



Zhengwei Group Holdings Company Limited

正味集团控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2147

2023

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT



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ABOUT THE GROUP

Zhengwei Group Holdings Company Limited (referred to as “**Zhengwei Group**” or the “**Company**”, together with other subsidiaries collectively referred to as the “**Group**” or “**We**”) was established in 2002. The Group engages in production and sales of dried food and snacks, mainly covering five categories of products, including snacks, dried delicacies, dried aquatic products, grains and seasonings. The Group has two self-owned brands, namely “Shengyao (聲耀)” and “Ganweifang (贛味坊)”. The “Shengyao (聲耀)” brand is generally used for the Group’s dried delicacies, dried aquatic products and vegetable and meat snack products, while the “Ganweifang (贛味坊)” brand is generally used for the Group’s dried candied fruits and nuts products. We primarily sell our products to retailers such as supermarkets and grocery stores, corporate customers, e-commerce channel on Tmall.com, and other individual customers.

The Group has three operating subsidiaries, namely Jiangxi Zhengwei, Nanchang Kaixing and Guangchang Zhenglian. Among which, the Group has two production facilities in Jiangxi Province, the PRC, namely the Nanchang Plant and the Guangchang Plant. Nanchang Plant is specialised in the processing and packaging of dried food products and Guangchang Plant is equipped with cooking equipment which is dedicated for the production of snacks.

ABOUT THE REPORT

Overview

The Group is pleased to present the environmental, social and governance report (the “**Environmental, Social and Governance Report**”, the “**ESG Report**” or the “**Report**”) for the year ended 31 December 2023. The ESG Report has been prepared by the Group in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). This report has been prepared in strict compliance with the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”. In this report, the Group has strictly complied with the mandatory disclosure requirements and the “comply or explain” provisions set out in the ESG Reporting Guide to disclose the ESG matters during the Reporting Period.

The contents of this report are made based on a set of systematic procedures. Relevant procedures include identifying and disclosing important stakeholders, identifying and disclosing important ESG-related issues, determining the scope of ESG report, collecting relevant materials and receipts, compiling data based on materials and analysing data in the report, etc.

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Reporting Scope

The information in this report was gathered and organized through various channels, including but not limited to the internal control policies of the Group, the factual evidences of the implementation of ESG-related initiatives, the key performance indicators (the “KPIs”) set out in the ESG Reporting Guide, and the annual performance quantitative data of the Group in its business operations and ESG management. The coverage of the information such as the policies, statements and data in the report and the reporting period are detailed in the table below.

Environmental		Social		
	Policies and statements	Performance indicators	Policies and statements	Performance indicators
Business coverage	This covers the production and sales of the Group’s dried food and snacks			
Reporting boundary	This covers the Group’s production facilities (Nanchang Plant and Guangchang Plant), offices and warehouses located in Jiangxi Province, China		All operating sites of the Group are covered	
Reporting period	1 January 2023 to 31 December 2023 (the “Reporting Period”), which is the same as the reporting period of the Company’s annual report			

Reporting Principles

With reference to the ESG Reporting Guide, the Company has compiled, evaluated and presented the relevant information in this report. The following principles outlined in the ESG Reporting Guide are integrated into this report.

- **Materiality:** The management of the Company was invited to conduct a materiality assessment, so as to identify key issues of the Year and make key disclosures in the report, and ensure that the reporting content covers issues that are material to the Group.
- **Quantitative:** Quantitative disclosures have been made in this report in accordance with the KPIs contained in the ESG Guide, among which the methods, assumptions, conversion factors and related reference information used have also been explained in the corresponding sections.
- **Balance:** The Company used its best endeavour to disclose all relevant information in an objective and transparent manner so as to report its performances in environmental, social and governance aspects to all stakeholders in an unbiased manner.
- **Consistency:** The data disclosed in the report have been calculated or estimated in the most appropriate means for the Group to ensure that data to be disclosed in the future can be meaningfully compared with those data for the Year.

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STATEMENT FROM THE BOARD

The management of the Group believes that sustainability elements integrated into its business operations play a very important role in maintaining the competitive strengths of the Group. Therefore, the Group has always stressed the importance of product development and strived to meet changing consumer preferences by improving product quality. Meanwhile, the Group is also committed to maintaining sustainable and responsible operations by formulating management policies and implementing action plans.

Governance Structure

The Group is committed to maintaining sustainable and responsible operations by establishing the ESG Working Group while implementing a series of management policies and practices, with clear roles and responsibilities established at all levels. In the Group's governance structure, all of the Board, management and executive level play important roles.

The Board	The Management	The Executive level
The Board shoulders full responsibility for the Group's environmental, social and governance strategy and report, and is responsible for overseeing the Group's sustainability strategy and management policies, and ensuring that the Group's business activities comply with the relevant regulations and standards. In addition to setting sustainability goals and policies, the Board takes responsibility for overseeing the management's efforts to ensure compliance with these goals and policies.	The management is responsible for coordinating the implementation of sustainability strategy and management policies, and ensuring that these strategy and policies are implemented thoroughly in the Group's business activities. In addition, the management takes responsibility for ensuring that the relevant executive level understand and comply with relevant sustainability policies and practices.	The executive level is responsible for executing sustainability strategy and management policies, and ensuring that these strategy and policies are implemented thoroughly in the business activities they are responsible for, and will provide feedback on the implementation results to the management for the purposes of improvement plans.

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The Group's ESG Working Group will assist the Board in fulfilling its ESG-related responsibilities, and promote, develop and implement the ESG-related initiatives, policies, plans, goals and indicators of the Group in accordance with all applicable laws, regulations and regulatory requirements. The ESG Working Group must be composed of at least one executive director of the Company and two members of the Group. All members of the ESG Working Group must be appointed by the Board, the relevant qualifications of which shall be subject to annual review by the Board. The ESG Working Group is authorized by the Board to perform the following duties and responsibilities to support the realization of ESG goals:

- To identify, assess, prioritize and manage the Group's material ESG-related issues;
- To make recommendations to the Board for approval as to (i) the procedures and selection criteria for identifying material ESG-related issues; and (ii) the establishment of ESG-related goals and indicators that align with the Group's long-term business development goal, as well as the materiality analysis for key investors and stakeholders;
- To improve and implement the Group's ESG-related strategies, frameworks and policies for the achievement of ESG-related goals and indicators, and report the progress and effectiveness of which to the Board;
- To review the preparation and disclosure of the Company's ESG report; and
- To perform any other duties as delegated by the Board from time to time.

