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Green Operations Lead the Sustainability of the Grain and Oil Industry

2022

Yihai Kerry Arawana Holdings Co., Ltd.
Sustainability Report



Yihai Kerry Official
website



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About this Report

Overview

This is the second annual sustainability (hereinafter referred to as "the report" or "the ESG report") report of Yihai Kerry Arawana Holdings Co., Ltd. (hereinafter referred to as "Yihai Kerry Arawana", "the Group", "the Company", "we"). The purpose of this report is to disclose the Company's ESG performance and practices for shareholders, customers, partners, employees, the environment, communities and other key stakeholders. This report covers the information for the fiscal year 2022 (the "Reporting Period") from January 1st 2022 to December 31st 2022, with some information backdated to previous years or covered 2023.

Preparation Basis

This report was prepared referring to the *Global Reporting Initiative (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB) and the *Sustainable Accounting Standards Board (SASB) standards* , and to the focus topics and relevant requirements of Morgan Stanley Capital International ESG rating (i.e., "MSCI ESG rating"), S&P Global Corporate Sustainability Assessment (CSA), FTSE Russell ESG rating and the *Guidelines on Self-Regulation of Listed Companies No. 2--Standardized Operation of GEM Listed Companies on the Shenzhen Stock Exchange*.

The content of this report is determined following a fixed procedure, which includes identifying and ranking significant stakeholders and important ESG-related issues, defining the boundaries of the ESG report, collecting relevant materials and data, preparing the report based on the information collected, and reviewing the information in the report.

Report Scope and Boundaries

The policies and data provided in this report cover the Company and its subsidiaries, while part of the environmental performance and environmental, quality, health, and safety-related certification does not include new, renovated, decommissioned, and other abnormal operation companies. Unless otherwise stated, the report's scope is consistent with the Company's annual report.

Sources and Reliability Assurance

The data and cases in this report are mainly from the Company's statistical reports and relevant documents. The Company's Board of Directors commits that this report does not contain any false records or misleading statements and is responsible for its contents' truthfulness, accuracy, and completeness.

Confirmation and Approval

The Board of Directors reviewed and approved this report on March 22nd , 2023.

Report Access and Contact Information

The electronic version of the Report is available on the website of the Shenzhen Stock Exchange (<http://www.szse.cn>) and the website of the Company (www.yihaikerry.net.cn). Should you have any advice or recommendation on the Company's disclosure and performance in ESG issues, please contact us through the following ways:

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Message from the Chairman

2022 was a year of complex and volatile social and economic situations, with dramatic fluctuations in raw material costs. As an important agricultural and food processing company in China, we have continued integrating ESG management with corporate strategy and operations while strengthening business management thus achieving good results. For example, we have launched a comprehensive carbon inventory program for all Group factories and actively worked on product carbon and water footprint certification; we have been vigorously promoting energy conservation and emission reduction and certified the Group's first carbon-neutral plant, which is also the first in grain and oil industry in China. Well-known international and domestic rating agencies have fully recognized these efforts. MSCI has leapfrogged our ESG rating to BBB; we scored 47 points in the S&P Global Corporate Sustainability Assessment, ranking in the top 10% of the industry. As for domestic ESG ratings, we got AAA in CNI ESG, AA in CSI ESG, and A in Wind ESG.

Facing critical issues such as "supply guarantee", "food security" and "nutrition and health", we have acted as a reservoir for the supply and demand of grain and oil to help stabilize market supply. At the same time, we placed equal emphasis on product quality and innovation to continue to provide high-quality products for society, help with national food security, and create a world-class safe dining table. In 2022, we launched various nutritious, healthy, and high-quality new products, including "Light Ease" medium and long chain fatty acid (MLCT) cooking oil, scientific staple formula grain and potato rice, and Baby King's fermented small noodles. We have been actively expanding our central kitchen business to develop and innovate pre-made food for satisfying the needs of Chinese consumption upgrading.

Under the pressure of increasing environmental problems, we are committed to pursuing sustainability through science and technology. Through assessment, monitoring, innovation, and recycling, we address climate change and decrease its negative environment impact. Energy conservation, emission reduction, and effective utilization of natural resources are achieved through initiatives such as using clean energy, promoting a circular economy,

optimizing logistics routes, improving product packaging, and advocating green offices. In 2022, the Group has added 14 new "Green Factory" certifications, with a total of 64.

We respect our partners, employees, and communities. In collaboration with our upstream and downstream partners, a sustainable value chain for grain, oil, and food is built. Employees are able to realise their values in the diverse and inclusive work environment we provide. We have always been dedicated to public welfare projects such as "Yihai Kerry School Sponsorship Project, Arawana Restoration of Sight Project, Arawana Scholarship and Education Award, Yihai Student Support Center, Arawana Cooking Class, and Arawana Prosthetic Walking Aid" and embed public welfare in our company culture.

Although we have made some progress in the past year, there is still room for further improvement in sustainability. In the new year, we will continue to pay attention to materiality issues. While meeting the diversification of health foods and the personalized needs of consumers, we actively promote a virtuous cycle of symbiotic development between ourselves, the environment and society. We firmly believe that good ESG performance is not only expected by the public but is also an endogenous requirement of our long-term vision of "To Build an Ideal Group". Adhering to the concept of sustainability will be the Company's unswerving strategic policy.

Kuok Khoon Hong
Chairman, Yihai Kerry Arawana Holdings Co., Ltd.

About Yihai Kerry Arawana

Yihai Kerry Arawana Holdings Co., Ltd is a critical agricultural and food products processing enterprise in China. Its main business includes the R&D, production, and sales of kitchen food, feed ingredients, and oleochemicals. From upstream to downstream, the Company is mainly involved in industries such as oilseed crushing, edible oil refining, specialty fats, oleochemicals, sustainable multi-stage processing of rice, processing of corn, wheat and soybean, food and beverage, central kitchen, grain, and oil technology R&D. Yihai Kerry has famous brands such as "Arawana" "Olivoila" "Orchid" "Wonder Farm" "Neptune" "Fengyuan" "Golden Delicious" "Reyland" "Jiejin 100". Its products cover fields like small package edible oil, rice, flour, fine dried noodles, rice noodles, soymilk, unique grains and oils for the catering industry, raw food and supplementary

materials, and oleochemicals. The Group has also established a distribution network with wide outlets, point and sphere integration, and unimpeded channels in the country to serve the consumers comprehensively. Looking ahead, Yihai Kerry will continue to respond to the industrial and economic policies of the state, exert its advantages in brand, scale, R&D, and talent, and adhere to the R&D philosophy of nutrition, health, and safety; it will combine the latest research results of food and nutrition and other disciplines in the country and abroad with the dietary characteristics of Chinese people, provide on an ongoing basis the people with quality grain and oil products that are more nutritional, healthier and safer, serve the country by engaging in industry, and contribute to the growth of the grain and oil industry in China.

By the end of 2022

30,000+
Employees

70+
Strategic Locations in China

100+
Manufactures

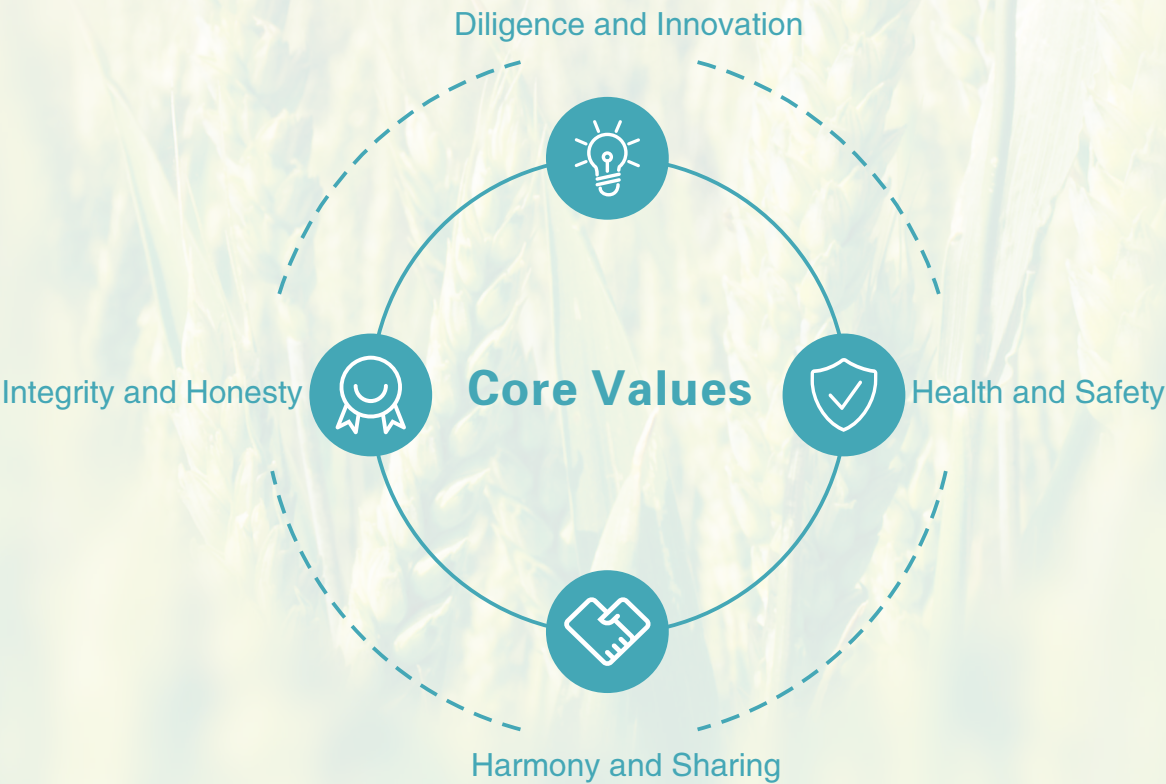


Major Products

To Build an *Ideal Group*

• Group vision

Ideal Group: We want the Group to grow and develop and to build a group with a first-class team, excellent corporate culture, full of love and righteousness, and respected by all walks of life, to be able to share the blessings and difficulties, to do more things that are beneficial to society, to take social responsibility, and to create healthier and safer products for the benefit of society.



2022 ESG Highlights Performance

ESG Rating

International ratings:

- MSCI ESG Rating upgraded three tiers to BBB
- S&P Global Corporate Sustainability Assessment score of 47 points, ranking in the top 10% of the industry

Domestic Rating:

- Received A Rating from Wind ESG Rating
- Received AA Rating from CSI ESG Rating
- Received Highest Rating of AAA from CNI ESG Rating

Environment

- Completed accurate inventory and verification of greenhouse gas emissions for 100% of regular operating sites (excluding new construction, reconstruction, and decommissioning) for Scope 1 and Scope 2, including 86 production enterprises and 59 marketing and business enterprises in 2021
- Completed Scope 3 GHG emission measurements for 2021 of the Company, covering the categories of: Category 1 Raw material procurement (including packaging materials) and transportation emissions Category 3 Fuel and energy-related activities not included in Scope 1 and Scope 2 Category 5 Waste generated in operation Category 6 Business Travel
- Completed product carbon footprint verification for rice bran oil, sebacic acid, fatty alcohols, and other products of 2021
- Completed the first "carbon neutral factory" certification in the domestic grain and oil industry, the Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd.
- 14 new green factories verifications, 64 cumulative verifications, including 27 at the national level, 28 at the provincial level, and 9 at the municipal level
- Implemented 194 energy-saving projects (including 2021 continuation projects), with a total investment of about RMB 220 million, which is expected to reduce greenhouse gas emissions by about 168,000 tons of CO₂e, covering 69.5% of regular operation sites (production enterprises)
- Established "Water Resources Management Procedure" and realized unified monitoring and centralized management on water resources utilization, water stress risk, water intensity, water efficiency, and waste water disposal
- Completed water stress risk assessment for 100% of regular operating sites (production enterprises)

Environment

- Completed the Company's rice bran oil product water footprint verification for 2021
- 100% coverage of environmental protection training
- 17 new packaging reduction projects with 646 tons of reduction, 42.79% of the 2025 packaging reduction target, and 6,419 tons of reduction from 2021 to the end of 2022
- Recyclable packaging accounted for 93.42%

Social

- 240 million RMB was invested in R&D, 448 new intellectual property rights and 83 new innovation patents in 2022, with a total of 3,555 intellectual property rights and 414 invention patent titles
- Jointly established the Central Kitchen Research Institute with the Institute of Food Science and Technology CAAS to develop delicious, healthy, and convenient prepared dishes and nutritious meals
- The "six-step fresh rice precision control technology" obtained 4 authorized patents and won the only "Science and Technology Award Grand Prize" of the China Cereals and Oils Association in 2022
- "Key Technology Innovation and Integration for Industrial Upgrading of Fresh Wet Noodle Products" won the Science and Technology Award of the China National Food Industry Association
- "Key Technology Development and Industrialization of Nutritious and Healthy Noodle Products" won the first prize of the Science and Technology Award of the China Cereals and Oils Association
- The innovative introduction of structural fats--medium and long chain fatty acid cooking oil MLCT won the 6 national invention patents such as "prevention of obesity fatty liver".
- Research and development of healthy staple foods based on the "Dietary Guidelines for Chinese Residents (2016 Edition)"--a scientific staple formula of cereals, tubers, and coarse cereals rice to encourage a balanced nutritional dietary pattern
- 100% coverage of FSSC 22000 Food Safety System Certification for food production-based enterprises 100% coverage of production companies with ISO 9001 Quality Management System Certification
- The Group has 28 companies accredited by the China National Accreditation Service for Conformity Assessment (CNAS), covering 44 accreditation areas in 13 accreditation fields with 755 test items and 696 test methods
- The Company has 11 "National Key Leading Enterprises", 25 "Provincial Key Leading Enterprises", and 10 "Municipal Key Leading Enterprises" in agricultural industrialization
- The Company has 53 subsidiaries that were awarded "National Model Processing Enterprises of Grain and Oil Demonstration Project" by the China National Association of Grain Sector
- 35.77 hours of training per employee
- The Arawana Foundation donated a total of RMB 88,992,100
- Key suppliers of non-trade packages completed SSQ (Supplier Sustainability Questionnaire) assessments, accounting for 94.24% of the procurement expenditures, completed effective feedback, and no supplier was found to have violated the Company's ESG policy

During the Reporting Period, we received numerous awards and recognitions. For more information about the awards, award recipients, and other related information, please refer to the Company's official website and the 2022 Annual Report.

Category	Awards and Honors	Award Institution
Sustainability	Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd was awarded Carbon Neutral Plant of the Year 2021	China Environmental United Certification Center
	2021 Golden Bull Social Responsibility Award	China Securities Journal
	ESG Pioneer Award	Cailian Press
	2022 ESG Award for Corporate Excellence	China Times
	Green Dot China–2022 Green Pioneer	YICAI
	2022 CSR Charity Role Model of the Year	Beijing Business Today
	ESG Competitiveness – Responsible Sourcing Awards	The 17th International CSR Forum
	2022 "Golden Key – China Action for SDG (Sustainable Development Goals)" Resilience Value Chain Category Winner	China Sustainability Tribune

Category	Awards and Honors	Award Institution
Products and Services	National Food Emergency Security Enterprises	National Food and Strategic Reserves Administration
	Key Technology Development and Industrialization of High-Quality Infant Formula Production Project, and the First Prize of Science and Technology Progress Award of China Light Industry Federation	China National Light Industry council
	Top 50 Edible Oil Processing Enterprises for the year 2021; Top 10 Processing Enterprises of Canola Oil, Palm Oil, Corn Oil, Peanut Oil, Rice Bran Oil, Sesame Oil, Sunflower Oil, and Linseed Oil	China National Association of Grain Sector
	Outstanding Contribution Award of Cereal Security China, Most Influential Enterprise of China Cereals and Oils, Most Influential Brand of China Cereals and Oils	Grain News
	2022 National Consumption – Influential Brands	People's Daily Online
	2022 "Peace of Mind Award – Grain and Oil Brand of the Year and Edible Oil Brand of the Year"	Shanghai United Media Group
	Top 100 Shanghai Enterprises 2022, Top 100 Shanghai Manufacturing Enterprises 2022	Shanghai Federation of Enterprises, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations
	Selected for the "List of Typical Enterprises for Deep Processing of Agricultural Products	Department of Consumer Goods Industry, Ministry of Industry and Information Technology of the People's Republic of China and Department of Food Production, of State Administration for Market Regulation

Category	Awards and Honors	Award Institution
Environment and Supply Chain	Blue Star Project Recovery and Recycling Program Award Bronze Award	2022 International Packaging Innovation Forum (IPIF)
	The 8th Packaging Printing and Labeling Excellence Competition Excellence Award, Technology Innovation Award	China Packaging Federation Packaging Printing and Labeling Committee
	Packaging Innovation and Sustainability Award, Technology Innovation Award, Design Application Innovation Award	M.SUCCESS Media Group Limited
Employees and Community	The First "Shanghai Charity Awards" for Donor Enterprises, Charitable Projects, and Charitable Trusts	Shanghai Municipal People's Government
	The First "Hebei Charity Award" Donation Enterprise Award	Department of Civil Affairs of Hebei Province, Department of Human Resources and Social Security of Hebei Province
	National May Day Labor Award	All-China Federation of Trade Unions
	Greater China Employer Excellence Award	Hroot Awards
	Excellent Cases of Rural Talent Revitalization in China	Western China Human Resources Development Foundation

Category	Awards and Honors	Award Institution
Employees and Community	Arawana Nutrition and Health Experience Hall was Awarded for the First Batch of National Science Education Bases	China Association for Science and Technology
Smart Manufacturing	2022 Annual Smart Manufacturing Excellence Scene	Ministry of Industry and Information Technology of the People's Republic of China, National Development and Reform Commission, Ministry of Finance of the People's Republic of China, State Administration for Market Regulation
Corporate Governance	2022 National "Typical Case of Integrity in Business"	Ministry of Commerce of the People's Republic of China
	Most Competitive Listed Company	The Economic Observer
	2021–2022 Top 100 Most Admired Companies List	The Economic Observer
	2022 China Listed Companies List – Most Growing Listed Companies in Consumer Industry	National Business Daily

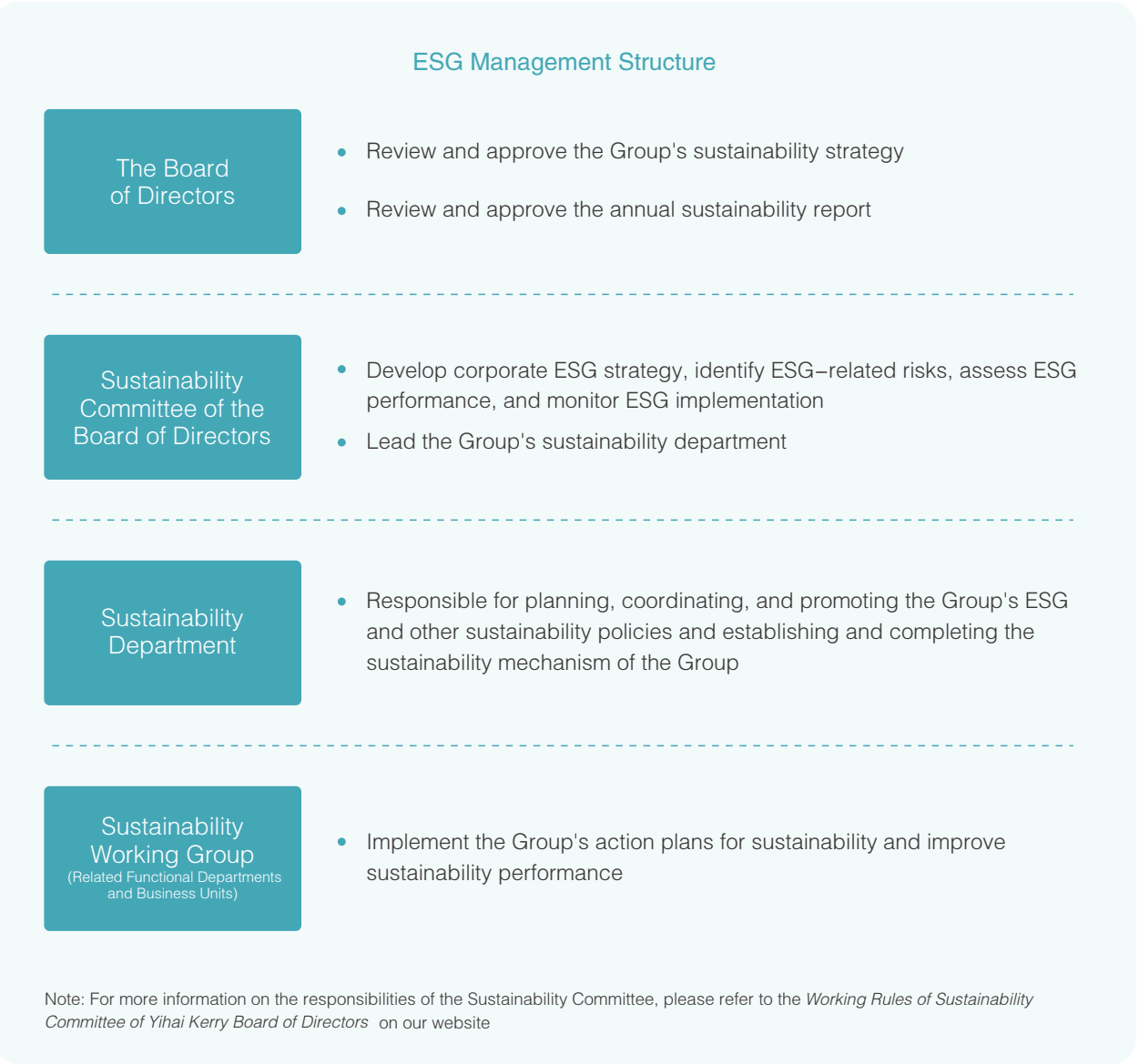


ESG Management

"Build an ideal group" is our vision. "An ideal group" requires us to have good business performance and always follows the path of sustainable development. As a concrete manifestation of sustainable development, ESG not only needs to be integrated with the Group's operation and management but also requires the Group to respond to the demands of internal and external stakeholders actively, continuously review and manage its impact on the economy, society and environment to promote the joint development of the Group and stakeholders.

