” to help employees enhance professional knowledge, techniques and skills and their adaptability to corporate culture, thereby improving employees’ performance and career development potential.

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7.5 Labor Standards

Labixiaoxin strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labor and other relevant laws and regulations, and implements the relevant requirements of the BRC certification on labor guidelines. On the basis of improving employment management for years, the Group continually optimizes the recruitment process, improves the process of recruitment information collection and the recruitment. The Group requires candidates to present identity documents in the course of recruitment, and reviews the information they provide to prevent employment of child labor and forced labor. Labixiaoxin signs labor contracts with all employees in accordance with laws, and makes contributions to social insurance schemes for employees according to relevant regulations.

During the Reporting Period, Labixiaoxin did not record any violation of laws, regulations and international standards on child labor and forced labor.

8. SERVING THE SOCIETY AND CONTRIBUTING TO THE WORLD

In its more than 20-year history, Labixiaoxin has been taking "social responsibility" as an important part of its corporate development strategy. The Group actively participates in social construction, engages in charity, and builds an image of responsible enterprise that is ready to shoulder duties. Labixiaoxin strictly complies with the Charity Law of the People's Republic of China and other relevant laws and regulations, focuses on the community construction, environment protection, caring for the underprivileged, education supports and other aspects through social services and charitable donations, actively participates in charity activities, to achieve the synergetic development between the enterprise and the community.

8.1 Social Services

Labixiaoxin adheres to the philosophy of rooted in local community and giving back to the community, concerns about the needs of the community and actively participates in community building, commits to achieving synergistic development between the Company and the community as well as the environment and the society. The employees of Labixiaoxin are full of passion and do their best to cooperate closely with local volunteer service organizations, sponsor and organize various community services and activities, so as to actively contribute to the sustainable development of the community as well as the health and living environment of the citizens in the community.

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2023 is the first year after the COVID-19, the Group focused its social services on caring for the elderly and children. During the Party Festival period, the Group's party branch organized a group of party members to visit the elderly who live alone and stay-at-home children in the old revolutionary areas, remaining true to our original aspiration. During the Double Ninth Festival, the Group's staff actively sent warm greetings, festive gifts and red packets to the elderly in the surrounding communities, and participated in the organization of the elderly club, organizing a series of colorful festive activities for the elderly to add to the festive atmosphere. In addition, the Group is fully dedicated to the public welfare initiative of aiding reading and education for children in rural areas, and the employees sent out postcards with messages to spread love, letting love accompany them.



Visit to the Old Revolutionary Areas



"Spread Love Through Postcards, Let Love Accompany"
Charity Activity

8.2 Charitable Donations

In 2023, Labixiaoxin was actively fulfilling its social responsibility. In the face of the sudden natural disaster in Linxia Prefecture, Gansu Province, the Group quickly organized relief supplies and rushed to the disaster area, contributing to the supply of food. As the "witness" of Typhoon "Doksuri", the Group took action in response to the "floods", sent supplies to Zhuozhou, Hebei Province, which was affected by the residual circulation of the typhoon and suffered from extremely heavy rainfall, to alleviate the tight supply in the area. In addition, Labixiaoxin continued to influence and help the surrounding communities through charitable activities, including the donation of "Children's Day" gifts to students at Hualin Primary School and Yude Primary School, as well as charitable donations to the chamber of commerce of the Jinjiang Economic Development Zone.

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HKEX ESG INDICATOR INDEX

Disclosure Index	Relevant Section
Aspect: Environment	
A1: Emissions	
General Disclosure	
Information on:	6. Low Carbon and Environmental Protection for Green Development
<ul style="list-style-type: none"> a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste. 	
<p>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include CO₂, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	
A1.1 The types of emissions and respective emissions data.	6.1 Emissions
A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1 Emissions
A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1 Emissions
A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1 Emissions
A1.5 Description of emission target(s) set and steps taken to achieve them.	6.1 Emissions
A1.6 Description of how hazardous and non-hazardous wastes are handled, a description of reduction target(s) set and steps taken to achieve them.	6.1 Emissions

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Disclosure Index	Relevant Section
A2: Use of Resources	
General Disclosure	
Policies on the efficient use of resources, including energy, water and other raw materials.	
Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	6.2 Use of Resources
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).	6.2 Use of Resources
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.2 Use of Resources
A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	6.2 Use of Resources
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.	6.2 Use of Resources
A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	6.2 Use of Resources
A3: The Environment and Natural Resources	
General Disclosure	
Policies on minimizing the issuer's significant impacts on the environment and natural resources.	
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.3 Environmental Impact Management
A4: Climate Change	
General Disclosure	
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	
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.	6.4 Tackling Climate Change

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Disclosure Index	Relevant Section
Aspect: Social	
B1: Employment	
General Disclosure	
Information on:	7. Caring for Employees and Promoting Their Growth
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	7.2 Employment and Interests of Employees
B1.2 Employee turnover rate by gender, age group and geographical region.	7.2 Employment and Interests of Employees
B2: Health and Safety	
General Disclosure	
Information on:	7.3 Health and Safety
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	7.3 Health and Safety
B2.2 Lost days due to work injury.	7.3 Health and Safety
B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	7.3 Health and Safety

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Disclosure Index	Relevant Section
B3: Development and Training	
General Disclosure	
Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	
Note: Training refers to vocational training and may include internal and external courses paid by the employer.	7.4 Development and Training
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7.4 Development and Training
B3.2 The average training hours completed per employee by gender and employee category.	7.4 Development and Training
B4: Labor Standards	
General Disclosure	
Information on:	7.5 Labor Standards
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	
B4.1 Description of measures to review employment practices to avoid child and forced labor.	7.5 Labor Standards
B4.2 Description of steps taken to eliminate such practices when discovered.	7.5 Labor Standards
B5: Supply Chain Management	
General Disclosure	
Policies on managing environmental and social risks of the supply chain.	
B5.1 Number of suppliers by geographical region.	5.2 Supply Chain Management
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.	5.2 Supply Chain Management
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.2 Supply Chain Management
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.2 Supply Chain Management

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Disclosure Index	Relevant Section
B6: Product Responsibility	
General Disclosure	
Information on:	5.9 Intellectual Property Management System
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.7 Product Quality
B6.2 Number of products and service related complaints received and how they are dealt with.	5.8 Customer Service System
B6.3 Description of practices relating to observing and protecting intellectual property rights.	5.9 Intellectual Property Management System
B6.4 Description of quality assurance process and recall procedures.	5.6 Product Traceability Management
B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.8 Customer Service System
B7: Anti-corruption	
General Disclosure	
Information on:	24.2 Integrity management
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
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.	24.2 Integrity management
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	24.2 Integrity management
B7.3 Description of anti-corruption training provided to directors and staff.	24.2 Integrity management

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Disclosure Index	Relevant Section
B8: Community Investment	
General Disclosure	
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	8. Serving the Society and Contributing to the World
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	8. Serving the Society and Contributing to the World
B8.2 Resources contributed (e.g. money or time) to the focus area.	8. Serving the Society and Contributing to the World