ESG Management Approach and Strategy

The Group recognises the importance of long-term sustainability to the development of the Group. Sustainability includes economic, environmental and social development, which will affect the Group in terms of profit, climate impact and employee retention rate during its operation. The Group is conscious that sustainability represents an important factor for business success. Therefore, the Group is committed to identifying solutions to reduce the environmental and social impacts caused by its business operations, while creating value for our employees and stakeholders. At the current stage, the Group expects to (i) gradually reduce waste gas emission intensity and streamline product packaging at the design level to ease the environmental impact; (ii) pay due attention to humanistic care for employees, enhance their sense of belonging and happiness, and create a harmonious and friendly corporate environment; (iii) actively undertake corporate social responsibility, and make every effort to participate in public welfare undertakings and give back to the society; and (iv) focus on R&D and innovation, and improve efficiency to create higher profits for stakeholders. The ESG Working Group will regularly collect quantifiable data on the above matters, and the Board will review the progress of the Group's ESG goals annually based on the quantified data.

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Since sustainable development is closely related to business development, the Group attaches particular importance to managing the sustainable development risks. The Group has formulated a series of management policies and practices, including the "Risk Assessment and Management Measures", to ensure that the Group can effectively address sustainability risks during its operations. The Group also ranked the risks based on the materiality and likelihood of sustainability risks to prioritise the management of key risk matters. The Group has identified the following list of risks based on industrial features and its operating conditions for assessment and management.

ESG classification	Related risks	Impact on the Group	Risk ranking classification
Environmental	Climate change	Extreme weather conditions affect the normal business operations, e.g., frequent floods will inundate the Group's assets, causing losses and extreme weather events affect the efficiency of product transports or employee health and safety	Medium
Social and Governance	Employee management	Employee relationship and talent retention (e.g., high employee turnover rate may affect the normal operation of the Group) Employee health and safety (e.g., work-related injuries or deaths of employees will cause financial losses or image damages against the Group)	Medium
	Product quality	Unstable in food safety and quality, if any, will lead to actual operating losses	High
	Supply chain management	Stability of the supply chain (e.g., unstable supply of raw materials or disruptions or delays in transportation and logistics will result in production interruptions, which in return affecting the Group's normal operations and causing losses the normal operation of)	High
	Intellectual property management	Any third-party infringement on our intellectual property rights will weaken the Group's competitive strengths	Medium

Stakeholder Engagement

In order to define our current and future sustainability strategies, it is important to understand our stakeholders' perspectives and expectations on the development and success of the Group and help us to assess the potential environmental and social impacts caused by our future business activities. During the Reporting Period, the Group has actively engaged with various stakeholders and have taken measures to promote stakeholder relations and maintain good relations with various stakeholders. Periodically, we issue interim reports, annual reports, announcements and circulars to inform the Group's progress on responding to stakeholder's concerns.

Stakeholder Engagement	Key Concerns	Major Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> Return on investments/operating results Profitability and financial stability Information disclosure and transparency Corporate governance 	<ul style="list-style-type: none"> Regular reports Annual general meetings Corporate website and email Meetings with investor
Employees	<ul style="list-style-type: none"> Employees' remuneration and benefits Healthy and safe working environment Career development and training opportunities 	<ul style="list-style-type: none"> Regular meetings and trainings Performance appraisals Team building activities Satisfaction questionnaires
Customers	<ul style="list-style-type: none"> Quality products and services Food health and safety Protection of customers' privacy and rights Business ethics 	<ul style="list-style-type: none"> Customer service hotlines and emails Face-to-face meetings and onsite visits Customers' satisfaction surveys Offline marketing campaigns
Suppliers	<ul style="list-style-type: none"> Fair and open procurement Win-win cooperation Environmental protection Anti-corruption 	<ul style="list-style-type: none"> Open tenders Standard procurement processes Face-to-face meetings and onsite visits Industry seminars
Media	<ul style="list-style-type: none"> Food safety Community contribution Green production 	<ul style="list-style-type: none"> Interviews Official websites Corporate announcements
Government and Regulatory Bodies	<ul style="list-style-type: none"> Compliance with laws, regulations and national policies Occupational health and safety Food safety Environmental management 	<ul style="list-style-type: none"> Monitor the compliance with the related laws and regulations Routine reports and tax payments On-the-spot sampling

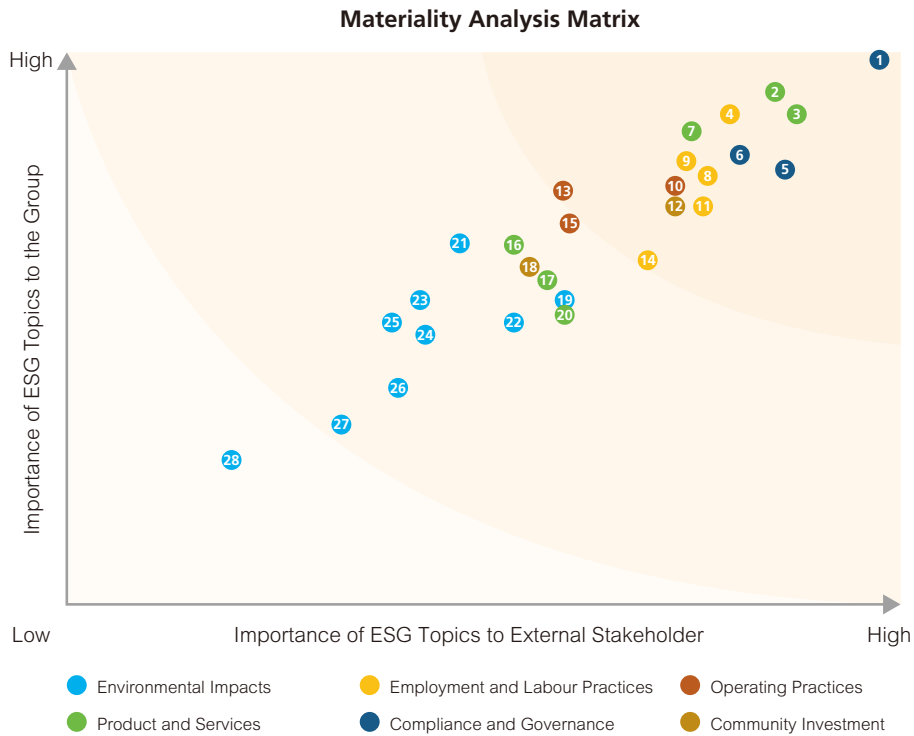
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MATERIAL ISSUE ANALYSIS

During the Reporting Period, the Group has conducted an annual review to identify the main concerns and major interests of stakeholders on ESG issues by exchanging and communicating with stakeholders. In 2023, we collected major stakeholders’ opinions through questionnaires, face-to-face communication, telephone interviews and industry seminars, conducted in-depth exchanges with stakeholders on ESG-related issues identified in 2023, and evaluated their importance to the Group’s business and stakeholders to further drive our sustainable business strategy. The following chart shows the process of our assessment on major ESG issues:

Identify Matters of Materiality	Stakeholders Survey	Assessment of Matters of Materiality
According to the actual business development of the Company, feedback from stakeholders, industrial development and relevant laws and regulations, 28 major ESG issues were identified.	The Group conducted in-depth communication with stakeholders to know their opinions and expectations on the environment, society and governance, and included the above opinions and expectations into important issues assessment.	According to the assessment results, “Importance of ESG Topics to External Stakeholders” and “Importance of ESG Topics to the Group” are combined, and the ESG matters matrix is compiled to ensure the ordering of those 28 issues are based on their importance.