ESG Governance Structure

As the highest decision-making body of ESG management, the Group's Board of Directors has set up the Sustainability Committee to be responsible for the top-level design of ESG matters and Sustainability Department to be responsible for coordination and promotion. With relevant functional departments and business units to carry out the specific implementation, we have formed an ESG governance structure with full coverage at all levels, division of responsibilities, and clear authority and accountability to help the Group improve the comprehensive governance capacity.

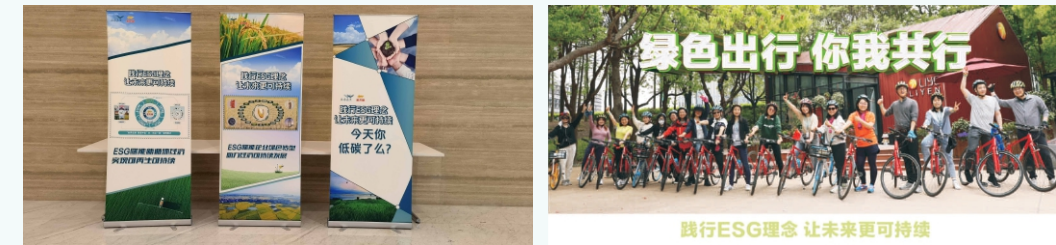


Case

Placing Equal Emphasis on Publicity and Incentive to Make ESG More Practical in the Group

ESG week

To promote sustainability and implement the Group's ESG mission, we held ESG Week during the Reporting Period to encourage all aspects of ESG through content promotion, knowledge quizzes, case sharing and essays.



ESG Contribution Award

To guide and stimulate the development of sustainability within the Group and encourage each unit to enhance further and improve the ESG performance in operation activities, the management of the Group set a Group-wide "ESG Contribution Award" in 2022 to recognize groups and individuals with outstanding ESG contributions. 12 ESG projects were awarded Special contribution, first, second and third prizes respectively and the trophies were presented by the Group's management personally.



Stakeholder Engagement

During daily operation and management, we has established a routine communication mechanism with stakeholders to understand their opinions and expectations timely and effectively, and incorporates them into the operational decision-making process to creating a win-win shared value for all parties. During the Reporting Period, we identified the our significant stakeholders based on our business and operation characteristics and by drawing on the leading industry peer practices.

Category of Stakeholders	Expectations and Demands	Our Response	Communication Channels
 Government and Regulatory Agencies	<ul style="list-style-type: none">• Operation compliance• Product quality and safety• Drive social employment• Drive technological innovation	<ul style="list-style-type: none">• Comply with laws and regulations• Implement regulatory requirements• Help local economic development• Enhance innovation capability	<ul style="list-style-type: none">• Regular meetings• Information reporting• Thematic meetings
 Shareholders and Investors	<ul style="list-style-type: none">• Reduce business operational risk• Regulate corporate governance• Capital appreciation• Protect rights and interests of investors	<ul style="list-style-type: none">• Enhance risk control• Improve corporate profitability• Capital appreciation• Improve the corporate governance system• Disclose information according to the law• Protect rights and interests of small and medium-sized investors	<ul style="list-style-type: none">• Shareholder meetings• Earnings release• Press releases, announcements, and disclosures• Roadshows and reverse roadshows
 Clients and Consumers	<ul style="list-style-type: none">• Ensure product and service quality• Promote business ethics	<ul style="list-style-type: none">• Provide high-quality products and services• Strictly fulfill the contract obligations	<ul style="list-style-type: none">• Customer satisfaction survey• Regular communication
 Employees	<ul style="list-style-type: none">• Protect basic rights• Provide a good career path• Provide a healthy and comfortable work environment	<ul style="list-style-type: none">• Comply with laws and regulations• Provide career development planning• Provide occupational health and employee care	<ul style="list-style-type: none">• Employee communications meetings• Employee training and career development planning• Employee care activities
 Partners	<ul style="list-style-type: none">• Adhere to the integrity of the business• Conduct fair trade• Drive partners in industry chain to fulfill their social responsibility	<ul style="list-style-type: none">• Establish and follow open and transparent procurement principles and cooperation mechanisms• Pursue mutually beneficial cooperation• Ensure effective dealer management• Ensure responsible sourcing	<ul style="list-style-type: none">• Open and transparent bidding process• Sign tender contracts• Industry chain partner training and management• Industrial communication
 Community	<ul style="list-style-type: none">• Support community construction• Participate in community charity activities• Support disaster relief• Rural Revitalization	<ul style="list-style-type: none">• Provide disaster relief• Support the rural revitalization	
 Media	<ul style="list-style-type: none">• Daily communication• Disclose social responsibility and sustainability policies and efforts• Provide specialized interviews and other communication	<ul style="list-style-type: none">• Information disclosure• Media interviews and communication	<ul style="list-style-type: none">• Press releases• Media communication

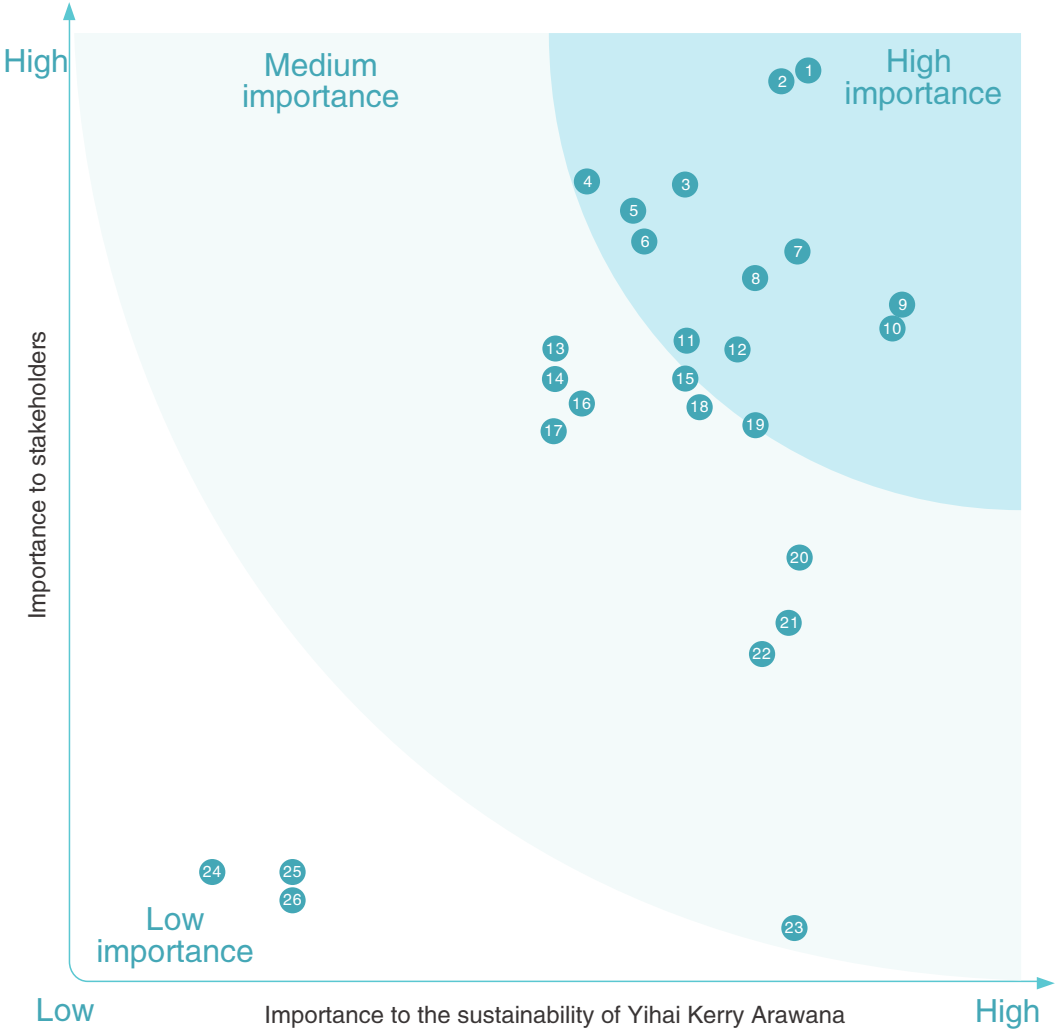
Materiality Assessment

During the Reporting Period, we sorted out 26 materiality issues related to us by referring to the GRI standards, SASB, the industry issues concerned by capital market rating agencies and peers, and combining them with our own business characteristics and operational features. Through interviews and questionnaire surveys with internal and external stakeholders, and combining the global sustainable development trends as well as the our critical strategic directions and the demands of stakeholders, the materiality of the issues was assessed and confirmed, which provides the guide for the Group's ESG strategy formulation, target setting, and information disclosure.

Materiality Identification and Assessment Process



ESG Materiality Matrix of Yihai Kerry Arawana



Environmental

- 5 Sustainable Sourcing
- 7 Tackling Climate Change
- 8 Energy Management
- 11 Product Carbon Footprint
- 14 Pollution Prevention and Control
- 16 Packaging Material Management
- 18 Water Resources Management
- 19 Circular Economy
- 24 Ecological Protection and Biodiversity

Social

- 1 Product Safety and Quality
- 2 Supply Chain Management
- 3 Nutrition and Health
- 6 Technology and Innovation
- 10 Occupational Health and Safety
- 12 Quality Customer Service
- 13 Data Security and Privacy Protection
- 17 Responsible Marketing and Product Labeling
- 20 Win-win Cooperation
- 21 Labor Practices
- 22 Diversity and Inclusion
- 23 Human Capital Development
- 25 Community Engagement
- 26 Rural Revitalization

Governance

- 4 Business Ethics
- 9 Corporate Governance
- 15 Risk Management

Corporate Governance

Yihai Kerry Arawana strictly complies with the relevant requirements of national laws and regulations, builds a corporate governance structure with clear authority, establishes a sound internal management and control system, and continuously promotes the sustainability of us.

Consolidating Risk Defense

Following relevant laws, regulations and regulatory requirements, we gradually builds a risk management system with comprehensive coverage and strict control to enhance the ability to identify, prevent and control all kinds of significant risks to protect the sustainability of us.

Improving the Risk Management Structure

In addition to the Audit Committee, the Company established a Risk Management Committee in 2022, chaired by the Chairman of the Board of Directors and directly led by the Board of Directors, for better risk management. The Board of Directors regularly assesses, monitors, and reviews the adequacy and appropriateness of the risk management and internal control system annually and also monitors and audits the Company's risk management performance. The Company also takes the initiative to invite external organizations to conduct risk management training for our directors, including non-executive directors, to enhance the risk management capabilities of them.

Strengthening the Ability to Identify Risks

In conjunction with all relevant functional departments, the Company's Internal Audit Department compiles a comprehensive analysis of potential risks, prepares a risk management matrix, and formulates reasonable countermeasures to prevent them. The Internal Audit Department regularly adds or revises the existing matrix each year according to changes in the Company's business and operating policies to match the risk management matrix with the actual operating conditions of the Company, thereby improving the efficiency of risk prevention and control. In addition, each of the Company's business segments is equipped with professional staff to continuously conduct sensitivity analysis on specific factors in their business areas, covering financial risk, operational risk, policy and regulatory risk, natural disaster risk, infrastructure risk, and other factors that may have a significant impact on its business. In 2022, the Company updated many policies involved in the modules of the risk matrix, such as procurement, sales, production, inventory, and product quality.

• Fostering a Culture of Risk Prevention and Control

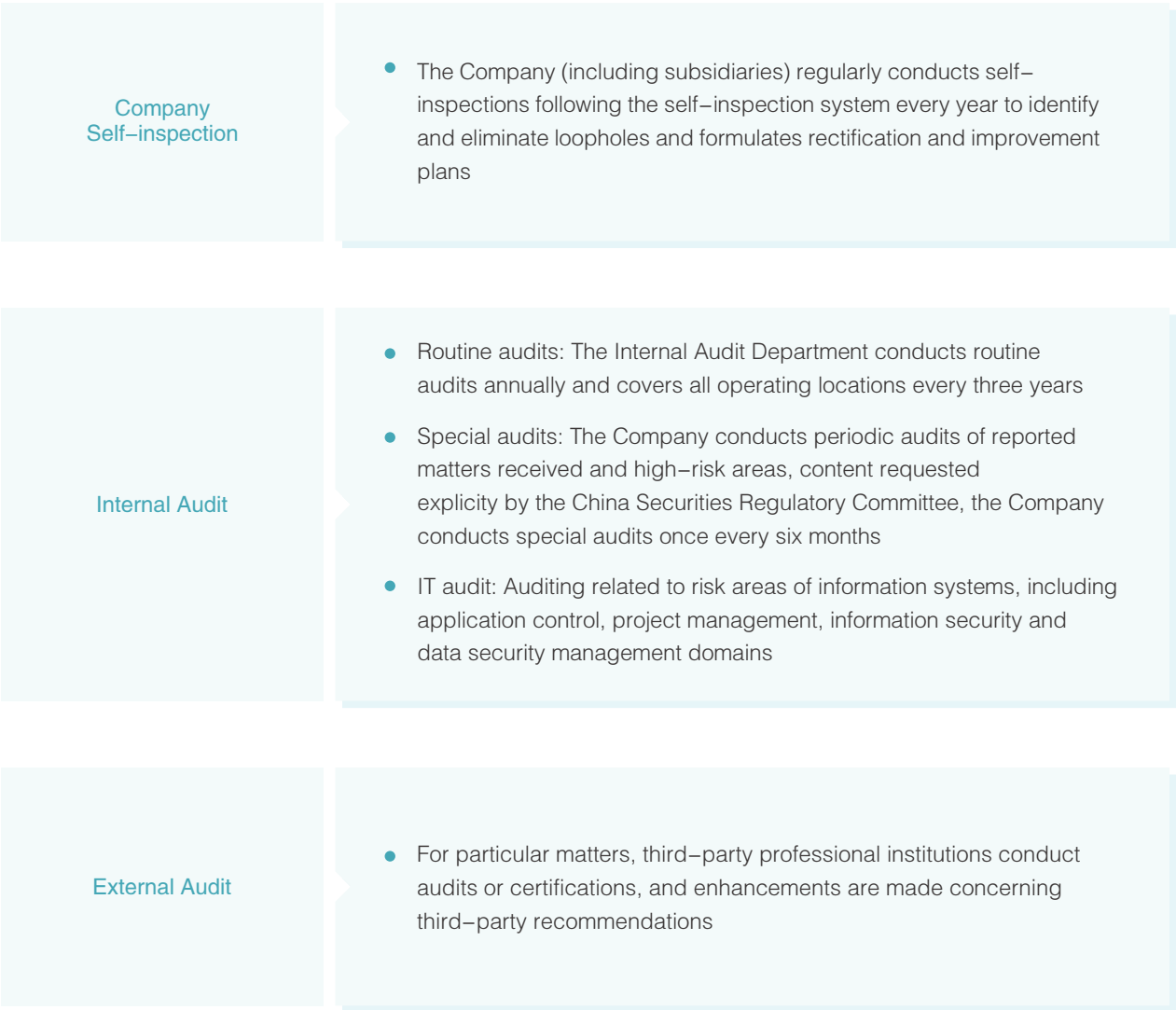
Through the system of "policy–training–supervision–accountability", the Company encourages employees to take the initiative to identify and report potential risks. Meanwhile, each department conducts propaganda and training in its business fields every year, covering topics such as the identification of risks in the relevant business process, audit concerns, sharing of classic cases, which effectively enhances employees' awareness and forms a good risk prevention and control culture in the Company.



• Consolidating Internal Audit

The Company's Internal Audit Department conducts various audits independently and reports directly to the Audit Committee. Through a combination of Company self–inspection, internal audit, and external audit, the Company conducts comprehensive risk checks and consolidates the risk management system.

Comprehensive Risk–based Inspection Approach



Adherence to Compliance and Integrity

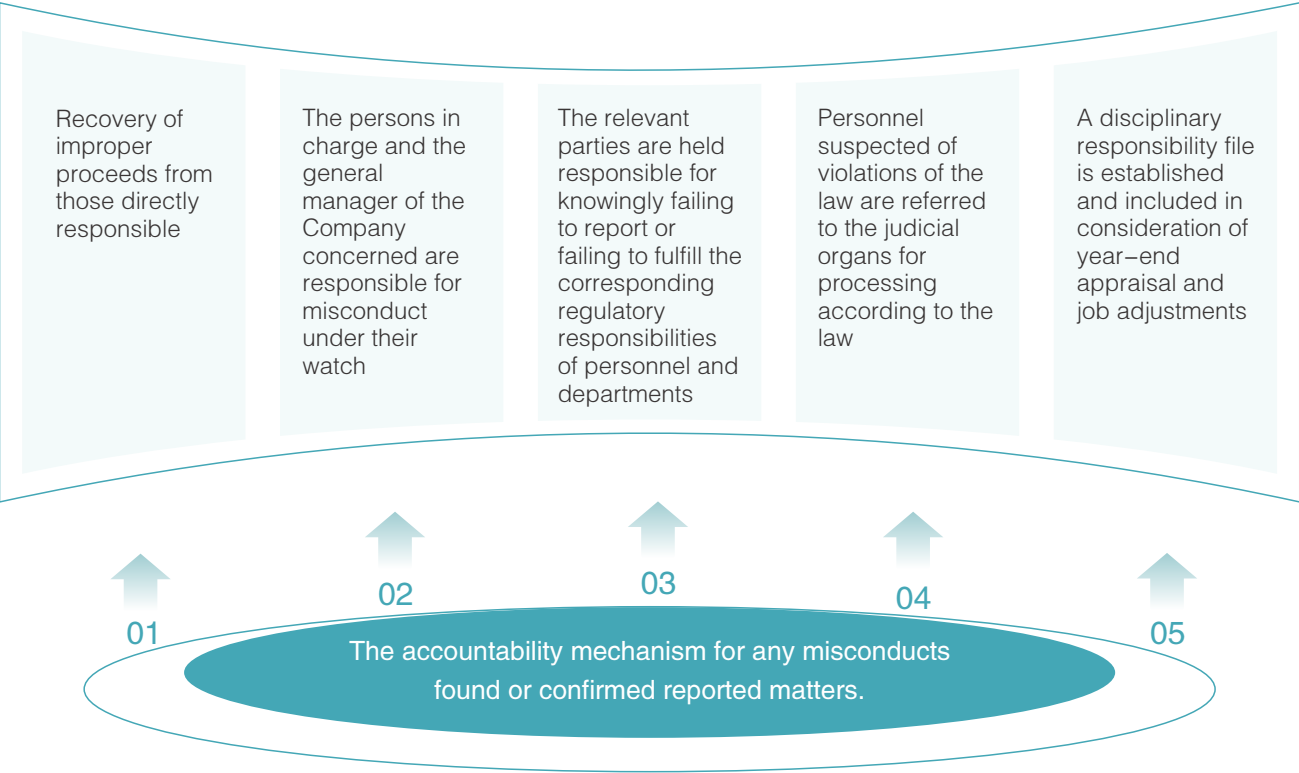
We regard compliance and business ethics as the bottom line of high-quality development and actively responds to the commitments followed by our parent Company (Wilmar International) as a participant in the United Nations Global Compact. We focus on all areas that may breed irregularities and corruption based on a closed-loop management mechanism for risk prevention and control. We conduct regular audits, supervision, and management of compliance and business ethics in daily operation and management, investigate and follow up on any noncompliance found, and deal with it following relevant policies, laws, and regulations to ensure a compliant and honest business order.

Business Ethics and Anti-Corruption

We prohibit all acts against business ethics and establishes a sound business ethics and anti-corruption management system following national laws and regulations, with overall supervision by the Audit Committee of the Board of Directors of the Company. We formulated a business ethics and anti-corruption policy and system applicable to the whole process of the Company's operation, such as the *Code of Business Ethics*, *Anti-Corruption Policy*, and *Code of Conduct* for Employees, to supervise and regulate all employees, suppliers, contractors, distributors, and to make regulations on corruption, bribery, fraud, money laundering, unfair competition, conflicts of interest and other non-compliance behaviors. We have included business ethics and corruption risks in operations in the audit assessment based on the requirements of the Company's business ethics and anti-corruption-related policies, systems and documents. Internal audits covering all operating sites are carried out every three years.

We also conduct regular anti-corruption and anti-bribery training for all employees to ensure that all employees are aware of the business ethics and anti-corruption rules. In 2022, we and our employees had no confirmed significant violations or disputes¹ in business ethics and anti-corruption.

Note1: A confirmed material event or violation refers to a material breach of law or an event that results in a direct loss of an amount more than or equal to 1% of the consolidated operating revenue of the Company, as determined by a judicial authority.