The following graph shows the results of this materiality assessment:



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From the materiality matrix, the issues positioned in the top right quadrant of matrix are relatively more important ESG issues. During the Reporting Period, “product health and safety”, “selection and monitoring of supply chain”, “marketing and promotion”, “customer satisfaction”, “occupational health and safety”, “product and service labelling”, “energy use”, “environmental risks and social risks of the suppliers”, “use of packaging materials” and “use of water”, were identified as our top ten highly material matters. The above issues are classified as the main drivers for the Group’s sustainable business and are further elaborated in the sections below.

Materiality	Issue	Materiality	Issue
1	Product health and safety	15	Environmentally procuring products and services
2	Selection and monitoring of supply chain	16	Employment compliance, preventing child and forced labour
3	Marketing and promotion	17	Employee remuneration and benefits
4	Customer satisfaction	18	Diversity and equal opportunity of employees
5	Occupational health and safety	19	Anti-corruption trainings provided to directors and staff
6	Product and service labelling	20	Observing and protecting intellectual property rights
7	Energy use	21	Climate change
8	Environmental risks and social risks of the suppliers	22	Measures to protect environment and natural resources
9	Use of packaging materials	23	Non-hazardous waste production
10	Use of water	24	Community support
11	Employee development and training and promotion	25	Promotion of employment
12	Greenhouse gas emissions	26	Anti-corruption policies and whistleblowing procedures
13	Business ethics and anti-corruption	27	Air emissions
14	Customer information and privacy protection	28	Hazardous waste production

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Stakeholders' Feedback

Investors and the public can access the latest business information on the website of the Group (<https://zhengwei100.com/zw/about6.html>). The Group welcomes stakeholders' feedback on its identified issues of the key ESG matters. You are welcomed to provide your suggestions or share your views with the Group through any channel below:

Email: gongxiang@zhengwei100.com

Tel.: (852) 3169 7220

Address: 487 Yuhu Road, Xiaolan Economic Development and Technology Zone, Nanchang City, Jiangxi Province, the PRC

Environmental Management

The Group values sustainable development, and has formed a series of environmental management practices. The Group has established the following policies to standardize the processes related to environmental protection and energy management, so as to ensure the Group's sustainable development and green operation. We are constantly optimizing the production process and technology, innovating products, and continuously evaluating whether the existing environmental protection equipment and wastewater and waste treatment facilities are adequate, and controlling them from the source, so as to reduce the impact of our production and operation on the environment. To protect the environment, the Group's goal is to achieve a 100% operation rate of environmental protection equipment, as well as a 100% rectification rate of environmental issues, and to achieve zero environmental pollution incidents.

- "Environmental Management System";
- "Energy Management Measures";
- "Waste Management Procedures";
- "Waste Water, Waste Gas Treatment System";
- "Water Resources Management Measures"; and
- "Emergency Management Program"

The Group is progressively developing sustainability strategies and goals and is expected to crystalize them in the near future. In setting our goals, we will continue to monitor our emissions and use of resources to improve the relevant management process of the Group and our environmental protection policies and mechanisms. In addition, the Group will maintain close communication with suppliers and partners to ensure their efficient use of resources in their operations.

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The Group is particularly prudent in controlling pollutant emissions and consuming resources. We strictly abide by the environmental protection regulations and laws of the countries or regions where we operate, including but not limited to the following laws and regulations:

- Environmental Protection Law of the People's Republic of China;
- Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution;
- Law of the People's Republic of China on Prevention and Control of Water Pollution;
- Law on Energy Conservation of the People's Republic of China;
- Integrated Emission Standard of Air Pollutants;
- Integrated Wastewater Discharge Standard;
- GB 13271-2014 Emission Standard for Air Pollutants of Boilers; and
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste

During the Reporting Period, the Group did not identify any violation of environmental protection-related laws and regulations.

Impact of the Group on the Environment and Natural Resources

As of 31 December 2023, the Group believes that currently it had little environmental footprint, and identified no significant impact on the environment and natural resources. The Group has formulated policies related to environmental protection and energy use management, with a view to minimizing the impact on the environment and natural resources in practical actions. We have incorporated the potential impact factors on the environment and natural resources into the future business operation plan, and the Group hopes to contribute to the global ecological environment through continuous improvement. The Group has implemented a series of measures to reduce the impact on the environment and natural resources in the course of operation, as detailed below.

Gas and Waste Emissions

The Group is committed to achieving sustainability goals, including reduction in waste air and greenhouse gas emissions, discharge of pollution to water and land, and generation of hazardous and non-hazardous waste. To this end, the Group has formulated a series of rules and regulations, while actively exploring new technologies for emissions reduction to ensure compliance with relevant environmental laws and standards in the production process. Furthermore, we will gradually raise emissions standards to meet stricter environmental requirements. The Group's goal is to ensure that all emissions meet national standards and to recycle and treat 100% of the polluted solid waste to reduce emissions.

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The Group will continuously improve its data collection system for emissions to assist in setting targets for emissions and waste. Additionally, the Group will continue to improve its internal rules and regulations to reduce the environmental impact of its operations. We encourage employees to travel in a green way and support online meetings in order to reduce air pollutants and greenhouse gas emissions. We constantly innovate and improve production efficiency, thus reducing the energy use intensity to a certain extent. We are also trying to simplify product packaging so as to reduce the use of packaging materials.

Air pollutants and greenhouse gases

During the Reporting Period, the Group's sources of waste gas emissions mainly include production equipment consuming natural gas and fuel oil (industrial C10 crude aromatics), as well as vehicles consuming petrol and diesel. The emissions of air pollutants nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") amounted to 2,078kg, 12kg and 21kg, respectively.

During the Reporting Period, the detailed gas emission indicators of the Group are as follows:

Emissions	Indicator	Unit	2023	2022
Air pollutant emissions ¹	Nitrogen oxides "NO _x "	kg	2,078	2,472
	Sulphur oxides "SO _x "		12	5
	Respirable suspended particles "PM"		21	12
Greenhouse gas emissions ²	Scope 1 ³	tons of CO ₂ e	3,127	2,508
	Scope 2 ⁴		2,084	1,481
	Scope 3 ⁵		109.6	–
	Total greenhouse gas emissions		5,320	3,989
	Greenhouse gas emissions intensity (in product quantity ⁶)	tons of CO ₂ e/tons of products	0.56	0.64

¹ The quantification method and emission factors for air pollutants are based on the "AP 42, Fifth Edition Compilation of Air Pollutant Emissions Factors, Volume 1" of the United States Environmental Protection Agency and the "Technical Guidelines for the Preparation of Road Motor Vehicle Air Pollutant Emission Inventories (Trial) (《道路機動車大氣污染物排放清單編製技術指南(試行)》)" issued by the Ministry of Ecology and Environment of the People's Republic of China.

² The quantification method and emission factors for greenhouse gas emissions are based on the "How to Prepare an Environmental, Social and Governance Report – Appendix 2: Reporting Guidance on Environmental Key Performance Indicators" of the Hong Kong Stock Exchange and the "Research on Carbon Dioxide Emission Factors of China Regional Power Grids (2023) (《中國區域電網二氧化碳排放因子研究(2023)》)" jointly released by the Carbon Peak and Carbon Neutrality Research Center of the Chinese Academy of Environmental Planning, the Ministry of Ecology and Environment of the People's Republic of China and several institutions such as the Carbon Neutrality Research Center of China Huaneng Group Co., Ltd..

³ Scope 1's sources of emissions mainly include production equipment consuming natural gas and fuel oil (industrial C10 crude aromatics), as well as vehicles consuming petrol and diesel.

⁴ Scope 2 emissions are caused by the Group's purchase of electricity.

⁵ Scope 3 emissions (other indirect emissions) refer to the greenhouse gas emissions caused by the use of electricity by government departments to treat sewage and the use of airplanes by employees on business trips.

⁶ During the Reporting Period, the Group had a total production output of 9.45 thousand tonnes, and the greenhouse gas emissions intensity was calculated by dividing the number of products of 9,450 tonnes.

Waste management

We have established the “Waste Management Procedures” to better regulate the Group’s effective waste management and recycling. During the operation process, the Group occasionally generates and recycles wastes containing heavy metals, waste batteries and waste ink cartridges. According to the requirements of relevant laws and regulations and the Group’s policies, we need to categorize and store the hazardous wastes generated in operation, make safety warning signs, and require all departments in the factory to reasonably put wastes in waste containers or designated areas according to their natures and quantities. In the end, the management department will put them into government’s waste sorting bins or send them to qualified suppliers for recycling. According to statistics, no hazardous waste was generated by the Group during the Reporting Period.

The Group’s non-hazardous wastes mainly come from employees’ daily life and office activities, such as general domestic garbage and kitchen wastes. The above-mentioned non-hazardous wastes are in a relatively small amount, and according to local urban management requirements, we will hand over such wastes to sanitation workers for transporting to the municipal waste treatment center on a regular basis for disposal.

	Unit	2023	2022
Total non-hazardous waste	tons	177	148
Non-hazardous waste intensity (in product quantity)	tons/tons of products	0.02	0.02

For industrial dust and waste gas and domestic sewage, the Group has also implemented a series of measures to comply with the emission and discharge standards of dust/industrial waste gas and domestic sewage, including but not limited to the following measures:

- The organic waste gas generated by hot pressing is reduced by updating the equipment, which was changed from the boiler heating heat transfer oil hot pressing to the electric hot pressing mode;
- Domestic sewage was treated through buried septic tank + small micro-power biochemical treatment device and was discharged in compliance with relevant standards;
- Strengthened the operation, maintenance and management of environmental protection facilities to ensure the stable and normal operation of pollution control facilities; and
- Regularly engaged professional environmental monitoring agencies to conduct monitoring.

Sewage management

The Group has set up a sewage treatment system in Zhenglian Plant in Guangchang County to ensure that the quality of discharged water complies with relevant standards. The system has a water treatment capacity of 500 m³/D, and can run 24 hours a day with an hourly sewage treatment capacity of 21 m³. The treatment principles of the sewage treatment system are as follows:

- The production sewage flows into the regulating tank after preliminarily filtering impurities such as floating objects by the grid (the screen residue is regularly cleaned and transported outside for disposal by manpower). The regulating tank can uniform the water quantity and water quality, and its bottom is equipped with a perforated aeration system for pre-aeration, so as to prevent sludge from silting, reduce the odor and meet the subsequent biochemical treatment standard.
- Effluent from the regulating tank is pumped into the air flotation tank by the lift pump, and chemicals such as alkali liquor, PAC and PAM are added therein, making the suspended solids in the sewage react with the chemicals to generate larger particles. Then, the particles are gathered on the water surface through the release and jacking of gas in dissolved air water, and the scum is scraped to the sludge tank by a slag scraper, thereby greatly reducing the concentration of suspended solids and COD_{Cr} in the sewage.
- The hydrolytic acidification tank is installed with compound fillers, which, under the action of anaerobic acidogenic bacteria, can transform insoluble and non-biodegradable macromolecular organics in sewage into soluble and biodegradable micromolecule organics, creating favorable conditions for subsequent aerobic biochemical treatment. The tank is equipped with a hydraulic stirring system, which can conduct regular stirring, so that the microorganisms in the tank can fully contact with organic pollutants in sewage to enhance its treatment effect.
- The biological contact oxidation tank is a completely aerobic environment and is installed with compound fillers to provide a living environment for aerobic microorganisms, under the action of which, micromolecule organics can be well removed. The bottom of the tank is installed with an aeration and oxygenation system.
- The inclined tube sedimentation tank is installed with inclined tube fillers. The mixed liquid is settled through the inclined tube to realize the separation of sludge and clean water, and the supernatant that meets the standard flows into the drainage pipe network of the Plant. The sludge automatically sinks into the bottom hopper, with different parts flowing back to the hydrolytic acidification tank and being discharged into the sludge tank respectively.

- The scum in the air flotation tank and the residual sludge in the inclined tube sedimentation tank are discharged to the sludge tank for temporary storage. The mixed sludge in the sludge tank is regularly transported to the coiled dehydrator through a sludge pump for dehydration, and the filtrate of which is returned to the regulating tank. The dehydrated mud cake is packaged and delivered to an outside professional company for disposal.



We have arranged professional operators to manage and daily maintain the entire sewage treatment equipment and facilities. In case of abnormal conditions, the operators will take timely emergency measures. Moreover, the operators will regularly overhaul and maintain the fans, pumps and other equipment to ensure their normal operation, and will carefully keep operation records.