Whistleblowing Mechanism and Whistleblower Protection

We have established and improved whistleblowing and whistleblower protection mechanism, the scope of which covers the entire process of the Company's operation and all employees and external stakeholders, including customers, suppliers, contractors and dealers. We unblock whistleblowing channels and have formulated and disclosed the *Whistleblower Protection Policy* to protect whistleblowers according to the law.

Reporting, Handling, and Protecting Whistleblower



Tackling Climate Change for Long-term Development

Yihai Kerry Arawana actively practices sustainability and pays close attention to national policies and action plans related to climate change. The Company's Sustainability Committee monitors climate change risks and responses and assesses the risks and opportunities climate change brings to the business. We actively carry out greenhouse gas (GHG) emission verification, explore new modes of low-carbon development from green production, low-carbon products, and industry co-construction, promotes GHG emission reduction, contributes to addressing climate change, and helps to achieve carbon peak and carbon neutrality.

Our Topics of Interest

- Tackling Climate Change
- Energy Management
- Product Carbon Footprint
- Circular Economy
- Packaging Material Management

Corresponding SDGs



Our Objectives

- We aim to achieve net-zero GHG emissions by 2050, and study and develop a net-zero roadmap and timeline consistent with our own development plans starting in 2023.
- By 2030, the total solar photovoltaic power installed on the roof of the Company's factories will reach 200 MWp.
- By the end of 2025, we will reduce the use of packaging materials by 15,000 tons, with the proportion of package material recyclable aiming to exceed 90% per year.

Our Actions

- Conducting climate-related risks and opportunities identification
- Establishing GHG emissions inventory and completing Scope 1 and Scope 2 GHG emissions inventory, covering 100% of the regular operating sites
- Completing the Scope 3 measurement of GHG emissions
- Carrying out product carbon footprint verification to promote energy saving and carbon reduction
- Developing a circular economy actively and promote sustainability
- Reducing GHG emissions from our production operations by approximately 959,000 tons of CO₂e through the use of biomass energy (rice husk), biogas recycling, procurement of solar electricity and energy saving and emission reduction projects
- Promoting the low-carbon development of packaging, warehousing and logistics, and carriers, and working with partners to promote the construction of a low-carbon value chain
- Carrying out packaging reduction project

Deploying Climate Action to Enhance Risk Response Capacity

Referring to the Task Force on Climate-related Financial Disclosure (TCFD), the Company has identified the risks and opportunities arising from climate change from three aspects: physical risks, transition risks, and market opportunities. We will gradually improve our climate change risk management system and enhance the management of climate risks and opportunities.

Risks			Main Impact Description	Financial Impact
Physical Risks	Acute Risks	Flood	It will cause damage to infrastructure/production equipment at the operating sites and significantly affect the normal operations of suppliers and customers, which will impact the Company's business.	Cost increase: supplier impact Revenue decrease: operating interruptions due to damage to infrastructure/production equipment
		Drought	It may lead to a tight water supply and insufficient water availability.	Cost increase: increased water costs and operating costs Revenue decrease: reducing productivity and operational disruptions due to water shortages
		Tropical Cyclone	It will severely impact on the Company's coastal operations, such as damage to infrastructure/production facilities at the functions or influence suppliers' production/transportation processes in the product supply chain, resulting in business interruptions or other severe impacts due to lack of product availability.	Revenue decrease: reduced productivity and operational disruptions due to damage to infrastructure/production equipment; may adversely affect the business of the Company's suppliers and customers, which may indirectly affect the Company's revenue Cost increase: increasing maintenance costs due to damage to infrastructure/production equipment

Risks			Main Impact Description	Financial Impact
Physical Risks	Acute Risks	Extreme Heat	The number of heat wave days increases due to extreme heat and high humidity, resulting in reduced effective working hours per person, which impacts the regular operation of the Company's business and increases the operating costs of cooling and ventilating.	Revenue decrease: lower productivity, operational disruptions, and lower revenue Increased costs: increased operating costs due to high temperatures
		Extreme Precipitation	It will increase the probability of flooding, resulting in damage to infrastructure/production equipment at the site and disruption to the supply chain of agricultural products. It will also affect employees commuting and may cause damage to electrical facilities, affecting normal operations of the site.	Revenue decrease: causing disruptions in power and other suppliers, reduced productivity and disruptions to operations Increased costs: increased maintenance costs due to damage to infrastructure/production equipment
	Chronic Risks	Warming	It will increase the Company's energy consumption and the burden on workers, resulting in increased costs in operations.	Cost increase: increased operating costs due to high temperatures
		Rising Sea Level	It will increase the threat of flooding and possible damage to infrastructure/production facilities located at coastal operations. It may also adversely affect the normal functions of the Company's suppliers' and customers' businesses.	Revenue decrease: operational disruption due to damage to infrastructure/production equipment; may adversely affect the business of suppliers and customers, thus indirectly affecting the Company's revenue Cost increase: increased maintenance costs due to damage to infrastructure/production equipment

Risks			Main Impact Description	Financial Impact
Transition Risks	Policies and Laws	Existing Policies and Laws	Compliance with existing policies and regulations on emissions, climate change and environmental protection.	N/A
		New Policies and Laws	The increase in national requirements to address climate change and dual-carbon policy will increase the Company's operating cost investment, affect external demand for existing products and services, and even have non-compliance risks.	Cost increase: increased operating costs due to compliance Revenue decrease: reduced demand for non-low-carbon products affects revenue
	Technological Innovation and Product Development		Due to the tightening of domestic requirements for corporate carbon emissions, the Company reduces GHG emissions through technology upgrades, process optimization, and the application of new equipment. In technology investment and R&D, there is a possibility of failure in investing in new low-carbon environmental technologies.	Cost increase: cost input due to technology upgrade/investment
	Changes in Market Supply and Demand		Consumers' awareness related to green consumption has increased. Suppose the Company needs to respond to the market demand for green and low-carbon products promptly to meet consumers' green consumption preferences, it will lead to a decline in demand for goods and affect earnings. Changes in raw materials and service price will affect operating costs due to relevant policies.	Cost increase: increased operating costs Revenue decrease: shifting consumer preferences impacting existing products and services

Risks		Main Impact Description	Financial Impact
Transition Risks	Changes in the Evaluation of Reputation	As stakeholders become more concerned about climate change, their reputations will suffer if companies fail to make timely improvements/upgrades.	Revenue decrease: lower revenue, lower capacity, and lower available capital

Opportunity		Description of Key Opportunities
Efficiency, Resilience, Innovation, and Market Opportunities	Resource Efficiency	Reduce the Company's medium and long-term operating costs by adopting more efficient operations and production methods, improving resource efficiency, reducing GHG, pollutant, and waste emissions, and practicing sustainability and circular economy.
	Energy Sources	Introducing more renewable energy in production operations can enhance the ability to cope with the risk of energy supply changes, gain supportive policy incentives, gain an advantage in the carbon market, and reduce the Company's medium- and long-term operating costs.
	Products and Services	Continuous green and low-carbon product innovation ensures that the Company can provide various products that respond to customer and consumer demand while driving our business partners to practice low-carbon transformation and jointly enhance the competitive advantage of the entire supply chain in the industry.
	Adaptability	The development of green technologies and green low-carbon products can effectively enhance the adaptability of the Company's products and form new revenue growth points while also spilling over the value of low-carbon and emission reduction to partners and improving the reliability of the value chain and its ability to operate under different conditions.

Verifying GHG Emission to Consolidate the Data Base

Following the 2021 commitment targets:

- (1) By the end of 2022, complete Scope 1 and Scope 2 GHG emissions inventory, covering 100% of the operations.
- (2) By the end of 2022, complete the Scope 3 measurement of GHG emissions, covering 100% of the operations.

In 2022, we commissioned an independent third-party organization to conduct the "Greenhouse Gas Emissions Verification for 2021".

Greenhouse Gas Verification Statement

No.1: CEC-GHGVC-2022-0135-I

Applicant:

Yihai Kerry Aseana Holdings Co., Ltd.
Address: 1799 Bocheng Road, Pading New Area, Shanghai, China

Verifying Officer:

Yihai Kerry Aseana Holdings Co., Ltd.
Address: 1799 Bocheng Road, Pading New Area, Shanghai, China

China Environmental United Certification Center Co., Ltd. (CECC) issues this Verification Statement in accordance with ISO14064-1:2018, and concludes that:

The direct and indirect GHG emissions (Scope 1 and Scope 2) in the reported period (11/2021-12/31/2021) of Yihai Kerry Aseana Holdings Co., Ltd. (including 10 formal production facilities, 2 business enterprises and 32 marketing enterprises located in Mainland China) were 4573693 tCO₂e. No substantial deviation was revealed in GHG emissions accounting. The details are as follows:

Emissions Category	Verified Value
Direct GHG emissions and removals (Scope 1)	GHG Emissions from Fossil Fuel Combustion
	2053303.58 tCO ₂ e
	GHG Emissions from Industrial Process
	2187764 tCO ₂ e
	GHG Emissions from Anesthetic Treatment of Wastewater
	41827.68 tCO ₂ e
Fugitive GHG Emissions	2048.35 tCO ₂ e
Total Direct GHG Emissions	2181693.25 tCO₂e
GHG Removals	0 tCO ₂ e
Indirect GHG emissions (Scope 2)	Indirect GHG Emissions from Imported Electricity
	1835854.37 tCO ₂ e
	Indirect GHG Emissions from Imported Heat
	256651.51 tCO ₂ e
Total Indirect GHG Emissions	2392505.78 tCO₂e
Total GHG Emissions	4573693 tCO₂e

Note: Organizational boundaries are detailed in the Verification Report No. CEC-GHGVC-2022-0135-I

China Environmental United Certification Center Co., Ltd.

No. 1 Yuhuan Road, Chongming District, Shanghai, China, 100029

Signature:

Date of Issue:

China Environmental United Certification Center Co., Ltd.
<http://www.cecc.com.cn>

Greenhouse Gas Verification Statement

No.1: CEC-GHGVC-2022-0135-II

Applicant:

Yihai Kerry Aseana Holdings Co., Ltd.
Address: 1799 Bocheng Road, Pading New Area, Shanghai, China

Verifying Officer:

Yihai Kerry Aseana Holdings Co., Ltd.
Address: 1799 Bocheng Road, Pading New Area, Shanghai, China

China Environmental United Certification Center Co., Ltd. (CECC) issues this Verification Statement in accordance with ISO14064-1:2018, and concludes that:

The indirect GHG emissions (not included in Scope 2) in the reported period (11/2021-12/31/2021) of Yihai Kerry Aseana Holdings Co., Ltd. (including 10 formal production facilities, 2 business enterprises and 32 marketing enterprises located in Mainland China) were 4155644 tCO₂e. No substantial deviation was revealed in GHG emissions accounting. The details are as follows:

Emissions Category	Verified Value
Indirect GHG emissions (not included in Scope 2)	Category 1 Purchased Goods and Services
	Raw Materials
	34052917.09 tCO ₂ e
	Packaging Materials
	1034063.34 tCO ₂ e
Category 3 Fuel- and Energy-related Activities (not included in Scope 1 or Scope 2)	711011.88 tCO ₂ e
Category 4 Upstream Transportation and Distribution	327551.07 tCO ₂ e
Category 5 Water Generated in Operations	3464.08 tCO ₂ e
Category 6 Business Travel	96763.09 tCO ₂ e
Total Indirect GHG Emissions (not included in Scope 2)	4155644 tCO₂e

Note: Organizational boundaries are detailed in the Verification Report No. CEC-GHGVC-2022-0135-II

China Environmental United Certification Center Co., Ltd.

No. 1 Yuhuan Road, Chongming District, Shanghai, China, 100029

Signature:

Date of Issue: 12/31/2022

China Environmental United Certification Center Co., Ltd.
<http://www.cecc.com.cn>

Verification basis:

ISO 14064–1:2018 Greenhouse Gases–Part 1: Specification with Guidance at the Organization Level
for Quantification and Reporting of Greenhouse Gas Emissions and Removals

ISO 14064–3:2019 Greenhouse Gases–Part 3: Specification with Guidance for the Verification and Validation of Greenhouse Gas Statements

Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Food, Tobacco and Wine, Beverages, and Refined Tea Enterprises (for trial implementation)

Guidelines for Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Power Generation Facilities

GHG Protocol for Corporate Accounting and Reporting Standard (revised edition)

GHG Protocol for Corporate Value Chain Accounting and Reporting Standard

2006 IPCC Guidelines for National Greenhouse Gas Inventories

2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories

IPCC Fifth Assessment Report (AR5)

The verification is divided into two parts:

- (1) Accurate verification of Scope 1 and Scope 2 GHG emissions
- (2) Scope 3 GHG emission measurement

Accurate Verification of Scope 1 and Scope 2 GHG Emissions

Organizational boundary: Set the organizational boundary of our GHG emissions under the operational control approach

Time range: January – December 2021

Verification subjects: 86 production enterprises and 59 marketing and business enterprises in regular operation under the Group

Emissions in 2021

Scope 1 2.1817 million tons of CO₂e + Scope 2 2.3953 million tons of CO₂e = Scope 1 + Scope 2 4.577 million tons of CO₂e

Scope 3 GHG Emission Measurement

Organizational boundary: Set the organizational boundary of our GHG emissions under the operational control approach

Time range: January – December 2021

Verification subjects:

Category 1 Raw material procurement (including packaging materials) and transportation emissions

Category 3 Fuel- and energy-related activities not included in Scope 1 or Scope 2

Category 5 Waste generated in operations

Category 6 Business travel

GHG Emissions	Unit	Emissions in 2021
Scope 3	10,000 tons of CO ₂ e	4,115.66

Accounting for Energy Consumption

In 2022, the Group conducted an accounting of "energy consumption in 2021".

Organizational boundary: Set the organizational boundary of our energy consumption under the operational control approach

Time range: January – December 2021

Verification subjects: 86 production enterprises and 59 marketing and business enterprises in normal operation under the Group

Energy Type	Energy Consumption in 2021		Energy Consumption in 2021		Percentage
Fossil Energy	10,000 GJ	3,752.84	10,000 tons of standard coal	128.05	85.24%
Renewable Clean Energy	10,000 GJ	650.04	10,000 tons of standard coal	22.18	14.76%
Total	10,000 GJ	4,402.88	10,000 tons of standard coal	150.23	100%

Promoting Green Production in Enterprises with Energy Saving and Carbon Reduction

The Company has adhered to the concept of green and low-carbon in the production process for a long time, continues to save energy and increase efficiency, improves the efficiency of energy and resource use, actively promotes the use of clean energy, integrates energy-saving and carbon-reducing measures into all aspects of production and operation, and reduces GHG emissions.

In 2022, 69.5% of the Company's regular operating sites (production enterprises) undertook energy-saving and carbon-reduction actions. Through waste heat recovery, process optimization, centralized control, equipment renewal, energy efficiency improvement, and frequency conversion, 194 energy-saving projects (including the continuation projects in 2021) were implemented, with an estimated total investment of about RMB 220 million, which is expected to reduce GHG emissions by about 168,000 tons of CO₂e.

The Company encourages all production enterprises to establish energy management systems. By the end of 2022, the coverage rate of ISO 50001 Energy Management System certification reached 44.2%, an improvement of 6.8% from 2021.

Energy Saving and Emission Reduction

Case

Updating Equipment to Dig Up Potential of Energy Saving and Carbon Reduction

In response to the production process, the current situation of significant emissions of volatile organic compounds (VOCs), high content of combustible gases in the exhaust gas, and insufficient utilization of waste heat from boiler flue gas, Wilmar HighPolymer Material (Lianyungang) Co., Ltd carried out the boiler energy-saving renovation and deep utilization of flue gas waste heat project.

Sending the exhaust gas from the production process to the boiler for blending can reduce environmental pollution while using the heat of the exhaust gas to reduce the use of boiler fuel. And at the same time, flue gas waste heat can be recovered and utilized by setting up a boiler tail cooler and other devices.

It is expected to save energy every year
8,714 tons of standard coal

Reduce GHG emissions
25,252 tons of CO₂e



Implement energy saving projects

194

Total investment of about RMB

220 million

Reduce GHG emissions by about

168,000

tons of CO₂e

Tackling Climate Change for Long-Term Development

Building Central Kitchen Parks to Promote Kitchen Reform

Concentrating on Specialization

Joining Hands to Sustainability

Benefiting People

Warming Community

In line with the 2021 commitment target, we carry out pilot carbon neutrality factory verification in 2022.

In 2022, the Company commissioned an independent third-party organization to conduct GHG emission verification and carbon neutrality certification for its subsidiary, Yihai Kerry (Kunming) Foodstuffs Industries Co., Ltd, and build the first "carbon neutrality factory" in China's cereal and oil industry.

Case

Creating the First "Carbon Neutrality Factory" in the Domestic Cereal and Oil Industry to Save Energy and Reduce Carbon Emissions

In 2022, the Company successfully built the first "carbon neutrality factory" in the domestic cereal and oil industry, playing an essential role as a model to promote China's cereal and oil industry to achieve the goal of "carbon peaking and carbon neutrality".

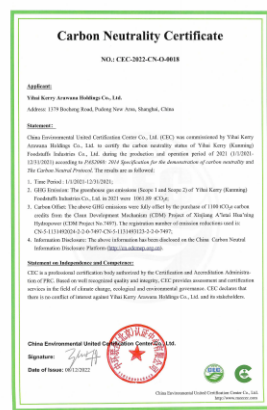


On top of minimizing its own GHG emissions through process optimization, package material reduction, photovoltaic power generation, and procurement of green power, Yihai Kerry (Kunming) Foodstuffs Industries Co., Ltd finally completed total carbon offsets through the Clean Development Mechanism (CDM) to achieve carbon neutrality in 2021.

In the future, the Company will actively explore methods and paths to achieve carbon neutrality according to local conditions, strive to build more carbon neutrality plants, and work together with industry partners to build a lower carbon, better and sustainable future.



Greenhouse Gas Verification Statement



Carbon Neutrality Certificate

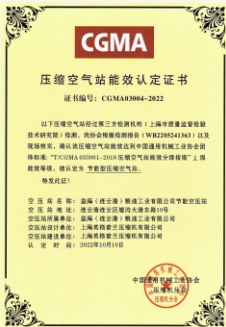


Carbon Neutrality Factory

Case

Improving Energy Use Efficiency by Compressed Air Station Renovation

Yihai (Lianyungang) Oils & Grains Industries Co.,Ltd improved energy efficiency of compressed air station in response to the problems of old equipment, low efficiency, high energy consumption and frequent breakdowns of the original air compressor station. By adopting higher energy-efficient air compressors and post-treatment equipment, the old equipment was replaced while the waste heat of the air compressors was recovered to the boiler for use, which not only saves electricity consumption, but also saves steam consumption and reduces GHG emissions.



Yihai (Lianyungang) Oils & Grains Industries Co., Ltd has achieved the highest level of energy efficiency of compressed air station in China, the Grade 1 energy efficiency.

Reduce energy consumption by more than
25%

Reduce GHG emissions by
2,572 tons of CO₂e every year

Case

Achieving Energy Saving and Carbon Reduction through Methane Recycling

According to the model of "methane collection, combustion, and carbon reduction, energy utilization", we have established a complete methane recovery and utilization system, which can completely recover and utilize the methane produced in the process of factory wastewater treatment and reduce the GHG effect caused by the direct emission of methane. The priority is to recycle methane to the boiler for blending, which can eliminate the direct emission of methane and replace part of the boiler fuel. Small amounts of methane that cannot be used or during equipment maintenance are burned through a flare to avoid direct methane emissions.

In 2022

Take methane elimination measures
12 plants

Burn methane
11.16 million cubic meters

Reduce GHG emissions
171,000 tons of CO₂e

Burn and utilize biogas
10.81 million cubic meters

Save boiler fuel
8,558 tons of standard coal



Clean Energy

Case

Promoting the Use of Rice Husks to Practise Circular Economy Actively

We utilize rice husk as a boiler fuel instead of coal to produce steam and electricity for production operations.

In 2022

The Company consumed about
345,000 tons of rice husk

Replace about
165,000 tons of standard coal

Reduce GHG emissions by about
405,000 tons of CO₂e

Case

Utilizing Solar Photovoltaic Power to Increase the Proportion of Clean Energy Continuously

We have been following the same model as in previous years by providing the roofs of its manufacturing enterprises to professional institutions to build solar photovoltaic power generation systems. It adopts the mode of "self-generation for self-use, surplus for the grid" to use local solar power, effectively reducing the demand for municipal electricity and GHG emissions. In 2022, the Group used 38,329 MW·h of electricity through solar photovoltaic power, an increase of 240% from 2021.

By the end of 2022, the total installed capacity of solar photovoltaic power projects in operation has reached 60 MW, while there are solar photovoltaic power projects under construction and planned for building with a total installed capacity of about 74 MW.



By the end of 2022

The total installed capacity of solar photovoltaic power projects in operation has reached

60MW

Solar photovoltaic power projects in progress with a total installed capacity of about

74MW

Solar photovoltaic power usage amounted to

38,329MW·h

Reduce GHG emissions by approximately

23,385 tons of CO₂e

Case

Transforming New Energy Consumption Actively through Green Power Procurement

In addition to local solar photovoltaic power generation, the Group's production enterprises also actively procure and use green power through various means.

In 2022

The Group altogether purchases and uses green electricity

313,500MW·h

Reduce GHG emissions about

191,200 tons of CO₂e



Leading the Green and Low-carbon Trend with Advanced Products

We pay attention to the carbon attributes of its products, carries out product carbon footprint verification, vigorously develops a circular economy, realizes carbon reduction in the whole process, and continuously provides environmentally friendly and low-carbon products to society.