Use of Resources

The Group acknowledges that use of resources will impose a burden on the environment, so it is committed to efficient use of resources, including energy, water, packaging materials and other raw materials, to reduce the impact on the environment. Therefore, the Group has established relevant rules and regulations to ensure the efficient and sustainable use of resources, including maximizing the utilisation efficiency and recycling rate of energy, water, packaging materials and other resources, further improving compliance performance, and identifying new technologies for efficient use of resources. During the operation, the Group relies on water supplies from the government and there has been no issue in sourcing water that is fit for purpose up to now.

The Group plans to set energy and water efficiency targets in the future, and will continue to improve its data collection system and internal rules and regulations to make efficient use of natural resources.

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During the Reporting Period, the use of resources of the Group is shown below:

Use of Resources	Unit	2023	2022
Direct energy			
– Petrol	MWh	51	365
– Diesel	MWh	223	67
– Natural gas	MWh	550	278
– Industrial C10 crude aromatics and others	MWh	7,104	8,508
Indirect energy			
– Purchased electricity	MWh	3,383	2,549
Total energy consumption	MWh	11,311	11,767
Energy intensity (in product quantity)	MWh/tons of products	1.20	1.89
Water Resources Use			
Total water consumption	m ³	175,717	134,105
Water consumption intensity (in product quantity)	m ³ /tons of products	18.59	21.52
Packaging materials used			
Plastic	tons	1,760	533
Paper	tons	1,179	524
Foam	tons	5.59	2
Fiber textiles	tons	–	4
Total packaging materials	tons	2,944	1,063
Packaging materials intensity (in product quantity)	tons/tons of products	0.31	0.17

In order to save energy, the Group has developed the following solutions and measures:

- Energy Saving Solutions and Measures
 - Use LED energy-saving lamps and renovate the lighting system to reduce electricity consumption.
 - Reduce the use of air conditioners, and employees must turn off the air conditioners during non-working hours.
 - Strengthen the maintenance of equipment operation to avoid excessive energy loss caused by frequent startup and shutdown.
- Water-saving plans and measures
 - Reinforce domestic water management, reduce consumption to the maximum extent, and gradually realize the recycling of domestic water. For example, use the reclaimed water from the pure water system for workshop washing.
 - Encourage employees to turn off the tap in time after using water, and maintain the water supply equipment immediately after finding water leakage.

Climate change

In recent years, focusing on and improving climate change has become a global trend, and the Group attaches great importance to the impact of climate change on its business. Global climate change leads to global ocean acidification, ice and snow melting, continuous temperature rise and increasing frequency of extreme weather, which have a far-reaching impact on social and economic systems. The Group has incorporated climate change risk into its risk management, and continuously identified, evaluated and monitored the risks, so as to deal with relevant risks in a timely and correct manner.

Affected by climate change, the Group may suffer transmission and supply losses on raw materials, electricity, heat and water required for production during extreme weather, and will pay a large cost to obtain the above resources. Meanwhile, extreme weather may also harm the health of employees of the Group and affect the safety of employees' lives and properties. In view of the above possibilities, and in order to reduce the impact of climate change, the Group will grasp the weather changes in advance, start the emergency management mechanism during extreme weather, and rationally adjust the production plan to ensure the normal transportation of raw materials and auxiliary materials and facility operation, thereby reducing the adverse effects caused by climate change. In addition, to mitigate the impact of extreme weather conditions on its business operations and employees, the Group has maintained insurance for its employees and production facilities. Additionally, the Group will continue to improve its emergency management procedures to respond to extreme weather events and conduct emergency drills as appropriate.

Meanwhile, to respond to the call of the country and the government and achieve the carbon neutrality target, the Group will regularly monitor existing and emerging trends, policies, and regulations related to climate change to avoid compliance and reputation risks.

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SOCIETY AND HUMANITY

Employees

Our employment practices are compiled according to relevant Chinese laws and regulations such as Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Work Safety Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Minors and Law of the People's Republic of China on Prevention and Control of Occupational Diseases. During the Reporting Period, the Group complied with relevant laws and regulations in all major aspects.

We have formulated policies such as Employee Handbook, Salary Management System, and Basic Guidelines for Employees to standardize recruitment, promotion, discipline, and working hours. Employees on orientation should fully understand the contents of the Employee Handbook and clearly abide by the Group's rules and regulations.

Diversity and equal opportunity of employees

The Group is committed to providing employees with fair and reasonable remuneration packages, which complies with the relevant laws and standards. In evaluating the remuneration of our employees, their performance, ability and contribution constitute important factors. The Group will provide employees with appropriate dismissal compensation, which complies with relevant laws and standards. The Group always treats all employees equally in terms of employee recruitment, training and development, promotion and welfare. We prohibit all discriminations in gender, ethnic background, religion and skin color. We firmly believe that the diversity of employees can bring more benefits to the Group. We are committed to building a diversified and closely linked work team, and the collision of different cultures can bring more ideas and innovations to the Group. The Group is committed to identifying suitable talents. Recruitment and promotion will be evaluated and determined based on ability, education, experience and other relevant factors.

Work benefits

The Group has provided employees with appropriate benefits and welfare to safeguard their benefits and rights. The Group will regularly review and improve relevant measures to ensure their suitability and effectiveness. In addition, in compliance with relevant laws and standards, the Group will provide employees with reasonable working hours and holiday arrangements. The working hours and rest periods of employees will be arranged in accordance with relevant laws and standards.

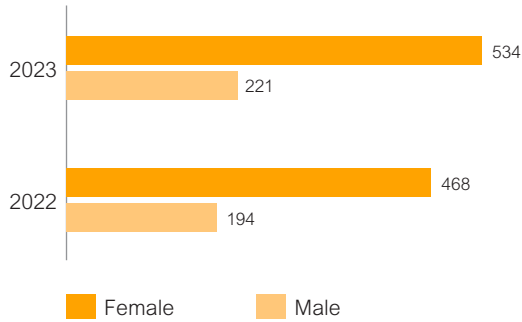
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of 31 December 2023, the Group had 755 full-time employees (2022: 662). The total number and category of employees are as follows:

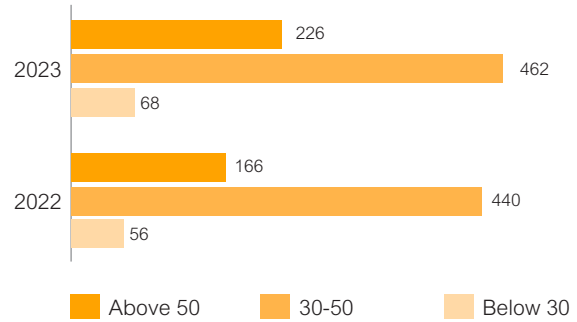
Category	As of 31 December 2023	As of 31 December 2022
By gender		
– Male	221	194
– Female	534	468
By employment type		
– Full time	755	662
– Part time	–	–
By age group		
– Below 30	68	56
– 30–50	462	440
– Above 50	225	166
By geographical region		
– Mainland China	753	660
– Hong Kong, China	2	2
Total workforce	755	662