Tracing Products Carbon Footprint

According to the 2021 commitment target, we carry out carbon footprint certification of some core products in 2022.

In 2022, we commissioned a third-party organization to conduct a cradle-to-gate product carbon footprint verification for rice bran oil, sebacic acid, and other products.



Carbon Footprint Certificate of Rice Bran Oil



Carbon Footprint Certificate of Sebacic Acid



Carbon Footprint Certificate of Mixed Acids



Carbon Footprint Certificate of Stearic Acid



Carbon Footprint Certificate of Fatty Alcohol FAL-0860



Carbon Footprint Certificate of Fatty Alcohol FAL-1214



Carbon Footprint Certificate of Sec-Octanol



Carbon Footprint Certificate of Palmitic Acid

Developing Circular Economy

We are committed to building a green and low-carbon recycling system, developing new industrial models such as rice recycling economy and green oil technology, promoting green processing and comprehensive utilization, and promoting the development of a circular economy while improving the added value of products.

Case

Promoting Maximum Product Value through Rice Recovery Economy

The Company actively explores the circular economy industrial model with economic, ecological, and social benefits, strives to maximize the use of resources, and reduce GHG emissions. The Company has built a circular economy model of rice processing : "contract farming-deep processing-product branding-comprehensive utilization of by-products-high-tech product research and development", and realized the transformation of rice processing mode from the traditional type to the deep processing type.



- **Guarantee product quality:**
Research and optimize rice taste and safety technology to ensure the purity of rice varieties and the quality through the order base.
- **Increase the added value of products:**
Rice bran preservation technology can enhance the yield and quality of rice bran oil and extract fatty acid, rice bran wax, rice bran fat, glutenin, ferulic acid, and many other high-value-added products.
- **Development of circular economy:**
The rice husk from rice processing is used as fuel to produce steam, electricity, and charcoal through a charcoal cogeneration unit. Steam and electricity are used for production operations, which can reduce and replace fossil energy consumption and reduce GHG emissions. Rice husk char can be used to make products such as activated carbon and silica. Compared with traditional raw materials and production processes, rice husk char is greener, more environmentally friendly, and can minimize environmental damage and GHG emissions.

Building the Cycle Industry Chain with Green Oleochemicals

We continue to explore the circular industrial chain of oleochemical processing and comprehensively promotes green oleochemical technology. With deep processing of oleochemicals and efficient utilization of resources as the core, we produce high-quality products while reducing the consumption of resources and energy to promote sustainability.



The green treatment technology is used to treat the by-products of oil production and processing to produce fatty acids, glycerin, and other primary oleochemical products, which provide high-quality raw materials for downstream fine chemicals. The downstream products of fatty acids are used to produce paper auxiliaries, which completely solves the problem of toluene residue in traditional paper production.

Collaborating with Partners to Build a Sustainable Value Chain

90% of GHG emissions of the Company's entire value chain come from upstream and downstream. Therefore, working with suppliers and partners to promote the reduction of emissions in the value chain plays an important role in the Company's low-carbon development. We are building a green, low-carbon, sustainable ecosystem by developing sustainable packaging, optimizing warehousing and logistics, and promoting carriers' transformation.

Promoting Sustainable Packaging

We are committed to promoting the use of sustainable packaging, upholding the 4R1D (such as reduce, reuse, recycle, recovery, and degradation) principles in our operations, implementing the 3R Strategy. Based on the principles of reduction at source, reduction in process and reduction at the end, we continuously develop lightweight packaging technology, promote sustainable packaging products, stock new technology materials to reduce the environmental impact of packaging materials. Our Company implemented the "Sustainable Packaging Plan 2025", which aims to reduce the use of packaging materials by 15,000 toes by the end of 2025, based on product and sales volumes in 2020, with a recycling rate of over 90% per year.

By the end of 2022

The total packaging reduction was		The completion progress of the packaging reduction target was		Recyclable packaging accounted for	
6,419 _{tons}		42.79%		93.42%	
3R Strategy		Action in 2022			
Reduce		<ul style="list-style-type: none">17 new packaging reduction projects have been launched, which can reduce the use of plastic and paper materials and reduce packaging by 646 tons			
Reuse		<ul style="list-style-type: none">The "Carton Sharing" project is developed with upstream and downstream partners in the supply chain to reuse outer cartons of products, which reduced 10 tons of paper consumption and 11.37 tons of CO₂ emissions			
		<ul style="list-style-type: none">The use of recycled meal boxes is promoted in the Central Kitchen's student meal business			
		<ul style="list-style-type: none">The reuse of FIBCs bags is promoted with customers			
Recycle		<ul style="list-style-type: none">The storage and transportation cartons are simplified to reduce ink usage and promote paper recycling			
		<ul style="list-style-type: none">The application of recycled plastics in non–food contact packaging is promoted continuously			

Progress of Sustainable Packaging Plan 2025

Year	Recyclable packaging (%)	QTY of new packaging reduction projects	The weight of packaging material reduced by new projects in the current year/tons	The weight of packaging material was reduced by continuing the previous year's project/tons
2021	93.54	11	2,795	/
2022	93.42	17	646	2,977
Total	/	28	6,419	

Cases

"Plastic Reduce" Rice Packaging

In cooperation with ExxonMobil, the Company worked with supply chain partners to create a high-performance polyethylene Plastic Reduce solution that was applied to the Company's rice packaging, successfully reducing the thickness of the PE layer by about 11% while maintaining the strength and sealability of the packaging film, making the Company's corresponding rice a valid "less plastic". This plastic-reducing and efficiency-enhancing rice packaging solution won the "2022 Packaging Innovation & Sustainability Award" and is being promoted to the entire value chain of sustainable packaging.



In 2022

The Company's "Plastic Reduce" rice packaging reduced polyethylene plastic use by

350_{tons}

Reduce production energy consumption upstream in the supply chain by approximately

1,130_{GJ}

Reduce water consumption in the upstream and downstream of the supply chain by about

40,000_{tons}

Wrapping Film Optimization with Supply Chain Partners

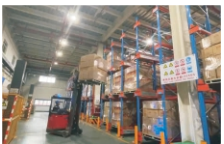
We worked with supply chain partners to optimize the performance of wrapping film, reducing the amount used in a single pallet by about 50% and freight volume. In 2022, after successfully carrying out the project and completing the test, we conducted a switch in some pilot factories, reduced the use of 27 tons of PE plastic. We plan to popularize the wrapping film throughout the entire Company in 2023.

Reduce the amount used in a single pallet by approximately

50%

Relatively reduce the use of PE plastic

27_{tons}



Case

Cooperating with Partners to Optimize the Formulation of Packaging Materials to Achieve Plastic Recycle

In compliance with the requirements of national food safety-related laws and regulations, we add a certain percentage of recycled plastic to the feed packaging materials through inter-departmental collaboration and joint efforts with industry chain partners so that the plastic can be recycled and reused during its life cycle. The feedstuff packaging is estimated to promote the recycling of about 15,000 tons of plastic annually and reduce the consumption of 36,000 tons of standard coal upstream of the industry chain.

In 2022, the feed packaging won the Blue Planet Project Sustainable Packaging Competition-Recycling Utilization Awards for its outstanding recycled plastic recycling solution and action cases.

The feedstuff packaging is estimated to promote the recycling of about

15,000tons

The average annual reduction of standard coal consumption in the upper reaches of the industrial chain is about

36,000tons



Exploring Low-carbon Warehouse and Logistics

We pay attention to the GHG emissions in the process of warehousing and logistics and adopt transportation mode optimization, transportation efficiency improvement, and transportation facilities upgrade to actively explore the green warehouse management mode and reduce the energy consumption and carbon emissions in the process of warehousing and logistics transportation.

Transport Mode Optimization	
Delivery to the Terminals	Optimize the transportation process at the end of the sales, gradually replace the "factory-distributor-terminals" model with direct delivery from the factory to the terminals, reduce the transportation nodes in the sales process, and reduce carbon emissions
Operation Center	The Group has set up a logistics operation center in Linyi. Based on sales forecast, the factory will send the whole truck to Linyi and then use the rich local logistics resources to send the LTL to customers according to the orders, effectively reducing the cost and improves the transportation time and efficiency, building a convenient transportation mode for small products

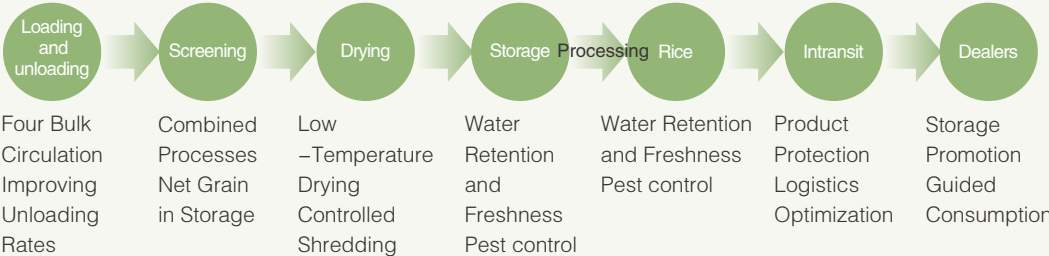
Transport Mode Optimization	
Restructuring	We will explore the restructuring of transportation, promote "train and ship instead of the truck", accelerate the green transformation of the transportation system, better serve the new development pattern of the Group, and contribute to the achievement of the goal of carbon peak and carbon neutrality. By the end of 2022, the cumulative shipment of multimodal transportation is about 100,000 TEU (TEU: 20ft standard container)
Supply Hall	Cooperate with core suppliers to build a capacity trading center, direct pilot acquisition of vehicles for highway transportation, connect with social capacity platforms to expand capacity resources, improve the matching rate of the Company's road transportation goods and social capacity resources, reduce the no-load vehicle rate, and maximally help to build a green and efficient intelligent logistics system
Transportation Efficiency Improvement	
Round-trip Distribution	Cooperate with core carriers to develop bulk oil intelligent dispatching products to reasonably allocate return cargo sources and promote closed-loop vehicle transportation based on real-time location of bulk oil trucks and their loading situations
Intelligent Load Distribution	We will cooperate with crucial urban distribution carriers to build an urban distribution route optimization system, which is expected to be used in 2023. Through the system algorithm, we will optimize distribution routes, rationalize vehicle resources, improve operational efficiency, increase vehicle loading rate, and reduce the number of one-way miles, thereby reducing transportation carbon emissions
Transport with Plates	We work with upstream customers to place orders for whole plates, improve the efficiency of loading and unloading at both ends of receipt and shipment and promote the efficiency of transport vehicle turnover by means of transportation with plates
Direct Loading of Production Line	Cooperate with upstream and downstream customers and suppliers to effectively arrange the arrival time of pick-up vehicles according to the receiving time and production plan to realize direct loading of products from the production line, reduce the loading and unloading link of storage and then out of storage, and improve the loading efficiency
Transportation Facilities Upgrade	
Utilization of New Energy Vehicles	Promote the application of new energy vehicles for urban distribution, and prioritize to the introduction of carriers with new energy vehicle transportation as the primary source in the supplier sourcing process. Actively communicate with manufacturers on a pilot basis to promote hydrogen energy vehicle transportation
E-receipt Promotion	Promote paperless management of transport documents, paperless handover at the receiving end, reduce the use of paper documents and recovery of the delivery situation, improve the efficiency of the return receipt off-site recovery, and implement paperless green flow of documents

Case

Green Grain Storage

In response to the problems of inadequate control and backward technology in grain storage, we adhere to the strategic principles of stable quality, energy saving and consumption reduction, and environmental management, and design and promote green storage management processes for grain and rice products to improve efficiency and reduce loss and waste while safeguarding the quality of grain storage, and at the same time promotes the construction and improvement of industrial chain capacity.

- Grain screening: Improve the rice screening process, establish standards, improve operational skills, maintain equipment in depth, renovate and improve cleaning effects, and effectively improve the effectiveness of silo equipment receiving and unloading.
- Grain drying: Transform the drying and shredding process and increase the drying exhaust gas emission by increasing the cloth bag and external exhaust fan to enhance the drying and moisture dispersion capacity.
- Grain storage: Innovative "three controls and one adjustment" fresh storage technology to keep rice fresh and introduce the temperature and humidity grain detection system to achieve early warning of grain condition, reduce human misjudgment, and realize intelligent grain storage.
- Pest management: Apply the integrated management of resistant pests and low-dose fumigation technology in workshops to reduce chemical emissions by 20% and carry out low-temperature grain storage standards to achieve fumigation-free and zero chemical emissions.
- In-transit transportation: Check the temperature of the arrival place before sending, control the suitable rice temperature when packing in the factory, consider the heat loss in-transit, reduce the temperature difference to within 8 degrees, and control the heat loss in-transit to prevent the occurrence of condensation in-transit by selecting the transport carrier and increasing the insulation protection.
- Dealer help: Achieve full coverage of online training dealers and on-site support for critical customers on safe rice storage and pest control.



Assisting Carriers in Low-carbon Transformation

We cooperate with carriers to achieve refined management, enhance low-carbon and environmental awareness, practice green logistics development, and reduce GHG emissions in Scope 3 through standardized vehicle management, operational training, and promotion of new energy vehicle applications.

Standardized Vehicle Management

Carriers are required to establish their vehicle files and update them promptly, equip professional staff to regularly maintain the vehicles to reduce fuel consumption and pollution emissions caused by aging equipment, dispose of vehicles that do not meet the standards and exceed their service life, and make a standard procedure guideline for cleaning bulk oil tanks

Operation Training Enhancement

We organize monthly management training meetings with carriers to promote energy consumption and the use of clean energy. For the urban distribution business, a fuel consumption quota system was implemented with carriers during the reporting period. Through research on different models and businesses, fuel consumption standards were developed and updated annually, and drivers were required to reduce excessive fuel consumption according to these standards

New Energy Vehicle Application Promotion

According to various business, we coordinate with urban distribution carriers to actively purchase new energy/light trucks recommended by the Ministry of Transportation to reduce carbon emissions. We organize relevant personnel to visit the main engine factory of hydrogen energy vehicles to analyze and compare the applicable scenarios, policy impact, environmental impact, cost-effectiveness, and other information on new energy, hydrogen energy and diesel vehicles



Building Central Kitchen Parks to Promote Kitchen Reform

Relying on years of experience in the food and agricultural industry, with increasing demand for pre-made food and central kitchen products by the public, Yihai Kerry Arawana is committed to build an industrialized ecological chain platform of Chinese food with staples as the core feature, and to create a new round of "kitchen revolution" in the food industry of China which relying on our existing categories and channel advantages to expand central kitchen business and to provide the public with healthy, convenient and various dining options.

Our Topics of Interest

- Safety and Quality Product
- Nutrition and Health
- Product Carbon Footprint
- Tackling Climate Change
- Supply Chain Management
- Win-win Cooperation

Corresponding SDGs



Our Actions

- Ensuring food health and safety by standardizing operation model of the Central Kitchen
- Researching and developing balanced meals and nutritious central kitchen products
- Intensively integrating resource to improve efficiency and reducing carbon footprint
- Linking upstream and downstream value chain by the model of park to form its ecological chain and promote the joint development of partners

The Group's kitchen business relies on a comprehensive food safety production park, which adopts a dual "self-management & business invitation" model. It introduces other central kitchen enterprises and partners from upstream and downstream to share resources such as product storage, experimental research and development, logistics and transportation, and sales channels. To form a complementary supply chain and intensive integration, the central kitchen parks further links the upstream and downstream value chains on improving the efficiency of production, supply and marketing, accelerating the circulation of the industrial chain, and reducing logistics and storage costs.

Creating a New Green Business with Central Kitchen

Based on our comprehensive enterprise group in China, the central kitchens are built near the existing rice, flour, and oil factories, considering the local population and consumer demands. The park can also leverage on the equipment of the existing enterprise groups and share public facilities such as electricity, sewage treatment, and storage to increase the efficiency of those resources.

As for the park design, we carry out green building and the sponge city design by implementing requirements of adopting environmental friendly building materials such as steel structures and recyclable metal of wall panels, and reserving space for photovoltaic power generation. In addition, we also have optimized multi-dimensional engineering management, property management, logistics, and distribution to reduce environmental impact from the operation.

Case

Practicing Energy Conservation and Emission Reduction to Create a Low-carbon Park

Yihai Kitchen (Hangzhou) Food Co., Ltd (referred to as Hangzhou Central Kitchen) is the first Central Kitchen project, located at our Hangzhou enterprise group, including oil refining, oil filling, rice processing, and storage operations, with highway connection and waterway transportation. Hangzhou Central Kitchen Park actively responds to the national carbon peaking and carbon neutrality goals, and practices energy saving and emission reduction by applying digital, intelligent, and intensive operations and managements, which can improve energy efficiency and reduce emissions to form a low-carbon park.

In the development on the engineering, energy saving and consumption reduction are achieved through adopting independent metering for each unit, intelligently monitoring the central air conditioning and refrigeration storage, and sharing of steam and compressed air in factories. In property management, automatic energy statistics and settlement functions are developed. The energy analysis is conducted to improve and to optimize operations. In logistics and transportation, we effectively reduce carbon emissions in the logistics process by deploying new energy infrastructure and logistics vehicles, applying intelligent warehouse and logistic transportation management system.



Integrating Resources to Improve Supply Chain Efficiency

Raw Materials with High Standard

Regarding the supplier management, the central kitchens strictly implement the Company's *Supplier Code of Conduct*, *Human Rights Policy*, and other supplier management policies, actively promote the whole process of supplier ESG management. We also formulates the *Trade Supplier Management Policies* for the central kitchens to enhance competitive advantages through effective management and synergy of external supplier resources to promote the formation of the ecological park chain.

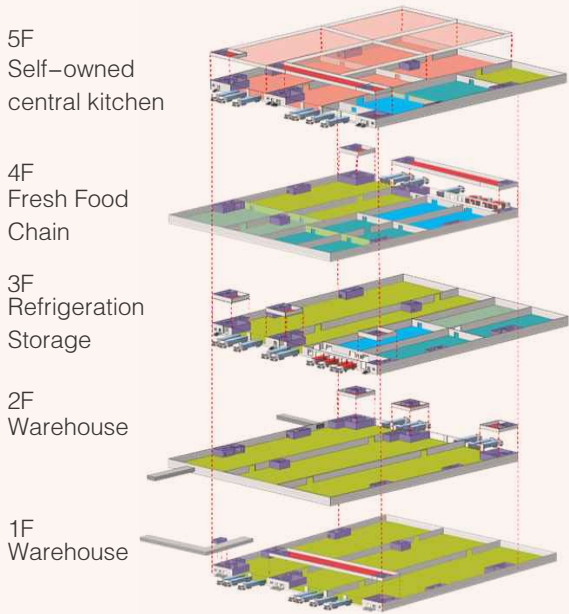
The central kitchens select high-quality raw materials, strictly differentiate them according to specifications and quality, and carry out suitable packaging and storage according to food characteristics. We will introduce other central kitchen production factories and upstream and downstream partners into the park. The required raw materials and enterprises in the park will be purchased centrally and transported to the central kitchen's room-temperature warehouse and refrigeration storage through logistics and be dispatched to the central kitchens in small multiple batches through cross-level or trucking, to maximize the usage of storage space, to reduce the space occupied of the warehouse and to improve the utilization rate of resources.

Case

Multi-industry Intensive Co-matching Platform

The Hangzhou Central Kitchen includes a clean vegetable workshop, a meat product workshop, a main food workshop, a bento workshop, a logistics warehouse, and other supporting facilities.

The Hangzhou Central Kitchen has five floors: the first and second floors are warehouses. The third floor is a refrigeration storage for storing our and partners' products. The fourth floor includes a fresh food chain, which currently introduces the central kitchen production lines to our partners, where they can use the Company's rice, flour and oil to produce their products and are able to provide us with raw materials and finished products such as vegetables and meat. The fifth floor is our self-owned central kitchen.



Process Standardization

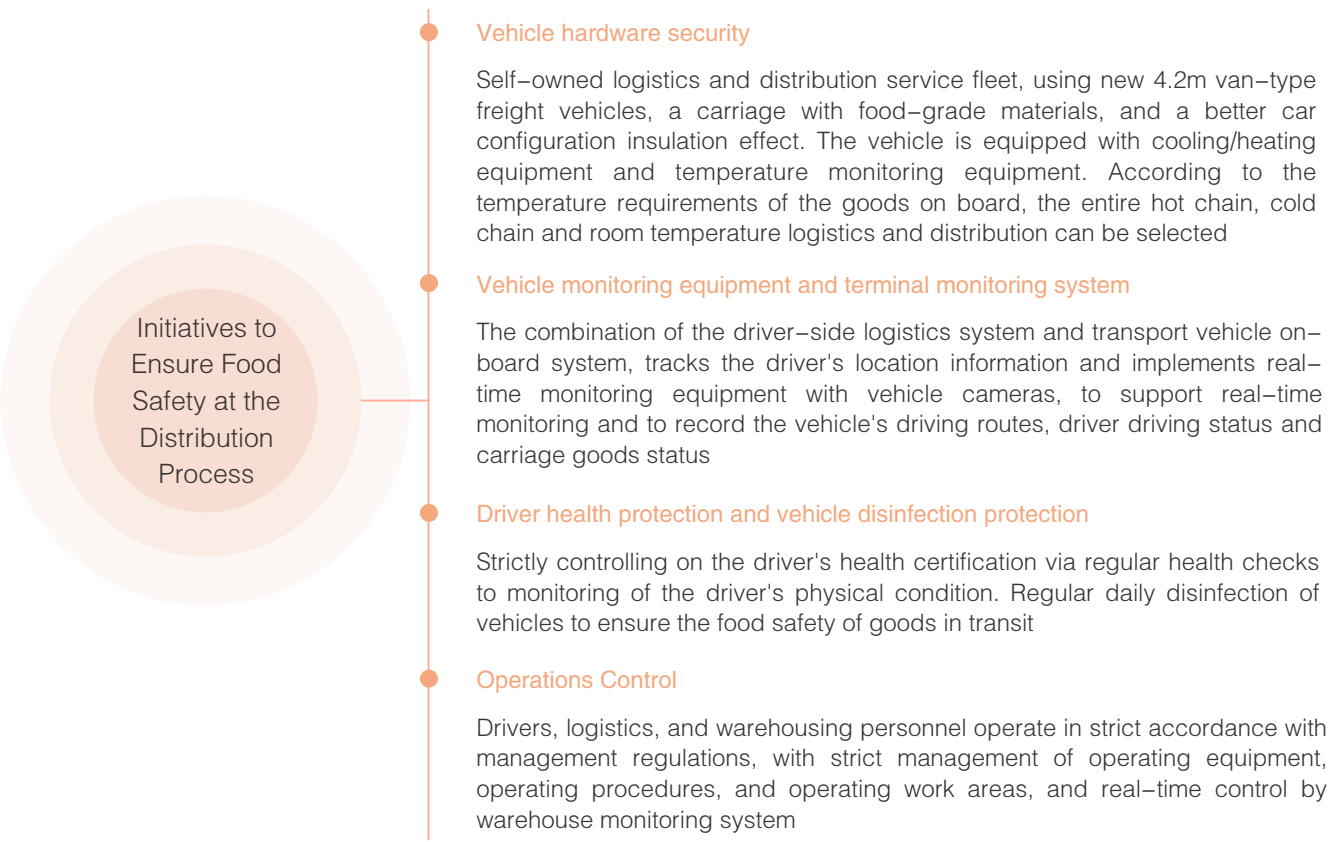
We apply the modern processing technology and adopt multiple advanced cooking equipment, to standardize operation, management and maintenance, and to reduces food waste in the production. We strictly control the cooking process to ensure that all of our central kitchens maintain high standards in hardware configuration, production process, product quality, and other aspects.



Standardized Production Equipment

Warehouse and Logistics of Products

Products of the central kitchen are transported across layers and consolidated into the logistics freezer. In terms of logistics and distribution, the central kitchen park has partnered up with the head logistics Company to create a nationwide integrated, standardized, safe and fast logistics and transportation system, which can improve operational efficiency, and ensure the timeliness of products and effectively save costs by utilizing unified warehouse and distribution. The distribution process is monitored in real-time with a remote monitoring system to ensure the closed-loop management from the park to the terminal to guarantee the quality and safety of the product.



Leading New Food Habits of the Industry by R&D Innovation

Our central kitchen products adhere to the brand concept of more nutritious, healthier, safer, more delicious, more innovative, and better value for the money, covering a comprehensive range of products, such as student meals, nutritious meals, meals bento, pre-made food, seasoning sauces, hot pot soup bases, rice and noodle products and functional foods, which not only meet consumers' needs for nutrition of balanced, safe and healthy, delicious and convenient food in different dining scenarios, but also satisfy merchants' needs to improve meal delivery efficiency and to build brand competitiveness through the stability of standard dishes.



The Brand Concept of the Central Kitchen

We continue to increase its scientific research supporting the central kitchen product innovation and have built a central kitchen product R&D support system that includes the front-end support, culinary application, industrial transformation and nutritional guidance.

We and Yangzhou University jointly founded the Arawana International Culinary Research Institute, which brings representative chefs of major cuisines and experts together in the research and development of western cuisine to reproduce a variety of master dishes, such as Braised Pork Ball in Brown Sauce, allowing consumers to quickly make famous dishes using simple cooking methods by themselves. In terms of student meals, we have professional nutritionists to design the scientific nutrition of student meals, and has developed more than 100 dishes, which have also been evaluated by the Chinese Nutrition Society and are considered to be in line with the principles of diverse foods and balanced meals to meet the nutritional needs of students from different ages. We have also established the Central Kitchen Research Institute with the Institute of Food Science and Technology CAAS. Our R&D staffs focus on the technology at the forefront of the industry, research and develop how to convert traditional cooking techniques into sector, develop new products to meet the market demand, and bring more delicious, healthy and convenient Pre-made food to the public.



Pre-made Food

Case

Innovation to Solve the Technical Barriers of Processing the Pre-made Food

Stir-fried dishes and dishes containing green vegetables are popular within consumers, but there are technical barriers in processing the pre-made food. For example, how to maintain the flavor of the stir-fried dishes and, at the meantime, to keep the vegetables in their original color and crispness. By collecting the data, the Central Kitchen Research Institute analyzed and researched the flavor generation mechanism of traditional dishes, and innovated vital technologies such as "flavor loss control and quality fidelity", which effectively solved the common problem of retaining the freshness of dishes after industrial processing. In terms of freshness technology innovation, the Central Kitchen Research Institute, to solve the poor flavor of frozen dishes due to prolonged preservation, in-depth researched on flash-frozen freshness, nitrogen preservation, oxygen isolation, and other technologies, to innovatively improve on the equipment to ensure that the product could taste fresh, delicious and the good flavour lasts.

Participation in Formulating the Industry Standards

While expanding the business of central kitchen, we are committed to promoting the industrial transformation and standardization of Chinese cuisine. As the vice chairman of the National Agricultural Products Processing Industry Science and Technology Innovation Alliance-Pre-made Food Professional Committee, we have participated in the formulation of three relevant standards, contributing to the development of the whole pre-made food industry.

Participating in the formulation of industry standards to promote the development of pre-made food industry

People's Republic of China Agricultural Industry Standard
Pre-made Foods Classification and Terminology

The Chinese Cuisine Association
led the formulation of the Association Standard *Pre-made Foods*

China Food and Drug Industries Quality and Safety Promotion Association
led the formulation of the Association Standard *Pre-made Foods*



Taking Corporation Responsibility and Deriving New Social Value

While promoting a new round of "kitchen revolution", we rely on resource advantages and brand impact on the whole value chain to gather partners from upstream and downstream to create more jobs, to drive the development of suppliers, to cultivate more industry talents, and to actively participate in public welfare and charity activities that bring more social value to the communities around the park.

Case

Support Dining for Asian Games and Asian Para Games

Whether athletes can maintain good physical fitness and competitive status is closely related to the quality of food offered to them during the games. As a crucial part of significant events, the catering service has become the focus of the Hangzhou Asian Games. Hangzhou Central Kitchen has been selected as the catering service provider of Hangzhou Asian Games. It will undertake the task of the Hangzhou Asian Games and Asian Para Games as the fruit and vegetable processing center to ensure the supply of Asian Games Village meals and net dishes. Hangzhou Central Kitchen's professional team will ensure that the products are traceable from the farm to the table. The whole production process is visualized according to the requirements of the special edition of "Zhejiang Food Chain" for the Asian Games, empowering the success of the Asian Games in Hangzhou.



Case

Solving Student Meal Issue and Create Jobs for the Community

As China's leading standardized food processing center which integrates environmental protection, hygiene and safety, Zhoukou Central Kitchen Park has achieved strict intelligent monitoring and food safety control for each production and cooking process, so that students can eat nutritious and healthy meals, with satisfaction from students and reassurance from their parents.



In addition to helping improve the nutrition of students and solving the problem of local dual-income families who find it difficult to transport their children from meals at noon, in 2022, Yihai Kitchen (Zhoukou) Food Co., Ltd (referred to as Zhoukou Central Kitchen) held two farming events to help local farmers selling their vegetables and goods. When Zhoukou Central Kitchen is at total capacity, it will create more jobs and support local communities develop.



Concentrating on Specialization

Adhering to the R&D concept of nutrition, health and safety, Yihai Kerry Arawana pursues excellence and innovation, carries out research on nutrition and health, provides consumers with outstanding services while ensuring product quality and safety, and continuously provides more nutritious, healthier, and safer cereals and oil products. We actively practice the concept of green and sustainability to reduce the impact of our production and operation on the natural environment. We use digital technology to empower production operations, ensure customer privacy and information security, and achieve refined and intelligent management.

Our Topics of Interest

- Technology and Innovation
- Nutrition and Health
- Product Safety and Quality
- Quality Customer Service
- Responsible Marketing and Product Labeling
- Data Security and Privacy Protection
- Water Resources Management
- Pollution Prevention and Control
- Ecological Prevention and Biodiversity

Corresponding SDGs



Our Actions

- Continuously strengthening research on nutrition technology, developing, and improving the nutrition and health product matrix to provide consumers with healthier products and more diverse choices
- Establishing a perfect and efficient "Four F, One New" quality and safety management model
- Empowering our production and operation processes with digital technology to create an efficient enterprise management model
- Developing *Water Resources Management Procedures* to deepen and improve water resources management
- Developing methodology of water pressure risk assessment and conducting the assessment
- Carrying out water footprint verification of rice bran oil
- Implementing the concepts of reduction, resource utilization, and harmlessness to ensure emission management compliance

1.1 Innovating to Supply Sufficient Nutrition

The Company regards innovation as the driving force and takes the public's nutritional needs as the guide. Through research and development of advanced technology, we continue to expand product categories to provide consumers with diversified product choices.

Our Objectives:

From 2020 to 2030, the R&D center plans to invest 100 million RMB to support scientific research and contribute to the "Health China 2030" plan.

We established the "National Nutrition Science Research Grant" in cooperation with the Chinese Nutrition Society, which aims to improve the nutritional health of the population and the original innovation capability of China's nutrition research by supporting clinical research on health and nutrition benefits for specific groups of people as well as scientific and technological poverty alleviation. The main research directions of the Grant include the health effects of fats and fatty acids, dietary management and application of common diet-related diseases (such as obesity, diabetes, and cardiovascular diseases), food nutrition and intervention research, and the construction of a nutrition information sharing platform. By the end of 2022, 3 bidding programs have been released, and a total of more than 20 studies have been funded, with researchers affiliated with research institutes, universities, hospitals, or related research institutions in nutrition and food science, such as the Chinese Center for Disease Control and Prevention, Zhejiang Academy of Agricultural Sciences, Shanghai Jiao Tong University School of Medicine, and Peking Union Medical College Hospital.

1.1.1 Deepening the Driving Force of R&D

The Company's R&D center, with the vision of "Innovating Future Food", conducts innovative R&D around the field of grain and oil, focusing on providing transformation and upgrading solutions for cereals and oil enterprises, consequently optimizing resources, and reducing energy consumption to achieve the goal of environmentally friendly and sustainability. We make enormous efforts to develop green and white biotechnologies to produce products with high nutritional value and low environmental burden. We focus on technology and product innovation to save energy and reduce emission in production.

R&D Employees	<ul style="list-style-type: none">We have 326 scientific researchers, more than 70% of them hold the degrees of masters and doctoral from well-known universities at home and abroad.
Investment in R&D	<ul style="list-style-type: none">In 2022, we invested RMB 240 million in R&D.
R&D Achievements	<ul style="list-style-type: none">In 2022, we owned 448 new intellectual property rights, including 83 invention patents, 47 utility model patents, 5 appearance patents, and 313 trademarks.By the end of 2022, we held 3,555 intellectual property rights, including 414 invention patents, 396 utility model patents, 41 software copyrights, 25 appearance patents, and 2,679 trademarks.
Laboratory Construction	<ul style="list-style-type: none">We have nearly 100 laboratories and more than 1,000 scientific research equipment.The analytical testing center of the R&D center passed the China Metrology Accreditation (CMA).The laboratory of the R&D center is accredited by China National Accreditation Service for Conformity Assessment (CNAS). We have the only International Olive Council (IOC) published laboratory in China. The R&D Center has won numerous honors, including "Shanghai High-Tech Corporation", "Shanghai Patent Demonstration Enterprise", and three times in a row, "National Cereals and Oils Outstanding Scientific Innovation Enterprise".

Key Technological Innovation and Industrialization of Health Upgrading of Special Fats and Oils for the Food Industry



Science and Technology Award of China National Food Industry Association

Key Technological Innovation and Synthesis for Industrial Upgrading of Raw Wet Noodle Products



Science and Technology Award of China National Food Industry Association

Key Technology Development and Industrialization of Nutritious and Healthy Noodle Products



Science and Technology Award of Chinese Grains and Oil Association

R&D and Industrialization of Key Technologies for the Production of High-Quality Infant Formula



Science and Technology Progress Award of China National Light Industry Council

1.1.2 Enriching Nutrition and Health Products

We insist on the strategy of nutrition and health products, sets up a special department responsible for nutrition and health-related work, integrates the concept of nutrition and health into all aspects of product development, production, marketing, and promotion, collaborate with partners to research on nutrition and health technology, provides customers with safe, nutritious, healthy and delicious products, continuously improves nutrition accessibility, leads the healthy development of the industry and enhances the health of consumers.

We do not use additives such as preservatives and antioxidants in edible oil, rice, flour, noodles, and mixed grain products. Moreover, we continue to develop and improve the matrix of nutritional and healthy products, introducing various products that reduce sodium, sugar, fat, and artificially added ingredients, avoid the use of chemical fertilizers, strengthen nutrition, organic and small components, focusing on the health of vulnerable groups and is committed to providing more nutritious products and more diverse choices.

Sodium Reduction

We actively promote sodium reduction initiative and develop low-salt and salt-free products to reduce consumers' sodium intake.



© New products in 2022 -- Baby King's Fermented Small Noodles Without Added Salt

A unique active fermentation process makes the noodles softer, more delicate, tasty, and easy to digest. It adds nutritious carrot powder, which contains various vitamins and minerals in carrots. It adopts a quantitative independent packaging mode.

Sugar Reduction

We continue deploying R&D in reduced sugar and low sugar products.



Soy Milk Powder

Pure soy milk powder without added sugar

Fat Loss

We pay attention to the fat content of our products, develop and market healthy fat products, and promote reduced-fat and low-fat products through technology and process improvement.



Meadow Fresh's Skimmed Pure Milk
Fat free



Meadow Fresh's Low Fat High Calcium Pure Milk
57% Fat reduction

Nutrition Fortification

While guaranteeing the original nutrition of the products, we are committed to the R&D of nutritional fortification foods to improve the content of nutritional elements in the products and provide consumers with healthy products of high nutritional value.



Pure Rapeseed Oil
Vitamin A fortified with 500mg of retinol equivalent



Morning cup's High Fiber Soy Milk Powder
Add inulin, dietary fiber content ≥ 6%

Reduction of Artificially Added Ingredients

We use food additives where it is technically necessary and have been proven safe and reliable after risk assessment and minimize the number of food additives used.

We also actively carry out technological innovation to reduce the use of artificial additives in our products.



Liangfen Five-year Vinegar
Zero addition of preservatives and colorants



Original Brewed Wine
Zero addition of edible alcohol and sodium glutamate

Reduced Portion Size

We carry out R&D of small packaged products and design individual packaging to reduce consumer waste due to incomplete consumption of products.



© New products in 2022
—Arawana's China-Chic Series of Soy Milk Powder

Various flavors, individual strip packs, and easy to carry



© New products in 2022
—Morning cup's Xibamei Concentrated Soy Milk Powder

Individual strip packs

Organic and Reduced Chemical Fertilizers

We actively promote organic product traceability and provide consumers with various organic oils, rice, and other products.

We attach importance to the impact of chemical fertilizers on the soil environment, water resource pollution, and residual components of animals and plants. We know the significance of reducing the use of chemical fertilizers in terms of environmental, ecological, and human health protection. Through cooperation with raw material growers and farmers, we optimize the use of chemical fertilizers in growing and processing raw materials.

Northland Organic Rice



Organic Virgin Coconut Oil



Innovative Products to Meet the Diversified Needs of Consumers

MLCT Oil

We have developed and marketed MLCT oil, which inhibits fat accumulation compared to ordinary edible oils, achieves the goal of "not getting fat when eating oil", and obtains six national invention patents, such as "Preventing Obese Fatty Liver". It meets the needs of healthy consumers.



Grain and Potato Mixed Rice

Based on the nutritional intake requirements of cereals and potatoes in the *Chinese Dietary Guidelines 2016*, we have developed and launched the scientific staple formula product—rice: whole grains & mixed beans: potatoes ≈ 6:4:1, to meet the needs of the human body for a balanced diet conveniently.



Plant Meat

We have developed and launched a series of vegetable meat products such as shredded meat, sliced meat, and diced meat, which are processed with high quality non-genetically modified soy protein as the primary raw material and have advantageous features such as low-fat, low-calorie, low-carbon emission, and low pollution compared with traditional meat, which can meet the needs of both vegetarians and religious consumers.



Case

Meeting Nutrition, Health and Delicious Taste through Six-step Fresh Rice Fine Control Technology

We take the development and production of fresh and delicious rice products as the innovation goal in the rice processing industry chain. Based on the innovative technology of the Arawana rice industry chain, we also cooperate with Jilin University, Henan University of Technology, Jiangnan University, and other universities to develop the six-step fresh rice control technology, including fresh cutting, fresh grain, fresh storage, fresh milling, fresh loading and fresh eating, which guards the freshness and deliciousness of rice from the farm to the table and allows consumers to enjoy the wonderful experience of eating fresh rice every day.

The technology has been granted 4 patents, 3 invention patent applications are in the actual trial stage, and 7 patent applications are in the acceptance stage. At the same time, the innovation system development and industrialization technology has reached the leading level at home and abroad and won the Grand Prize of Science and Technology Award of the Chinese Grains and Oil Association in 2022.

The technology has been granted

4 patents

3 invention patent applications

in the actual trial stage

7 patent applications

in the acceptance stage



Case

Researching on Breast Milk Lipids to Promote the Healthy Development of the Infant Formula Industry

As a technology-driven product innovation company, we always insist on in-depth research on breast milk lipids to promote the healthy development of the infant formula market. Through the R&D of breast milk lipid substitutes, we continue to develop new products and upgrade formulas, only to restore the lipid nutrition from breast milk as much as possible and genuinely comprehensively simulate breast milk lipid.



After 20 years of updates and iterations, we have continuously improved the purity of OPO structural lipids closer to the structure in breast milk. The OPO produced by enzymatic reaction and purification contains $\geq 65\%$ of Sn-2 palmitic acid of total palmitic acid and $\geq 53\%$ of OPO (calculated by C52), much higher than the index requirement in food safety national standard GB 30604-2015.

At the same time, we vigorously promote the popularization of nutritional knowledge of breast milk lipids. We released the *China Breast Milk Lipids White Paper* at the Food Ingredients China 2022, which provides a comprehensive overview and discussion on the composition, structure, function, development, clinical research, and application of breast milk lipids to ensure the safety of oil for infant formula. It provides a valuable reference for creating a new era of comprehensive simulation of breast milk lipids.



The project of R&D and industrialization of critical technology for producing high-quality infant formula won the first prize in the Science and Technology Progress Award of the China National Light Industry Council.

History of the Development of Infant Formula Fats

Category	Type	Characteristics	Products
First-generation formula fats	Plain vegetable oils	Energy	Monomeric vegetable oils
Second-generation formula fats (2000-)	Fatty acid balance	Nutrition	Mixed vegetable oils
Third-generation formula fats (2016-)	Triglyceride structure	Functionality	OPO1 generation: Milkopas9100/9110 OPO2 generation: Milkopas9320 OPO3 generation: Milkopas9420 and more Organic OPO
Fourth-generation formula fats (2020-)	Breast milk-like oils and fats	The Nutrition Society's Expert Panel Recommendation is a comprehensive approach to the lipid profile of Chinese breast milk.	Breast milk-like fat I : FAC, Sn-2FAC Breast milk-like fat II : FAC, Sn-2FAC Breast milk-like fat III : FAC, Sn-2FAC, TAG

Case

Providing Food Nutrition Labeling to Help Consumers Make Healthy Choices

Food nutrition labeling is a description of food nutrition information and characteristics provided to consumers on food packaging, which plays a positive role in consumers' rational choice of food and the promotion of dietary nutrition balance. 100% of our prepackaged products are labeled strictly with the national food safety standard GB 28050-2011 *General Guidelines for Nutrition Labeling of Prepackaged Foods*. In addition to energy and core nutrients protein, fat, carbohydrates, and sodium, our product nutrition composition list also identifies other optional nutrients such as vitamin E, dietary fiber, and vitamin B1, as well as corresponding nutrition claims and nutrient function claims, giving consumers more precise and more explicit health guidance.



1.2 Enhancing Customer Experience with Quality Service

We give full play to its brand and scale, continue to improve its quality and safety management system, practice responsible marketing, and provide consumers with high-quality products and services.

1.2.1 Guarding Product Quality and Safety

We insist on high-quality requirements, build a multi-system, multi-level, and effective quality and safety management system, strictly control food safety, and actively carry out quality and food safety promotion activities to ensure the quality and safety of products.

Quality and Safety Management System

Based on strict compliance with relevant laws and regulations and industry standards, we establish a comprehensive and efficient "Four F, One New" quality and safety management model, covering supplier management, production and processing management, storage and logistics management, and terminal customer services to achieve full traceability and risk prevention and control of products.