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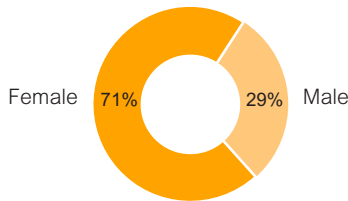
Number of male and female employees of the Group



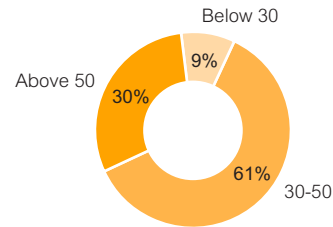
Employee number of the Group by age group



2023 men and women ratio

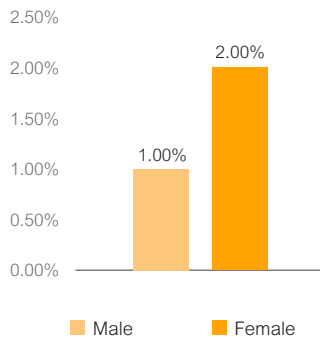


Employment by age group in 2023

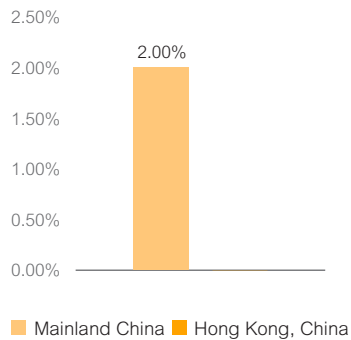


During the Reporting Period, total employee turnover rate of the Group was relatively low, which was 2% (2022: 16%). The employee turnover rate by gender, geographical region and age group is shown in the chart below:

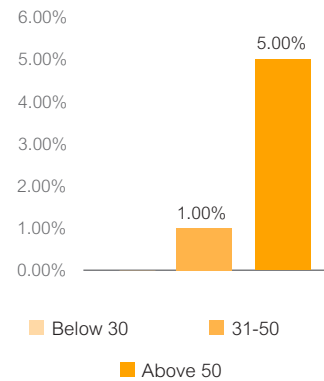
By gender



By geographical region



By age group



Employee health and safety

The Group strictly abides by the Work Safety Law of the People's Republic of China, the Emergency Response Law of the People's Republic of China, Measures for the Administration of Contingency Plans for Work Safety Incidents, the Law of the People's Republic of China on Prevention and Controls of Occupational Diseases and other relevant laws and regulations, and establishes "Security and Fire Safety Management System", "Safety Education and Training Management System" and "Emergency Management Program", so as to standardise the Group's fire and emergency response procedures and create a safe working environment for its employees. At the same time, the Group will conduct regular health and safety assessments to ensure that the workplace aligns with relevant standards and requirements.

To reduce occupational hazards, the Group will take corresponding preventive measures, including necessary training and equipment provided to reduce the risk of employee injury or illness. Meanwhile, the Group arranges medical checkups for its employees on a regular basis, so that they can gain health alert. The Group will continue to improve its health and safety policies to safeguard the benefits and rights of employees.

As the Group attached importance to production safety, the Group had no work-related injuries or deaths of employees in the past three years. Thus, the lost days due to work injury was zero in the past three years. The Group will continue to strengthen occupational health and safety measures to safeguard the benefits and rights of employees. Any questions and recommendations from employees on occupational health and safety measures can be submitted to the management of the Group. The Group will further strengthen execution and monitoring to ensure the effectiveness of occupational health and safety measures.

Employee development and training

The Group has established "Employee Handbook" and "Safety Education and Training Management System". The Group is committed to providing comprehensive and effective training programs to help employees improve the knowledge and skills required to perform their job responsibilities. The Group believes that the work performance and productivity of employees through training can be improved, which simultaneously contribute to the sustainable development of the Group.

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In the long run, The Group's training programs are comprised of, including but not limited to, new employee induction training, career development training, professional knowledge training, and safety training. The Group conducts regular assessment over the effectiveness of our training programs to ensure that they accommodate the Group's business requirements and the training needs of our employees. Meanwhile, the Group will continue to improve the training programs to align these programs with the sustainable development of the Group.

During the Reporting Period, we invested massive resources in employee training and development to improve the professionalism and satisfaction of our employees. Specifically, the Group provided not merely a variety of training courses to its employees, but also tailor-made training programs to its employees, which aimed to better meet their career development requirements. The Group's training courses included skills training, management training, and career development, which covered all levels from basic knowledge to advanced skills. In addition, the Group also held various professional lectures and seminars so that our employees can have a deeper understanding of their professional fields and industry trends.



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The Group believes that the Group can make contributions to the professional and personal development of our employees through these efforts, while enhancing the employee satisfaction and loyalty. The Group remains committed to providing better training and benefit schemes so that our employees can achieve better results and higher quality career.

During the Reporting Period, the Group has provided trainings for 74 employees, and the percentage of employees trained was 10%. The statistics on the average training hours received are as follow:

Training and Development Data	2023	2022
Total number of employees trained	74 (10%)	102 (15%)
By gender		
Number of male employees trained	31 (42%)	49 (48%)
Number of female employees trained	43 (58%)	53 (52%)
By employee category		
Number of senior management trained	0 (0%)	7 (7%)
Number of mid-level management trained	8 (11%)	18 (18%)
Number of frontline and other employees trained	66 (89%)	77 (75%)

Training and Development Data	2023
Total training hours	12
Average training hours per employee	0.02
By gender	
Training hours for male employees	6
Average training hours per male employee	0.03
Training hours for female employees	6
Average training hours per female employee	0.01
By employee category	
Training hours for senior management	0
Average training hours for senior management	0
Training hours for mid-level management	6
Average training hours for mid-level management	0.29
Training hours for frontline and other employees	6
Average training hours for frontline and other employees	0.01

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Prevention of Child and Forced Labour

The Group strictly complies with Labour Contract Law of the People's Republic of China, Labour Law of the People's Republic of China and other applicable employment laws and regulations. Child labour and forced labour are not permitted in the recruitment process of the Group as it is mandated by law. The Group attaches great importance to the prevention of child and forced labour, and has taken multiple measures to ensure that the labour rights of all employees are protected.

During the year, the Group further strengthened the supervision of the supply chain to keep our products free from any element involving child labour or forced labour. In addition, the Group provided additional training and education, including new employee induction training, and we specify employees' benefits, rights and responsibilities in the "Employee Handbook" and provide relevant trainings for each new employee, to assist our employees in acknowledging their rights and responsibilities, and raising their awareness of the prevention of child and forced labour.