In 2008, we introduced the AIB food safety uniform standard to manage the production process. Since 2020, we have started to conduct unannounced audits for all food-grade manufacturing enterprises to promote standardized and regular management. In 2022, the Company conducted AIB audits with a pass rate of 83.6%, an increase of nearly 10% compared to 2021.

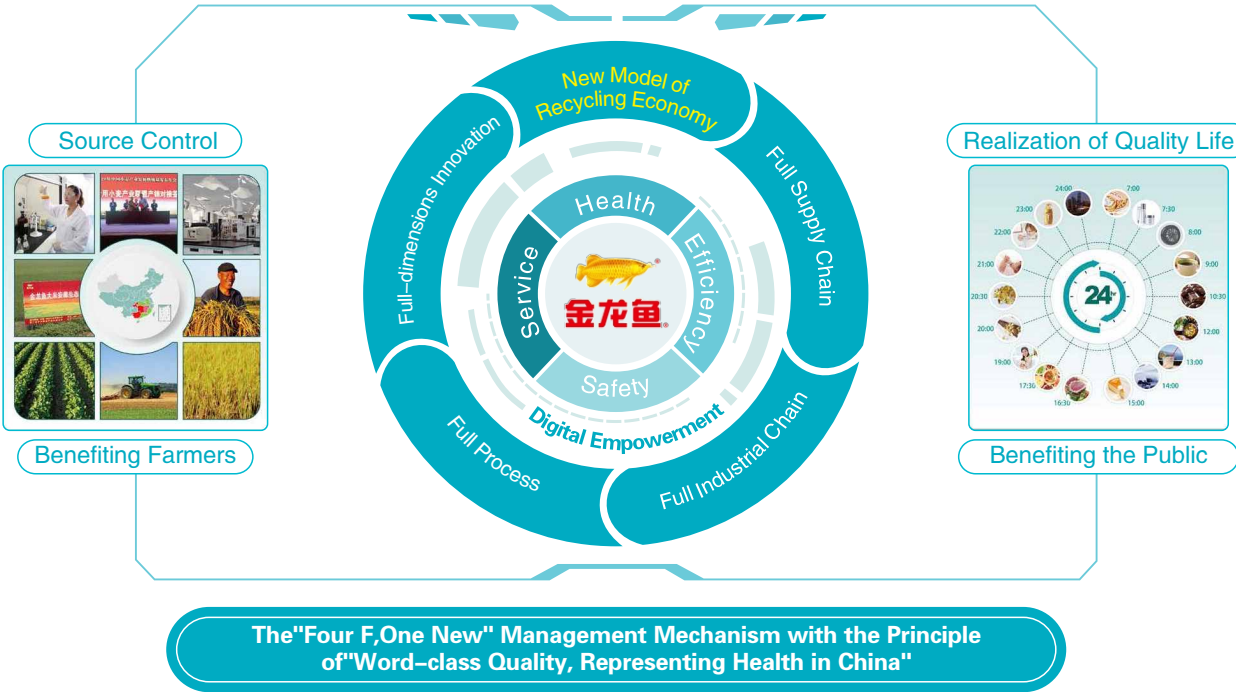
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By the end of 2022, the coverage rate of ISO 9001 Quality Management System Certification for the Company's production enterprises reached 100%, an increase of 14.2% compared with 2021; the coverage rate of FSSC 22000 Food Safety System Certification for food production enterprises reached 100%; a total of 28 enterprises under the Company have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS), covering 44 accreditation areas in 13 accreditation fields, with a total of 755 testing items and 696 testing methods.

Our excellent quality management system and level have been recognized and commended by governments at all levels. By the end of 2022, 24 organizations under the Company received 28 quality awards, including 1 national quality award (China Quality Award Nomination Award), 4 provincial quality awards, 17 municipal quality awards, and 6 district and county quality awards.

In 2022, our subsidiaries were awarded the title of "leader" in enterprise standards for eight fields of grain and oil products, namely soybean oil, rapeseed oil, sunflower oil, rice bran oil, olive oil, linseed oil, special wheat flour, and whole wheat flour, by the National Food and Strategic Reserves Administration.

In 2022, we did not have any food safety violations or penalties, or batch recalls of products caused by food safety issues.



Food Safety Process Control

We strictly control food safety, set up corresponding requirements and policies, establish a food safety risk checklist, and implement process control work of daily control, weekly checks, and monthly dispatch to ensure food safety. We strictly abide by relevant laws and regulations and have established a perfect management system for genetically modified products.



Quality and Safety Culture Construction

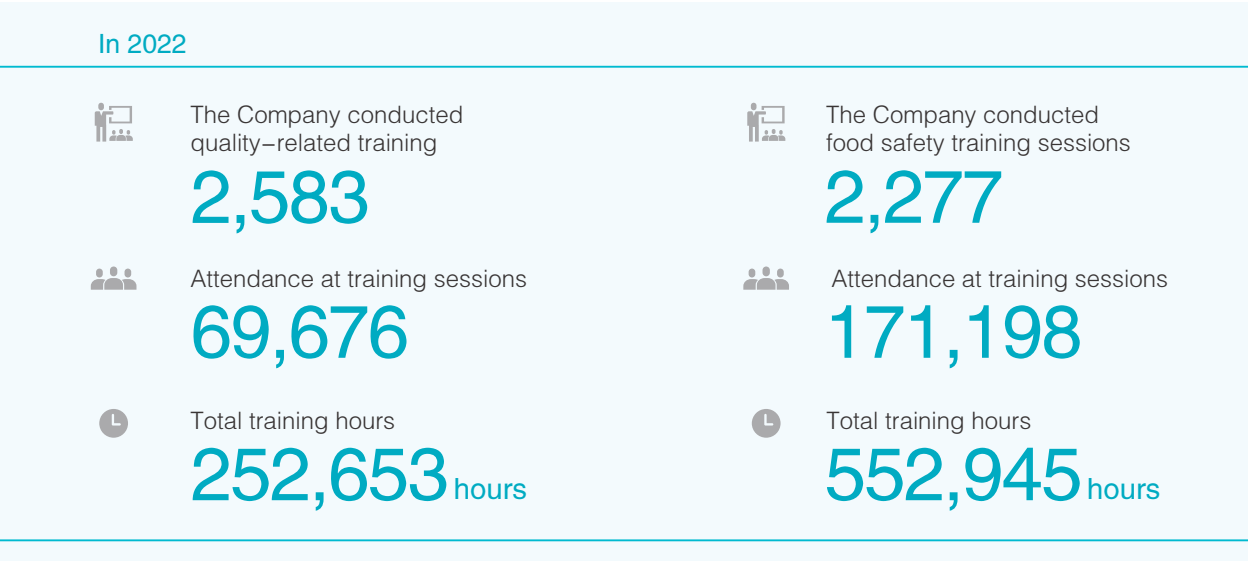
We continue to strengthen the construction of a quality and safety culture. Employee product quality and food safety-related training programs are organized annually, integrating quality and safety into daily work.

We insist on training on laws, regulations and standards, quality control measures, quality management and process system, Lean Six Sigma management, total quality management, balanced scorecard, and other topics to continuously improve employees' professional and technical ability and quality management level. We also deepen quality awareness and enhance all employees' quality control and management ability. In 2022, we conducted 2,583 quality-related training sessions, with 69,676 participants and 252,653 cumulative training hours.

We conduct long-term food safety training activities involving all employees, covering basic knowledge of food safety, new regulations and standards, good operating practices, or critical requirements for food safety. In 2022, we conducted 2,277 food safety training sessions, with 171,198 participants and 552,945 training hours.



Product Quality and Safety Related Training



1.2.2 Providing Excellent Customer Service

We are committed to improving customer satisfaction as its goal. By establishing an efficient customer service system, following the *Marketing Company Customer Complaint Management System*, creating a professional service team and a multi-channel feedback mechanism, including a "400 hotline", a global customer management system, a terminal quality submission platform, and a national 12315 platform, we communicate with consumers efficiently and enhance customer trust and satisfaction. In 2022, we strengthened our online customer service capabilities, broadened the communication bridge with consumers, and reduced consumer waiting time through intelligent and convenient online customer service to enhance the consumer experience.

We investigate the satisfaction of complaint processing results through the automatic scoring system for incoming calls from "400 hotline" and regular telephone follow-up visits to continuously improve the service quality and customer experience. In 2022, the customer complaint closure rate was 100%, and the customer service satisfaction rate was 98.95%.

1.2.3 Implementing Responsible Marketing

We strictly comply with the *Advertising Law of the People's Republic of China*, the *General Rules for Labelling of Pre-packaged Food* (GB 7718-2011), the *General Rules for Nutrition Labelling of Pre-packaged Food* (GB 28050-2011), and other relevant laws and regulations and standards. We pay attention to changes in laws and regulations promptly, actively participate in the formulation and revision of regulations and standards, and ensure the compliance, reasonableness, and truthfulness of our marketing activities through internal and external professional audits.

In 2022, we formulated the *Guidelines on the Classification of Risk Levels for Labelling and Advertising Claims*, *Advertising FAQs*, and other related policies based on the *New, Cancellation and Change Management Process*, and *Product Packaging Management Process for Marketing Companies*, optimized the internal audit process in conjunction with business characteristics and conducted compliance self-examination of e-commerce text descriptions and labelling and logos from time to time to optimize and adjust to ensure compliance with regulatory requirements.

Regarding marketing audit, we optimize audit nodes based on quality control compliance, legal affairs, design, and core audit of notable brands. At the same time, to facilitate process specification, later traceability, and archiving, the OA system label review process is developed.



Product Labelling Review Process

Case

Building a Nationwide Live Broadcast System to Expand New Ways of Online Marketing

In 2022, we aimed to advocate the concept of healthy kitchen and promote products suitable for consumers, such as healthy grain and oil seasoning, tap various resources within the Group to formally establish a unique national live broadcast system combining factory live broadcast, part-time anchors, and pendant anchors. We launched a complete live broadcast master recruitment, evaluation, and incentive policy while building a national live broadcast management system and database. After review, the live manuscript has been copied from e-commerce to various channels and branches, creating its own live and emerging marketing models.

Though live broadcasts, consumers understand the characteristics and usage scenarios of various products more intuitively. Diverse national live broadcasts with different dimensions have been well received by various e-commerce platforms. By the end of 2022, more than 200 anchors from 14 factories participated, holding 1,788 sessions with a total accumulated merchandise transaction of RMB 34.07 million, becoming the first leading manufacturer in the grain and oil industry to systematically build a live broadcast system for all people and promote our online marketing activities.



1.3 Protecting Ecological Environment with Green Operation

The Company insists on green operation, integrates green concepts into the whole process of production and operation, continuously strengthens environmental management capabilities, reduces pollutant emissions, improves water utilization efficiency, and actively protects biodiversity and the ecological environment.

1.3.1 Improving Environmental Management

Our environmental management structure has clear responsibilities. Environmental Health and Safety (EHS) Committee is responsible for environmental management-related work. By implementing an environmental management system, advocating environmental certification, and enhancing environmental awareness, we minimize the impact of our Group on the environment.

Environmental Management System

We not only strictly comply with the requirements of environment-related laws and regulations in the places where it operates but also establish a library of laws and regulations such as *Environmental Policy* and *Environmental Monitoring Management*, covering all employees, contractors, or suppliers, partners, and other stakeholders.

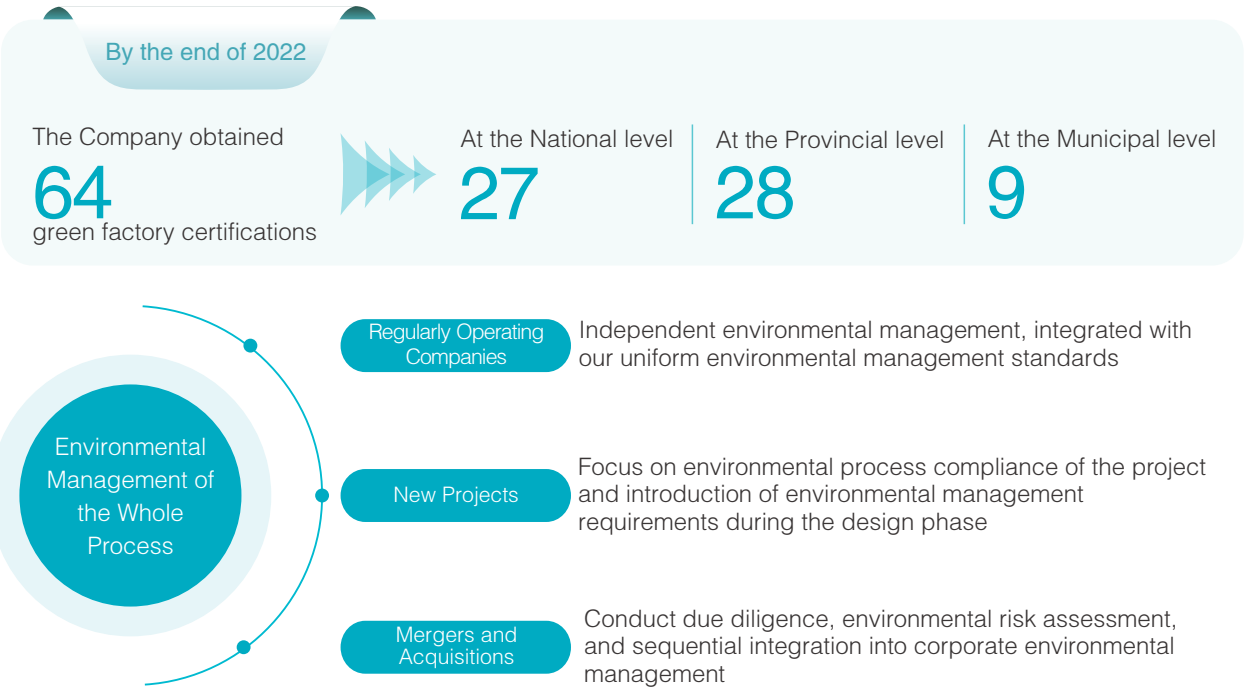
In 2022, we formulated the *Guidelines for Whole Process Environmental Management*, *Guideline for Environmental Compliance Management*, and other systems to standardize environmental management for the whole process of construction projects, including project establishment, design, construction, commissioning, and operation to the end of service, and to clarify the environmental compliance management workflow for production and operation activities. In addition, we also pay great attention to the operation and reliability of environmental management measures. It adopts monthly and quarterly cyclical inspections, combined with occasional video inspections, to monitor the environmental compliance management during each plants operation and continuously improve the level of environmental management.

By the end of 2022, the coverage rate of our production enterprises with ISO 14001 environmental management system certification reached

70.5%

An increase of

5.9%



Improving Environmental Awareness

To enhance the environmental awareness of all employees, we regularly conduct environmental management training for the interpretation of updated laws and regulations, environmental compliance management, safety risk management of environmental protection facilities, hazardous waste management, and operation management of automatic pollution source monitoring facilities.

In 2022, our environmental protection training coverage rate reached 100%, and the completion rate of the training plan reached 100%. Among them, the total training time at the headquarters of the Group was 16,279 hours, with 2,269 participants.

The total training time at the headquarters of the Group

16,279 hours

A total of

2,269 participants

1.3.2 Focusing on Water Management

The water resources used by us are divided into municipal water, surface water, and groundwater. We establish the *Water Resources Management Procedures* to ensure the sustainable use of water resources and control the risk of water stress. Our water resources management system is promoted through water resources certification, legal water abstraction permits, water balance testing, monitoring of water consumption, and water conservation campaigns to protect the water resources environment where it operates. Our subsidiaries reduce water consumption through various water conservation measures and improve water efficiency and wastewater recycling rates.

During the Reporting Period, we had no water abstraction or drainage violations.

Case

Enhancing Employees' Awareness of Environmental Protection through Energy Saving and Emission Reduction Training

In 2022, we organized online training on steam system energy conservation and emission reduction, with 1,451 participants, including Steam Characteristics and Delivery Systems, Steam System Control, Steam Trap Management and Testing, Flow Measurement and Steam Quality Monitoring, Condensate Recovery and Waste Heat Utilization, and other topics.



Case

Focusing on the Water Resource Risks to Carry Out Water Risk Assessments of Operating Sites

Referring to the WRI ferry database, we adopt the "integrated average daily withdrawal = (ferry grade data + average daily withdrawal grade)/2" method by combining the average daily withdrawal data and dividing the water stress risk into 5 grades.

Serial Number	Integrated Average Daily Water Withdrawal	Water Pressure Risk Level
1	Less than 5000m³	Low risk (<10%)
2	5000–10000m³	Low to medium risk (10–20%)
3	10000–15000m³	Medium to high risk (20–40%)
4	15000–20000m³	High risk (40–80%)
5	Greater than 20000m³	Very high risk (>80%)

In 2022, we identified water stress risks at each operating sites based on the established water stress risk classification criteria.

Serial Number	Water Pressure Risk Level	Number of Operating Sites as a Percentage
1	Low risk (<10%)	42.4%
2	Low to medium risk (10–20%)	9.1%
3	Medium to high risk (20–40%)	45.5%
4	High risk (40–80%)	3.0%
5	Very high risk (>80%)	0

We reduce water stress risks at each operating sites by identifying and assessing potential risks, developing corresponding response initiative plans, and actively communicating and cooperating with various stakeholders.

Case

Carrying Out Water Footprint Certification to Crack the Product Water Use

According to the 2021 commitment target, we carry out water footprint certification for some core products in 2022.

In 2022, we commissioned a third-party organization to conduct a water footprint verification of rice bran oil for 2021.

Verification basis:

GB/T 33859-2017/ISO 14046:2014 Environmental Management-Water Footprint-Principles, Requirements, and Guidelines

GB/T 37756-2019 Guidelines of Water Footprint Assessment and Reporting for Product

GB/T 24044-2008 Environmental Management-Life Cycle Assessment-Requirements and Guidelines

GB/T 24040-2008 Environmental Management-Life Cycle Assessment-Principles and Frameworks

Verification boundary:

From gate to gate (i.e., the water footprint generated by the direct consumption of fresh water and discharge of wastewater pollutants from raw materials entering the plant boundary through the process of production)

Time range: January-December 2021

Functional unit: 1L rice bran oil

Verification results:

Water Footprint Type	Verification Data
Water Scarcity Footprint	0.7397 dm³H₂Oeq/L
Water Eutrophication Footprint	7.26 mgPO₄³⁻eq/L



Product Water Footprint Verification Statement

We will continue to track and analyze the use of water resources, improve water risk management, promote suppliers to set water-saving targets and reduce water risk in the supply chain through capacity support and cooperation.

1.3.3 Strengthening Pollution Prevention and Control

To strictly complying with the legal and regulatory requirements of the places where it operates, we also establish relevant pollution prevention systems and process to ensure emission compliance. All our production enterprises have obtained emission permits. They are actively promoting the overall reduction of all types of pollutants and waste emissions to minimize their impact on the environment.

Contaminants	Emission Management Measures
Wastewater	<ul style="list-style-type: none">Reduction: process water reduction to reduce wastewater discharge.Treatment: wastewater is treated by physical, chemical, and biological methods before reaching the standard for discharge.Reuse: reuse wastewater for reagent preparation and toilet water in sewage workshops to reduce emissions.
Exhaust Gas	<ul style="list-style-type: none">Source control: apply new processes and equipment and process transformation.Process control: carry out exhaust gas collection, thermal energy, and condensation recovery.Terminal control: adopt technologies such as spray washing, adsorption, and desorption, biological method, thermal incineration, and catalytic oxidation.
Solid Waste	<ul style="list-style-type: none">Adopt classification and whole-process control for hazardous and general solid wastes to ensure compliance and legal disposal.Actively implement reduction, resource utilization, and harmless disposal.
Noise	<ul style="list-style-type: none">Select low-noise processes and equipment.Consider vibration and noise reduction in design.

Case

Carrying Out Water Conservation Activities to Explore the Conservation Capacity in Production and Operation

We actively encourage water conservation projects at each operation site to improve water efficiency.

In 2022, our operating sites achieved water savings of 16.6 million cubic meters through water conservation projects, an increase of approximately 190% compared to 2021.

In 2022, the Company's water intensity was 1.25 tons per 10,000 revenue, a decrease of roughly 8.8% from 2021.

Achieve water conservation

16.6 million cubic meters

Water saving has increased by about

190% compared to 2021

The Company's water intensity was

1.25 tons per 10,000 revenue

A decrease of roughly

8.8% from 2021



Case

Achieving Waste Minimization through Full Process Control

We carry out waste reduction for the whole process of handling sludge, white waste clay, chemical waste packaging and other waste from the production process.

- Reduce the generation of phosphorus removal sludge from the source by accurately adding chemicals and phosphorus removal agents.
- Use solid reagents instead of liquid packaging reagents to eliminate the generation of waste plastic packaging materials.
- Use drying equipment to dewater the generated sludge to reduce the disposal amount of sludge.

In 2022, we promoted sludge reduction work. It achieved 34,400 tons of sludge reduction, and the water content of sludge was reduced from over 85% to 50%, which reduced the difficulty of sludge recycling.

Realize sludge reduction
34,400 tons

The water content of sludge was reduced from 85% to 50%

Case

Optimizing the Management to Achieve Exhaust Gas Emission Reduction with RTO Treatment

Wilmar Nutrition (Jiangxi) Co., Ltd, a subsidiary of us, has conducted overall and unified treatment of odorous gases to reduce the impact of odorous gases on the surrounding environment. The odor gas is collected and transported to a regenerative incinerator (RTO) for harmless treatment. After treatment, the VOCs emission concentration of the exhaust gas is controlled within 10mg/m³. The exhaust gas purification efficiency is as high as 99.9% or more, superior to the local VOCs emission standard requirements.



The VOCs emission concentration of the exhaust gas is controlled within

10 mg/m³

The exhaust gas purification efficiency is as high as

99.9 %

Case

Reusing Waste and Promoting Comprehensive Utilization

We have carried out a comprehensive waste utilization project for the salt-containing wastewater and distillation residue in the production process of the epichlorohydrin plant in Lianyungang Banqiao Park. Based on the previous process, we added a new de-dialysis tower to reduce the production of salt-containing wastewater. Through a series of treatment processes, such as evaporators and buffer tanks, we developed new products using distillation residues to realize the resource utilization of waste.

The project is expected to reduce saline wastewater by 100,000 tons/year, distillation residue by 90%, and GHG emissions by about 36,000 tons/year.

Expectedly reduce saline wastewater by
100,000 tons/year

Reduce distillation residue by
90 %

Reduce GHG emissions by about
36,000 tons/year

Case

Recycling Wastewater to Create a Win-win Situation

Our subsidiary, Yihai (Yantai) Oils & Grains Industries Co., Ltd has launched a dynamic workplace wastewater recycling project. The treated water from the power plant is used for cleaning and watering inside the plant. The remaining water is transported through a pipeline to the nearby Port Authority Ore Company for spraying iron ore. While reducing its water consumption, it also makes full use of water resources with its partners, achieving mutual benefits and a win-win situation.

The annual water saving of the project exceeds 49,500m³ /year.

The annual water saving of the project exceeds

49,500 m³/year



1.3.4 Reducing Food Waste

In line with the relevant commitments of our parent company, Wilmar International, we are equally committed to addressing food loss and waste at all stages of its life cycle. We are working on several programs and initiatives in all business operations.

Taking rice processing as an example. We created the first deflated grain separation and extraction technology in the industry to rationalize the use of deflated grain in rice, which cannot be consumed as a grain. This innovation reduces the loss and waste during grain processing, and enables the effective utilization of grain resources and the full expression of economic value.

1.3.5 Conserving Biodiversity

We follow the NDPE policy of its parent company, Wilmar International (No Deforestation, No Peatland, No Labor Exploitation), to protect biodiversity. It is also evident in the *Environmental Policy* that biodiversity conservation is implemented according to international and national standards in the Company's operations and supply chain.

For construction projects, we will evaluate the impact on the surrounding biodiversity and propose preventive measures during the environmental impact assessment stage. For acquisition projects, we will also conduct environmental risk investigation and assessment to ensure that the project meets the relevant requirements for biodiversity protection.

1.4 Empowering Digitally to Support High Quality Development

The Company continues to innovate, utilize advanced digital technology, explore and develop intelligent systems for production operations, respect customer privacy, and protect the consumer information security, to assist enterprises in high-quality and refined management.

1.4.1 Promoting Digital Integration

We are committed to leveraging information technology and digital transformation to increase business efficiency, reduce costs and improve the customer experience. We are advancing our digital transformation strategy to digitize, automate and intellectualize our business. Through information technology construction, it closely integrates with business transformation. It works on front-end, mid-end, back-end, and digital innovation to build an omnichannel marketing and operation management center, an intelligent digital factory, and financial automation to promote integration and interaction between systems and achieve synergy across the value chain of marketing, production, logistics, supply chain, and finance.



Digital Management System with Full Value Chain Collaboration

Front End					
Customer Sales Platform (DCP)					
<ul style="list-style-type: none">● Yi Distribution (Distributor Edition)● Yi Distribution (Salesperson Edition)● E-commerce platforms (such as JD, Tmall, Pinduoduo, community purchase)			<ul style="list-style-type: none">● Yi Distribution (Shops Edition)● Student Meal Mart● Arawana Flagship Store● Direct Customer Interconnection (EDI)		
Operations Middle Platform (MDP)		Customer Relationship Management (CRM)	Supply Chain Finance	Logistics Platform (LOG)	
<ul style="list-style-type: none">● Commodity Center● Order Center		<ul style="list-style-type: none">● Price Policy Centre● Supply Chain Centre	<ul style="list-style-type: none">● 360-degree view● Business Clues	<ul style="list-style-type: none">● Financing● Risks	<ul style="list-style-type: none">● OMS● WMS● TMS
Mid End					
Intelligent Manufacturing					
Supply Chain	Supplier Relationship Management		Collaborative Supplier Management		Agricultural Procurement
Production Planning	Automatic scheduling		Inventory Availability		Supply Chain Replenishment
Production Implementation	Collaborative Production Management (CPM)		Plant Maintenance Management (PMM)		Product Traceability Management (WTP)
Warehouse Management	In-plant Warehouse Management (TWMS)		Tank Management (STP)		Spare Parts and Package Management (SPM/PCM)
Intelligent Park	Weighbridge Management (One Card)		Access Control, Booking, Sign-in		
Quality Control	Quality Management (QM)		Laboratory Management (LIMS)		
Research and Development	Product Development (PLM)				
Back End					
Enterprise Resource Planning (SAP)		Finance		Human Resources	
Purchasing	Finance	Yi Reimbursement	Collaborative Reconciliation	Talent Management	Recruitment
Sales	Projects	Money Management	Contract Management	Organizational Personnel	Training and Learning
Production	Personnel	Consolidated Statements	All-electric Tickets	Salary and social security	Performance Appraisal
Quality	Master Data	Audit Management	Tax Management		
Digital Innovation					
Technical support					
Cloud Services Manage Cockpit Energy Kiosk Data Lake Robots (RPA) OCR recognition					
AI Visual Recognition AGV 5G API (Mule) E-Signature Information Security					

Note: The above is a partial list of our digital management systems.

Front End

The front-end marketing and supply chain platform creates an integrated marketing and supply chain system that includes the entire chain of solutions from order closing to fulfilment and funding. Customers can use this platform to operate many of our products, build a national warehouse and distribution network with the main kitchen park as the central warehouse and the dealer warehouse as the front warehouse, as well as provide a payment and supply chain finance platform to give customers more choices of funds and payment methods. At this stage, the core functions of the platform are the customer sales platform, logistics platform, payment, supply chain finance platform, customer data platform, and business data platform.

Mid End

The digital mid-end system helps upgrade and transform the factory. It empowers technology in the operation of each business segment to achieve resource sharing, business synergy, rapid response, and fine control of critical links. The intelligent manufacturing solution performs rapid replication of factories, fits government standards and policies, and realizes the integration of manufacturing automation and informatization, covering the production, supply chain, logistics, storage, and transportation departments in the middle end of the factory and opening up business segments such as planning, production, warehousing, tank farm, and park management, and establishing an intelligent manufacturing solution template. It realizes data integration, sharing, and work collaboration in the factory. It continuously promotes the transformation and upgrading of management.

We insist on systematically promoting the deep integration of digital technology and quality management, strengthening the digital capability of quality management, promoting data-driven quality planning, quality control, and quality improvement, enhancing the level of quality synergy in the industrial chain supply chain, and further improving the level of product and service quality.

Back End

Our digital control also covers the back end, including all aspects of human resources, financial management, and so on.

The construction of a financial system is mainly in financial management, financial sharing, accounting statements, funds, taxation, projects, and so on. For example, we built a new fund management platform in 2022 to create a fund management business operation model with fund transactions as the core, supporting full integration and sharing and providing a complete set of management tools for the overall fund management and risk control of the enterprise. Through the financial sharing platform, the group-wide self-help airline ticket reservation and expense reimbursement policy control are realized, enabling real-time retrieval of scenario consumption data, insight into consumer behaviour, and further promoting cost reduction and efficiency increase.

Human resource management has always been the core of the primary management of enterprises, and a perfect human resource system can help enterprises achieve high-speed, stable development. The information system can improve the real-time accuracy and security of all aspects of human resources management data to enable enterprises to do an excellent job in the selection of talent and staff work incentives to promote staff growth, strengthen the construction of the talent ladder, ensure that the talent strategy effectively on the ground, and give full play to the value of human resources.

Digital Innovation

We have completed the process and organizational changes by constructing information technology, realizing the centralization, scale, and process effect of business processing, and promoting information technology innovation.

AI

Use edge computing, AI visual recognition, and machine learning technology to deploy AI boxes in the factory, combine video monitoring to achieve real-time early warning of tally and safety operations, standardize production loading and unloading operations, improve employees' safety awareness, reduce safety risks, and so forth.

Energy Kanban

Realize visualization of multi-level energy consumption and carbon emission data for groups, factories, and production lines, monitor energy indicators online, conduct regular analysis and evaluation, and indicate the direction of energy conservation and carbon reduction.

5G

A 5G private network has been covered in the factory's small packaging production area and warehouse area, and an unmanned AGV scheduling system and integrated services have been constructed simultaneously. Through the docking with the group's warehouse management system, automatic loading, unloading, and transfer of small packaging materials and auxiliary materials have been achieved, reducing personnel operational risks. It will expand to the finished product palletizing process to achieve "the last mile" of automatic loading, unloading, palletizing, and shipping.

1.4.2 Protecting Information and Data Security

We strictly comply with the *Network Security Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China*, *Data Security Law of the People's Republic of China*, and update the *User Privacy Policy*, *Incident Reporting Specification*, and other policies, and gradually improves our information security and privacy protection management system. In 2022, no customer data and privacy leakage incidents happened.

Information Security

We attach great importance to information security, with members of the Board of Directors directly responsible for the overall information security and network security governance of the Group and the Chief Technology Officer is responsible for overseeing the implementation of information security work. We sort out the IT risk matrix according to information security standards, carry out multi-level information security protection measures such as application penetration, intranet penetration, vulnerability scanning and early warning, data exit, and implement the internal and external audit of special IT projects and Information security every year to ensure the safe operation of the system and the security of related information data.

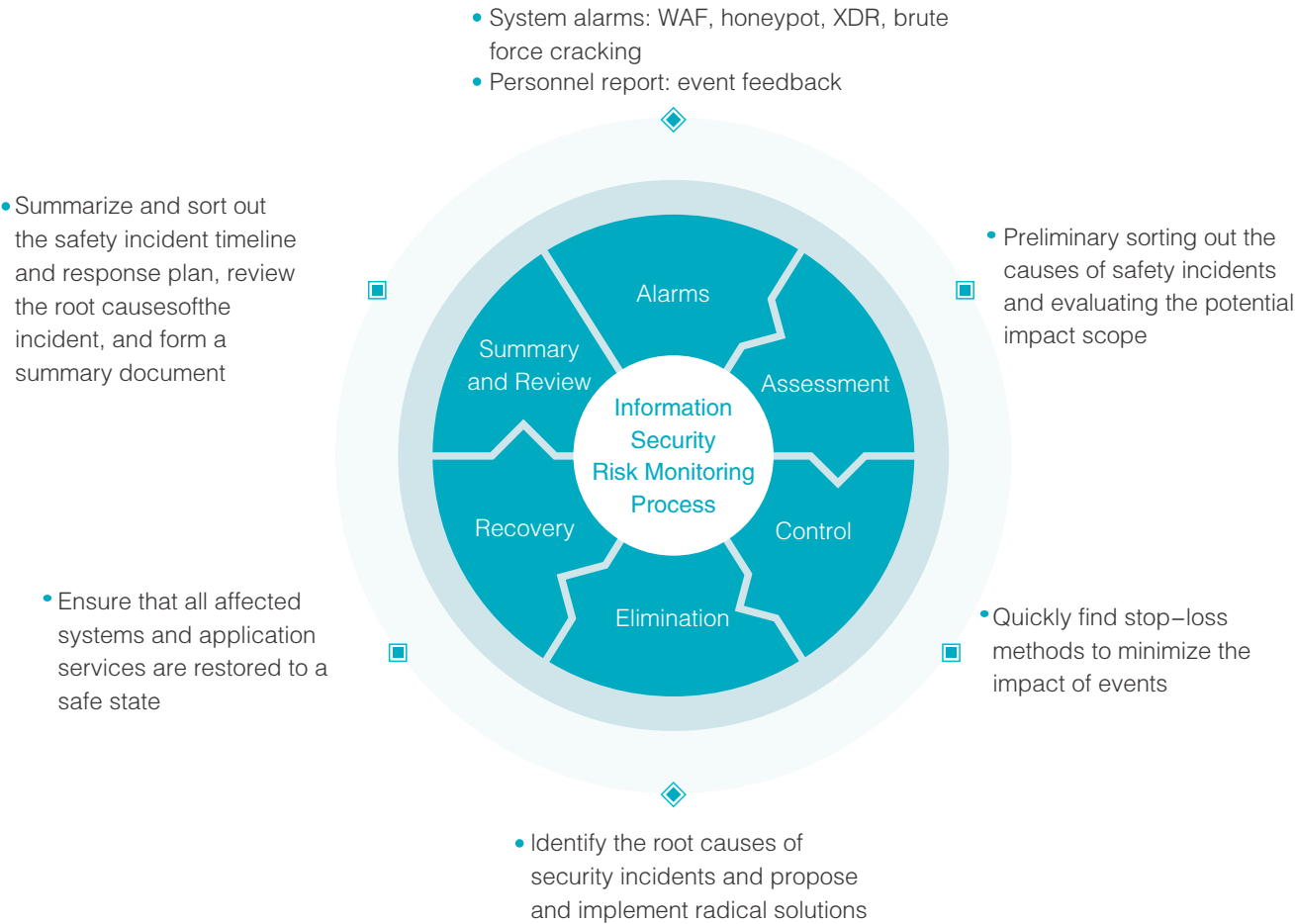
Privacy Protection

We strictly protect the information of customers and consumers, formulate the *User Privacy Policy*, and strictly control the use of customers' personal information through signing privacy agreements, seeking user consent in advance, informing users, encrypting and storing sensitive data, managing it by designated personnel for operation and maintenance, and regularly scanning vulnerabilities to ensure user privacy and security.

In the event of a personal privacy breach, we will promptly inform users of the basic situation and possible impact of the incident, the disposal measures that have been taken or will be taken, the customer's independent prevention and risk reduction suggestions, remedial measures, following legal and regulatory requirements, and reporting the incident disposal situation by regulatory requirements.

Information Security Risk Management

For information security risks, we have established an information security risk monitoring system, conducted periodic checks, divided the identified risk events into four levels, and taken corresponding countermeasures according to the results of different levels.



Training Dissemination

We attach attaches importance to enhancing awareness related to information security and privacy protection of employees and carry out relevant training and propaganda regularly. In 2022, we carried out training through phishing email drills, lock screen desktop security knowledge propaganda, information security training in Yi Academy and enterprise WeChat information security channel, and information security training covering all personnel of the Company.



Information Security Awareness Training

Information Security and Privacy Protection-related Training

Lock Screen Desktop

Security knowledge promotion, including securing company and personal information, preventing phishing emails, away from the lock screen, protecting removable devices, file and software download, website access security tips, password security, and so on

Phishing Email Walkthrough

Send phishing emails to all email addresses of the Group to test and verify users' security awareness, and send email announcements and corporate WeChat announcements afterward to inform identification methods

Off-line training

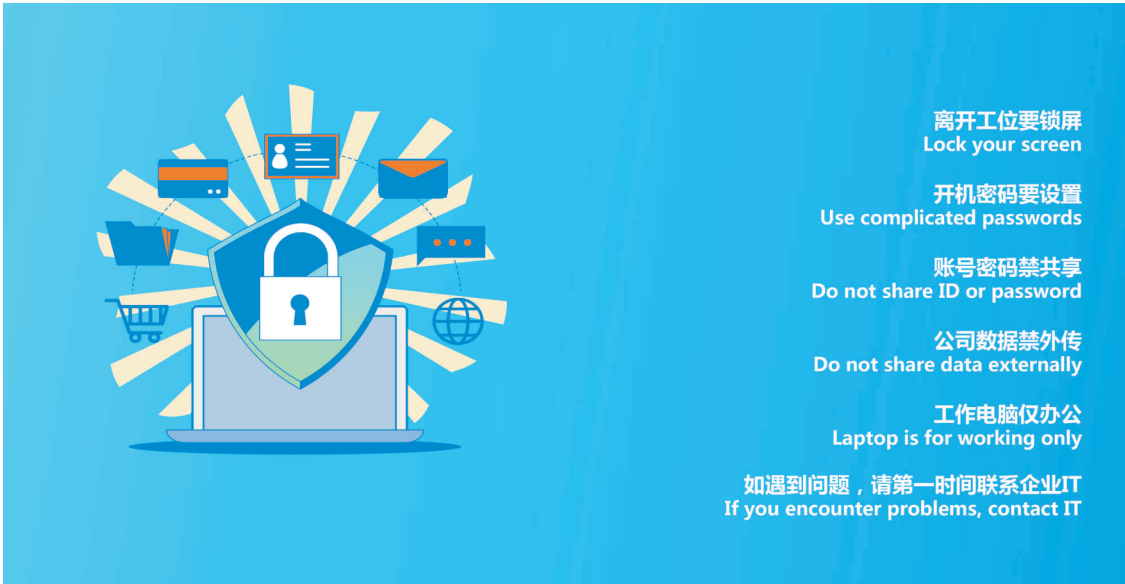
The IT department of the Group conducts off-line training related to the company and customer information protection to all subsidiaries

Yi Academy

All employees of the Group conduct information security-related content training through the online platform of Yi Academy

Enterprise WeChat Information Security Channel

Carry out popularization of relevant information security content such as software copyright, online conference security, virus attack cases, security announcements, and strong password-setting methods for domain accounts



Unified Information Security Desktop

Joining Hands to Sustainability

Yihai Kerry Arawana understands the impact of our own operation and management decisions on upstream and downstream enterprises and industry partners. We are committed to propagandizing the concept of sustainability to our partners, actively seeking cooperation and communication among the industry, creating sustainable "Business Alliances", and collaborating with partners to contribute to the sustainability of the grain and oil industry with shared sustainable values.

Our Topics of Interest

- Sustainable sourcing
- Supply chain management
- Win-win cooperation

Corresponding SDGs



Our Actions

- Practicing sustainable sourcing, strengthening the traceability of raw material and advocating with suppliers to comply with sustainable sourcing requirements
- Improving improve supply chain ESG management and propagandize ESG concepts to other stakeholders continuously to build a sustainable value chain
- Leveraging and collaborating with the value chain and industry partners mutually to promote the industrial development

2.1 Tracing Raw materials to Achieve Sustainable Sourcing

We are committed to continuously promoting sustainable sourcing and enhancing the traceability of raw materials. While ensuring the quality of raw materials, we also concentrate the performance of suppliers in terms of business ethics, environmental protection, human rights and labor to reduce supply risks and continuously to improve resilience of supply chain.

2.1.1 Commitment on Sustainable Sourcing

We continue to promote sustainable procurement management and strictly abide by the *Sourcing Sustainable Policy*, which applies to all suppliers of raw materials and services, aiming to improve suppliers' ESG management and practices. In the raw material procurement (such as palm oil and soybeans), we follow the *Responsible Palm Oil Sourcing Policy* and the *Responsible Soybean Sourcing Policy*. In addition to compliance with NDPE requirements, we also prefer suppliers who commit to "No deforestation, No Development on Peat, and No exploitation of people and local communities".

Moreover, we actively practice sustainable agriculture and cooperate with our suppliers to carry out contract farming and to provide guidance for farmers on scientific farming applying professional agricultural technicians on resource reduction in order to minimize the impact of chemical fertilizer on soil and water, and to reduce greenhouse gas emissions.

Palm Oil

We share sustainable palm oil management information, such as satellite monitoring and supplier compliance review of our parent company, Wilmar International, and further improve the monitoring of the supply chain between Wilmar International and us based on the existing sustainable supply chain monitoring mechanism, and regularly fills in traceable information on the purchased palm oil

Soybeans

We continue on the work of getting certification, tracing soybeans and paying close attention to the origin information of the purchased soybean raw materials. Based on market demand, we have conducted IP certification by SGS for some domestic non-GMO soybeans traceable to farms and actively procured soybeans with SSAP certification

Conduct Sustainable Palm Oil and Soybean Sourcing



2.1.2 Strengthening the Traceability of Raw Materials

We adhere to the principle of sustainable sourcing, which strengthened the raw material traceability management to reduce supply chain ESG risks, to ensure the safe and sustainability of using the raw materials for products. We regularly comply with the statistics on the sourcing traceability of palm oil to ensure zero deforestation in the palm oil supply chain. It is committed to improving the traceability to the mill level. The imported soybeans can be traced back to the port of origin. We strive to achieve the transparency of raw materials' sourcing information, and pay attention to the risk areas and sources of origin continuously.

In 2022, we further continued to deepen our cooperation with cultivation suppliers of raw material to promote traceability throughout the life cycle of our products.

Case

Building Trust "From Field to Table" by Utilizing Blockchain Traceability

Relying on the modern scientific field management model, we deepen collaboration with Syngenta Group China on rice contract farming and conduct the complete traceability management of the rice of Wuchang base "from field to table" with supporting of MAP beSide professional blockchain traceability, which ensures good seed, soil, planting, storage and processing during the planting. By the in-depth applying the Internet of Things, big data, artificial intelligence and other high-tech, we can reduce production costs, improve product quality, and increase the land production efficiency by 5.12%. Moreover, the "One bag, One Code" packaging design can promote the sense of confidence of the consumer.

good seeds

good soil and water

good storage

good planting

good processing

Increasement on the land productivity.