The Group has established a comprehensive recruitment process by collecting personal information of candidates and conducting stringent qualification and background checks during the recruitment process to ensure the identity of the candidates is valid and prove the age and work qualifications of the prospective recruits. These policies and procedures must be consistent with relevant International Labour Organization (ILO) standards. The Group will enter into labour contracts with all official employees, which must be signed by both employees and the Group as a safeguard for both the corporate and the employee.

We will also regularly review the reasonableness and adequacy of existing recruitment practices and staff training to eliminate any process weaknesses. In case that the Group identifies cases involving child or forced labour, the Group will immediately cease the employment of such labour with an investigation conducted to determine the cause of child or forced labour, while simultaneously assessing whether the Group's recruitment procedures are in compliance with the relevant laws and standards. Where the Group identifies any deficiency in its recruitment procedures, the Group will revise the recruitment procedures and practices as soon as possible to ensure compliance with the relevant laws and standards and to avoid recurrence of the same incident.

As of 31 December 2023, the Group has not identified any material non-compliance with relevant laws and regulations in respect of the prevention of child labour or forced labour that would result in material impact to the Group.

Supply Chain Management

The Group has developed "Procurement and Payment Management System", "Food Quality and Safety Management System" and various guidance documents for procurement, acceptance and storage of raw materials to standardise our supply chain management process. Given that supply chain management plays a significant role in the Group's operation and development, we pay high attention to stability and quality of the supply chain.

Supplier engaging practice

The Group purchases raw materials such as cuttlefish, lotus seeds, black fungi, pistachios, bamboo shoots, chicken feet and duck necks through a stable supply chain (including farmers, agricultural cooperatives and corporate suppliers). In selecting and appointing suppliers, the Group has established a dedicated procurement team responsible for close communications with suppliers to coordinate the procurement of raw materials for production. By adopting the stringent procedures, including assessments over the suppliers' raw materials, product quality and timeliness of delivery, the dedicated procurement team has established a list of selected raw materials suppliers to ensure that the selected suppliers can provide raw materials that measure up to the Group's quality standards. The Group will first select suppliers from the supplier list, and assess such suppliers based on factors such as product quality and timeliness of delivery.

Where the raw materials approved by the supplier do not meet the requirements, the Group has the right to reject them. At the same time, the Group will maintain regular communications with the suppliers to understand the quality of raw materials, market supply conditions and price changes. In addition, the Group generally maintains at least two sources of supply for each type of raw materials to reduce dependence on any single supplier.

During the Reporting Period, the Group had a total of 102 suppliers, all of which were located in Mainland China. All suppliers must follow the above practices and pass the Group's supplier assessment mechanism before they can become qualified suppliers of the Group.

Supply chain risk management

To manage the environmental and social risks of the supply chain, the Group adopts various measures to ensure that business activities in its value chain will not have negative impacts on the environment and society. For instance, the Group will pursue close cooperation with suppliers, who will be encouraged to develop and implement environmental and social responsibility policies to ensure that their business operations will not pose negative impacts on the environment and society. In the meantime, the Group will continue to monitor the environmental and social risks in the supply chain by maintaining regular communications and inspections, and take necessary measures for improvement wherever appropriate. The Group undertakes to ensure that environmental and social risks are under effective management and control by continuing to improve the supply chain management, while making contributions to the sustainable development.

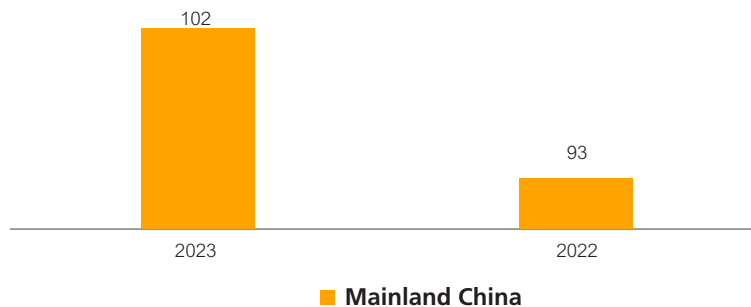
Environmentally friendly production methods

During the year, the Group actively promoted the improvement in the quality and utilization efficiency of raw materials in food to ensure the quality and safety of products. To this end, the Group exercised strict control over labeling, processing, warehousing, inspection and other processes of raw materials in food to ensure that the products are in compliance with relevant regulations and standards. In addition, the Group also strengthened our oversight of suppliers by requiring them to comply with the Group's product quality standards and environmental requirements, as well as to increase the frequency of product inspections to ensure that products comply with the relevant regulations and standards. Among which, the Group formulated relevant processing documents for various raw materials, whereby standardizing their technical specifications, inspection items and methods, and transport and storage.

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Moreover, the Group also actively promoted environmentally friendly production methods to reduce our environmental impacts. For instance, the Group employed more environmentally friendly packaging materials and optimised transport routes to reduce emissions. In addition, the Group redoubled our product recycle and reuse effort to minimise waste and environmental impacts. The Group believes that we can make contributions to environmental protection and sustainable development through these efforts.

Number of suppliers by geographical region



Product responsibility

The Group strictly complies with the applicable laws and regulations, including but not limited to the Implementing Regulations of the Food Safety Law of the People’s Republic of China, the Use of Food Additives Standards, the Law of the People’s Republic of China on Product Quality, the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests, the Trademark Law of the People’s Republic of China, Administrative Measures for Food Production Licensing and General Principles of Prepackaged Food Labelling of National Food Safety Standard. The Group has also established “Food Quality and Safety Management System”, “After-sales Service Management System”, “Customer Record-keeping System” and “Intellectual Property Rights Management System” in accordance with the laws and industry standards, so as to standardise the implementation and supervision of relevant procedures and help us better fulfill our product related obligations.

Product health and safety

Besides adopting the HACCP standards and related industry standards, including ISO9001:2015, the Group was certified as a provincial leading enterprise in agricultural industrialization in Jiangxi Province in 2020. Such certifications and awards demonstrate the Group’s dedicated pursuit of standardized processes, excellent quality control standards and food safety measures. In order to ensure product quality, the Group persists in implementing quality management and assurance procedures at its production and packaging facilities. For individual employees, the Group implements comprehensive personal hygiene and safety standards, and production personnel are required to abide by these standards. Meanwhile, the Group establishes standard operating procedures to explain production and packaging procedures step by step, and provides training on food safety and quality requirements for production personnel to ensure that they comply with safe and high-quality food production procedures.

On the other hand, the Group will adopt various methods to conduct quality inspections during the production process to ensure that the products meet relevant standards and requirements, which include but are not limited to self-inspection, sampling inspection, machine inspection and third-party inspection. In case that any product defect or safety issue, is identified, the Group will immediately take necessary measures, including product recall.

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In case of quality issues, the Group will first inspect and confirm the issues and defects of the product to determine whether a recall is required. Based on the inspection results, the scope of recall will be determined, and customers will then be informed of product recall details, including the reason(s), scope, location and timeframe of such recall. The Group will destroy the recalled products to avoid their sales in the market and causing social impacts. Where the customer already purchased the recalled products, the Group will provide compensation, including return, replacement or refund.

During the Reporting Period, the Group had no products sold or shipped subject to recalls for safety and health reasons.

After-sales service

The Group has appointed the after-sales service department to be responsible for the after-sales work. Our customers can give us feedback on complaints from three channels, namely, 400 toll free telephone, store outlets and transfer from relevant government regulatory authorities.

- For the complaints made through the 400 toll free telephone, the telephone operator will transfer the complaint information to the after-sales service department, and the after-sales service personnel will get in touch with the complaining customer to understand the specific situation, and make explanations and arrange for return or compensation according to the information.
- For the complaints made through store outlets, the store will notify the relevant competent salesman, who will contact the customer according to the complaint information provided by the store to understand the situation and report the relevant information to the Company's after-sales department, and the after-sales service personnel will explain and arrange the return, replacement or compensation according to the situation.
- For the complains made through the relevant government regulatory authorities, the after-sales service personnel will contact the complaining customer according to the information provided by the regulatory authorities to understand the specific situation, and explain, arrange for return, replacement or compensation according to the information. Meanwhile, we shall communicate with the relevant government regulatory authorities and provide relevant materials they need to properly handle the relevant complaints.

During the Reporting Period, the Group did not receive any major complaints about the products and services.

Product advertising and labelling

The Group will ensure that advertising and labelling of its products and services are in compliance with relevant laws and standards. The Group will ensure that all advertisements and labels are objective and truthful descriptions, which are in compliance with relevant laws, regulations and standards. In case of receipt of any complaints about advertising or labelling, the Group will promptly investigate and take necessary actions.

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Protection of customer privacy

The Group places a great emphasis on the privacy of its customers. The Group will ensure that the process of collecting, accessing and storing customer information is in compliance with relevant laws and standards, while ensuring client information remains confidential and classified, which only will be disclosed when necessary. At the same time, the Group will implement reasonable security measures to protect customer data from unauthorized access, use or divulgence. In case of receipt of any complaints about customer data, the Group will promptly investigate and take necessary actions.

If the Group identifies any violation of relevant laws and standards, the Group will immediately take necessary measures, including discontinuing relevant activities, and initiating investigation and monitoring procedures.

Intellectual property management

In acknowledgement of the significance of intellectual property rights, the Group will ensure that the intellectual property rights of its products and services are protected to their fullest extent. The Group will ensure that none of its products and services infringe upon the intellectual property rights of others, and will take necessary steps to protect the intellectual property rights that belong to the Group. The Group has established internal mechanisms to ensure that its employees and suppliers are in compliance with laws and standards related to intellectual property rights. Meanwhile, the Group conduct regular assessments over its intellectual property strategies to ensure that they align with sustainability goals.

Anti-corruption

The Group strictly complies with the requirements of the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and relevant laws and regulations. The Group prohibits any form of bribery, extortion, fraud and money laundering, and requires strict compliance by all employees, agents, suppliers and other business partners with the relevant laws and regulatory requirements. The Group strives to prevent corruption, extortion, fraud and money laundering from taking place during the Group's business activities, by mainly (1) regularly reviewing and updating anti-corruption and anti-money laundering policies, (2) providing relevant training to employees and business partners, (3) setting internal control procedures, (4) establishing a reporting mechanism, and (5) regularly reviewing and updating anti-corruption and anti-money laundering policies and related procedures.

The Group has established an anonymous and non-anonymous whistleblowing system, and individuals can report suspected corrupt practices of the Group and its employees through whistleblowing hotlines, email, letters, and other means. All whistleblowers will be protected in assisting in the investigation. Upon the completion of the investigation, the Audit Department will notify the whistleblower of the investigation results regarding the corrupt conduct.

The Audit Committee of the Group has been delegated to take responsibility for monitoring and implementing the anti-corruption policy, as well as submitting regular reports on the anti-corruption effort to the Board. Among which, the Group has formulated the "Supervision Management System" to ensure the incorruptible operation of the Group as a whole. In addition, the Group will appoint professional third-party agencies to conduct monitoring and auditing procedures to ensure the effective implementation of anti-corruption policies. Our employees or business partners, who identify suspected corruption, extortion, fraud, money laundering, and the like, can report through the whistle-blowing hotline, email, website, and other channels. The Group will strictly protect the privacy of the whistleblowers, and investigate and deal with the reported content. Where the report is substantiated, the Group commensurately will take legal and administrative measures, and penalize the relevant personnel and hold them accountable according to law.

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To better prevent the occurrence of corruption and other issues, the Group also strengthened the supervision of suppliers during the year, requiring them to strictly abide by the Group's anti-corruption requirements and standards. In addition, the Group strengthened its internal audit and supervision mechanism to ensure that our business activities comply with relevant regulations and standards. The Group believes that the Group is able to further enhance the effectiveness of our anti-corruption campaign through these efforts, so as to ensure that its business activities are lawful, honest and sustainable.

During the Reporting Period, the Group did not arrange anti-corruption training for directors and employees as our senior management and employees have taken their initiative to study the Group's anti-corruption policy and reporting mechanism. During the Reporting Period, there were no corruption lawsuits filed against the Group or its employees that were concluded.

Community investment

The Group appreciates its relationship with communities where it operates, and commits itself to giving back to communities through community investment and other means (such as participating in volunteer activities and making donations to charitable organizations), which focus on, including but not limited to, poverty alleviation, education, vocational training, environmental protection, and community culture. The Group will actively participate in local community affairs and cooperate with local governments and other stakeholders to promote community development and progress.

Currently, the Group has not yet formulated policies related to community investment or invested resources in the community, but we promise to make contribution to the development and progress of the communities, by continuing to strengthen cooperation and connection with the communities where it operates, formulating relevant policies and through community investment and other means.

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KPI 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).	12
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	13
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	13
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	10-15
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Aspects, General Disclosures and KPIs	Description	Pages/remarks
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Aspect A3: The Environment and Natural Resources		
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KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	11-17
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B. Society		
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Aspects, General Disclosures and KPIs	Description	Pages/remarks
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KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	25
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	25
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KPI B6.2	Number of products and service related complaints received and how they are dealt with.	27
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	28
KPI B6.4	Description of quality assurance process and recall procedures.	26-27
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	28

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Aspects, General Disclosures and KPIs	Description	Pages/remarks
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