5.12 %

2.2 Following Compliance to Build Responsible Value Chains

We continue to improve the management related to the value chain, incorporate ESG values into policy and contract terms of stakeholders such as suppliers, contractors and dealers. Encouraging partners to carry out responsible practices and strengthening the cooperation and communication with suppliers to build responsible value chains together.

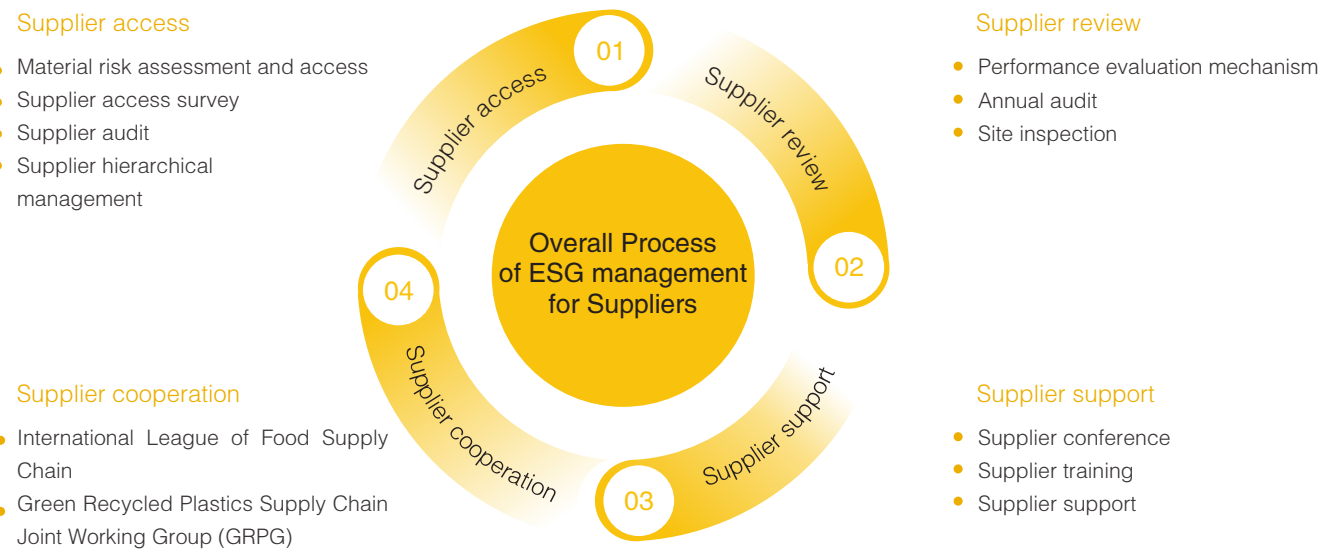
2.2.1 Implementing Partner Responsibility Management

Based on internal management policies, the *Supplier Code of Conduct*, *Dealer Management Policy*, and *Logistics and Warehousing Service Provider Management Policy*, we clarify guidelines for partner collaboration and requirements at different stages such as entry, assess, and exit of suppliers. We consider business ethics including compliance, anti-corruption, ESG-related issues such as environmental protection and employee rights in the supplier management. We signed before working with our partners, such as suppliers, contractors and dealers, to ensure that they can fully understand our policies, ethics and business practices¹ and to work together with all business units, relevant divisions, and functional departments with monitoring during the overall cooperation, which can reduce supply chain risk and raise the awareness of sustainability of our partners.

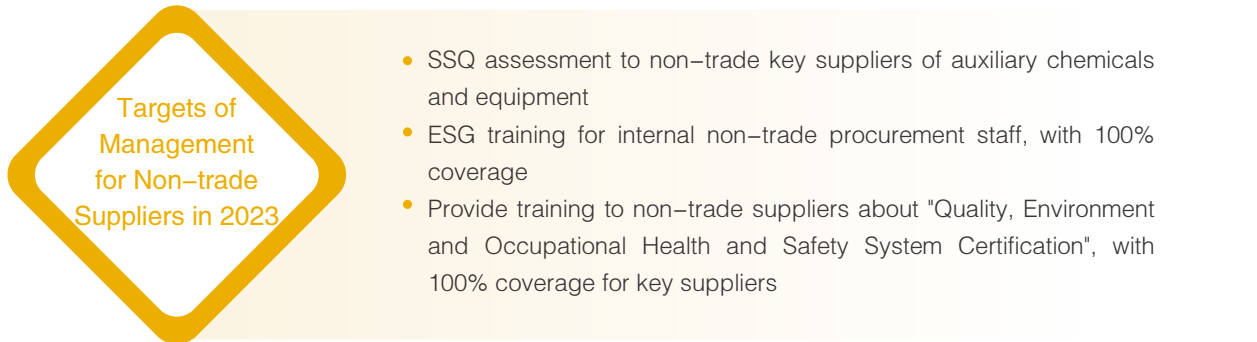
Note 1: Procedures for anti-corruption of supplier and partners are detailed in the *Anti-Corruption Policy*

Full-process of ESG Management for Suppliers

We are committed to integrating the ESG values into the supplier management process. On the one hand, we provide training to relevant personnel on the supplier management ensuring the fully understand of ESG policies, such as the *Supplier Code of Conduct* and *Sustainable Sourcing Policy*. On the other hand, we also transmit the policies to suppliers via training and clarifying in the contract terms. At the same time, we adopt a digital online platform to systematically manage the whole life cycle of suppliers, effectively controlling critical milestones in the life cycle. In order to raise the level of concern for the environmental and social performance of suppliers, we conduct annual comprehensive capability assessment of suppliers and adopt incentive mechanisms on excellent suppliers, qualified suppliers or related punishment mechanisms on unqualified suppliers who need certain improvement. We also provide support and training for deficiencies found in the management process, and to encourage and guide suppliers on building a sustainable supply chain system together.



We adopt a triage management mechanism for non-trade suppliers, bulk raw material suppliers, logistics, and warehousing service providers. It implements corresponding management tools for different procurements. In 2022, we started with non-trade supplier management improving on the management system of non-trade suppliers, and adopting a three-level access assessment for reviewing suppliers' compliance, legality, financial operation, ESG performance and system certification. In the stage of audit and evaluation, in addition to assess on the conventional dimensions such as qualification, compliance, quality and delivery, we focus more on suppliers' performance on the environmental and social areas. In 2022, we audited 95.7% of food-related (non-trade) suppliers. The proportion of non-trade pool suppliers with order cooperation records participating in performance evaluation reached 100%.



Note: the identification and management of key suppliers: the Company conducts risk analysis on the basic information, cooperation amount, reliability and other multi-dimensions for suppliers to identify key suppliers, and conduct classification management for key suppliers.

Case

Supplier Sustainability Questionnaire to Enhance Awareness of ESG Management

To investigate suppliers' status, progress and its performance on key ESG issues, in 2022, we conducted SSQ assessment for all key suppliers of packaging. SSQ covers 5 dimensions, which are environment, health and safety, human rights and working conditions, responsible sourcing and business ethics, including 19 questions. In this SSQ survey, within the responded suppliers with effective feedback (accounted for 94.24% of package procurement expenditure¹), 55% suppliers obtained environmental management system certification, 23% obtained energy management system certification, 52% obtained occupational health and safety management system certification, and no supplier was found in violating our ESG policy. In the future, we will promote suppliers of other categories to complete SSQ.

益海嘉里集团供应商可持续发展调查问卷
Suppliers Sustainability Questionnaire

关于供应商可持续发展调查问卷 (Suppliers Sustainability Questionnaire, SSQ)

本SSQ旨在调查供应商在可持续发展 (ESG) 关键问题 (包括环境、健康和安全、人权和工作条件、负责任的采购、商业道德) 上的现状、进展和成果, 从而推动供应链实现可持续发展。

填写此问卷的供应商, 请勾选表格右侧, 查看益海嘉里集团的《供应商行为准则》《人权政策》《可持续采购政策》《商业道德行为准则》《反歧视政策》《反腐败政策》等相关政策, 以便如实填写问卷。

在填写中, 可点击展开并阅读上方的问题描述并获取具体说明。

55%

surveyed key suppliers of packaging obtained environmental management system certification

23%

surveyed key suppliers of packaging obtained energy management system certification

52%

surveyed key suppliers of packaging obtained occupational health and safety management system certification

Note 1: Package purchase expense refers to the total purchase amount from critical suppliers of package materials for the period September 2021–August 2022.

86

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Supply Chain Risk Management

We adhere to front-loaded risk management and whole life cycle risk management. It effectively identifies and monitors supplier ESG risks at crucial nodes of supplier management to achieve early detection and warning to reduce supply chain ESG risks. To manage the supply chain stability risk, we implement proactive risk response strategies, set up primary, secondary, and standby supplier pools for materials, and establish an emergency management mechanism coordinated by the Group and division operations, with the participation of multiple departments to prevent supply chain stability risks caused by regional material tensions.

Supplier ESG Risk Management

Improving Policy

We have established critical material access policy covering materials such as raw and auxiliary materials, processing aids, packaging materials and so on. The policy has been developed, and each factory implements synchronized landing transformation, supplier selection, and standard entry policy according to the relevant management requirements in the *Group Supplier Approval and Audit*, *Supplier Code of Conduct*, *Sustainable Sourcing Policy*, and other procedural policies.

Identifying Access Risk

We deploy a "risk map" for the raw material area of agricultural products, establish a management method of supervision from seeds, and guide farmers to regulate planting, storage, and shipping to reduce the risk at the origin. For other types of materials, based on risk assessment, suppliers are guided to manage their upstream suppliers to deliver ESG values, guaranteeing the safe origin of our products.

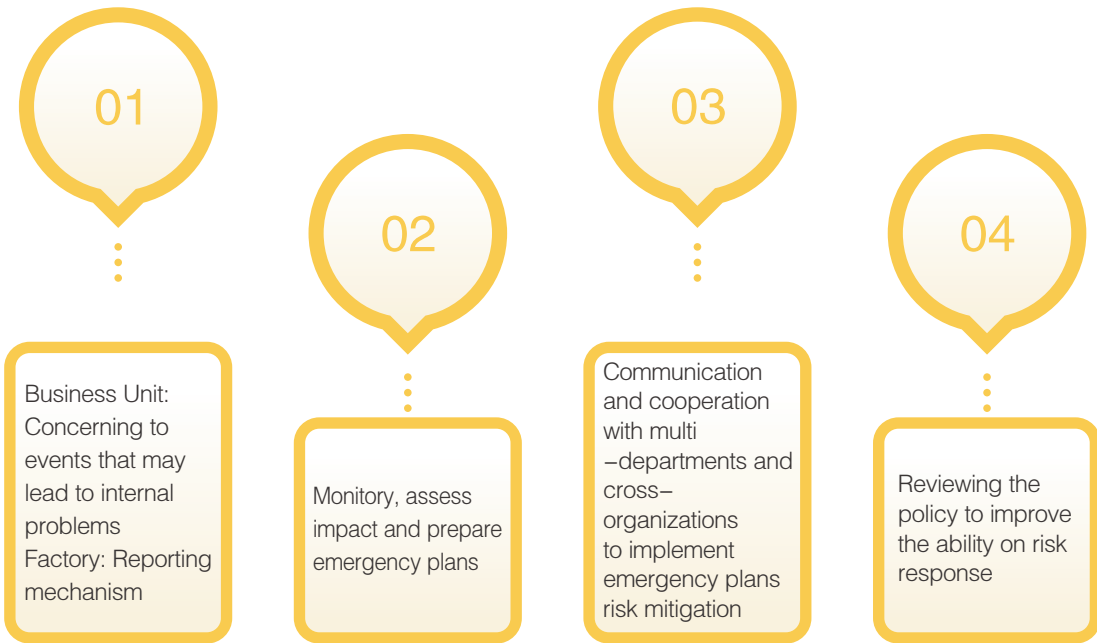
Evaluating Access Risk

For different materials, we have developed different categories of assessment requirements and evaluates qualification, compliance, and ESG performance multi-dimensionally following national laws and regulations, relevant implementation standards and industry characteristics. For the problems, we promote suppliers to improve and achieve closed-loop management.

Auditing and Evaluating Cooperation Process

Via on-site visits, online meetings and special training, we established effective communication mechanisms with suppliers to practice our ESG management concept. At the same time, leveraging the supplier performance evaluation system, we regularly review the performance of suppliers. We communicated with suppliers timely and effectively to promote the improvement and upgrading measures

Emergency Management Mechanism of Supply



24-hour Emergency Response Process



Compliance Management of Dealers

We cultivate saling channels deeply, by empowering dealers and continuously strengthening the compliance management of dealers. In 2022, we optimized the standard market management policy, transformed assessment of dealers from results only assessment to a combined process and result driven assessment, which is a more reasonable approach to assess dealers to support our strategy about multiproduction line development, full network coverage and intensive network cultivation.

2.2.2 Empowering Partners for a Better Future

We expect to establish a solid relationship with value chain partners for a win-win cooperation. In addition to provide training for partners on business ethics, quality management, energy saving, and emission reduction, and other social and environmental issues by applying regular visits, occasional online and offline communication, supplier conferences and sharing of excellent ESG practices. We also pay continuous attention to support partners on improvement of its business management capabilities via effective empowerment with various approaches.

Initiatives to Empower Partners

Non-trade Suppliers

- Carrying out end-to-end projects to help suppliers systematically identify improvement opportunities and enhance their product delivery capabilities in six modules: planning, sourcing, production, quality control, logistics, and finance, based on the Six Sigma theory
- Utilizing our advanced operation and management experience and resource advantages to help suppliers and improve their management ability
- Building a supplier ecosystem and sharing the resources of general category materials with suppliers, carrying out project cooperation, and improving the supply capacity of suppliers

Grain and Oil Raw Material Suppliers

- Leveraging their regions and resources to help suppliers expand their business direction and develop their own business
- Collaborating with the external professional team to provide scientific and advanced planting technology guidance for farmers of order agriculture

Central Kitchen Suppliers

- Providing training of supplier audits
- Strengthening suppliers capacity of end-to-end coordination, further empowering suppliers' delivery and collaboration, and improving supply chain effectiveness

Logistics and Warehousing Service Providers

- Conducting compliance and professional skills training
- Providing new project capability enhancement training in conjunction with the continuous updating of business products
- Holding regular safety training to enhance safety awareness

Dealers

- Improving the dealer's basic operations and ability to sell various products through on-site training and dealer support
- Enhancing the business capabilities of dealer of malls and supermarkets through online training that cover particular topics
- Empowering dealers by sharing and replicating benchmarking experience through live online training of dealer owners
- Providing dealer operational excellence training program to help dealer to create a win-win situation with improving its operational capabilities to reduce cost and increase efficiency through

Case

Building Supplier Ecosystem to Maximize Supply Chain Value

We continue to carry out end-to-end supplier programs to help suppliers improve management and enhance supply chain value. Using tools such as supply chain operating model and Lean Six Sigma, we assisted suppliers in improving their supply chain from six modules, including planning, procurement, production, quality control, logistics, and finance. For example, by implementing an "end-to-end" project with an auxiliary chemical supplier, we helped supplier on reducing 550,000 RMB of stagnant inventory and the delivery time was reduced from 15 days to 7 days. We planned a list of subsequent optimization projects. During the Reporting Period, 3 non-trade suppliers carried out "end-to-end" projects, which effectively improved the reliability and flexibility of the supply chain and shortened the delivery cycle, ultimately reaching a win-win situation.



Case

Empowering Dealers to Create "Business Alliances" through Multi-measures

The Company adheres to mutual benefit, long-term development, and a win-win cooperation. We empower our dealers through various approaches to create new growths. In 2022, we explored the establishment of a win-win management model, by conducting operational excellence program via providing trainings, online live broadcast, and supports for dealers. To help dealer improve its operational management capabilities, fully detecting their operational problems and understanding the market, conducting an excellent business planning and long-term follow-up were adopted to improve the per capita energy efficiency, and in order to promoting dealer's performance transformation. We work to help dealers better carry out their business and protect the basic needs of consumers and people's livelihoods. After years of practical explorations, dealers in the program have performed well, with stronger resource integration and 100% satisfaction of participated dealers. The project won the second prize in the Group's Management Innovation Conference and will be promoted within the Company.



During the Reporting Period, two dealers achieved business growth by participating the operational excellence training program and improved staff motivation and stability. Chengdu dealers saved nearly RMB 1.15 million, and the Nanchang dealer rice sales exceeded 1,000 tons.



In 2022		
Conducted training for	Provided	
10,000 dealers	18 specialized theme training	
Conducted online live training for	Provided expertise series online live training for	
18 dealer owner	5 malls and supermarkets	

2.3 Communication and Cooperation to Promote Industrial Development

We are committed to creating a sustainable value for the food industry of grain and oil, and actively communicate with industry associations, scientific research institutions and other partners. As a member of industry organizations such as the International League of Food Supply Chain and the Green Recycled Plastics Supply Chain Joint Working Group, we promotes technological innovation, strengthen the transformation of cooperative achievements, and promotes the capacity building and the value sharing to create a benign development space for the industry.

Cooperation on Innovation >>

Industry Associations and Scientific Research Institutions

- The National Nutrition Science Research Grant: Cooperating with the Chinese Nutrition Society, this fund was set up in 2022 to explore the intervention of plant protein on oligo myositis in nursing homes and research on vegetarians and people with dyslipidemia.
- Jointly build the Institute of Food Science and Technology CAAS–Yihai Kerry Central Kitchen Research Institute: Providing Chinese residents with safer, more delicious and convenient, more nutritious, and healthier food by cooperating with CAAS and leveraging the advantages in technology, platform, talent, production, marketing, and market respectively.

Colleges and Universities

- National Nutrition Scientific Research Foundation Project: Collaborating with Harbin Medical University to study the nutritional effects of pre-diabetic blended oil
- Established the Future Fats and Oils Research Institute: Cooperating with Jiangnan University to conduct primary research on the relationship between fats and human health and explore the physiological health effects of fats with specific structures
- Joint program for Doctors: Providing joint doctor programs with ten universities and scientific research institutions to conduct primary research aligned with development direction of us

Case

Expand Raw Material Resources for Quality Products by Procuring Local Materials

To meet consumers' rising demand on product quality, we have been exploring and discovering new varieties in terms of raw materials for products. In recent years, based on the location advantage of a high-quality rice production, we have actively communicated with scientific research institutions and seed enterprises to jointly promote the research and development of new varieties and commercialization of new products and to build a new cycle of the rice industry ecosystem. In 2022, we took the advantages of its rice factory where cooperated with Harbin Academy of Agricultural Sciences and other local seed research institutions to add new raw material resources for the rice grain freshness and the rice flower fragrance series products to help produce quality upgrades.

We also actively participate in domestic and international industry associations and related activities, share and exchange our practical experience with industry partners, and jointly promote the high-quality development of the industry.

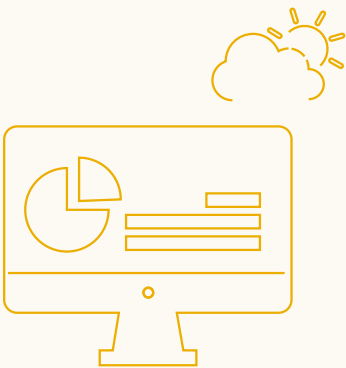
Participations in Industry Associations

Foreign Industry Associations

- American Oil Chemists Society
- International Association of Rice Bran Oil
- International Sunflower Oil Association
- Malaysian Palm Oil Board
-

Domestic Industry Associations

- China Grain and Oil Association
- China National Food Industry Association
- China Nutrition Society
- China Cuisine Association
- China Condiment Industrial Association
- China Chamber of Commerce of I/E of Foodstuffs, Native Produce and Animal By-products
- China Cleaning Industry Association
- Shanghai International Logistics Chamber of Commerce
- All-China Environment Federation
- International Grain Modern Supply Chain Alliance
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Benefiting People

Yihai Kerry Arawana always believes that employees play an essential role in the long-term development and is committed to providing a healthy and safe working environment, protecting the rights and interests of employees in areas of recruitment, training, compensation and benefits, communication and career development, and so on. Meanwhile, we bulid a good employer brand, create a corporate culture of respect and equality, inclusion and diversity, and promote the mutual development of employees and the Group.

Our Topics of Interest

- Occupational Health and Safety (OHS)
- Labor Practices
- Diversity and Inclusion
- Human Capital Development

Relevant SDGs



Our Actions

- Continuing to promote management standardization and management system certification based on the complete organizational structure of production safety management, setting up quantitative goals and implementing multiple measures, adhering to the people-oriented, and continuously improving the essential safety degree.
- Establishing employee communication mechanisms and understanding employee opinions and suggestions through multiple channels
- Following the principles of "legality, openness, and fairness," perfecting personnel data management, attracting and retain talents, and continuously caring for female, foreign, and ethnic minority employees to form a diversified and integrated work environment
- Helping employees improve their comprehensive ability by clear dual channels for talent development, explicit promotion policy and abundant differentiated training system
- Perfecting remuneration and performance management, multi-dimensional and comprehensive implementation of employee benefits

3.1 Regulating Production, and Protecting Employee Health and Safety

Yihai Kerry Arawana practices the concept of "Health and Safety, Harmony and Sharing", provides employees with a healthy and safe working environment and ensures them go home safely.

3.1.1 Strengthening Health and Safety Management

We strictly comply with the relevant laws and regulations of the place of operation, and have specified in its *Human Rights Policy* that the Company and its subsidiaries, customers, suppliers, contractors, and other stakeholders should provide employees with a safe and healthy working environment.

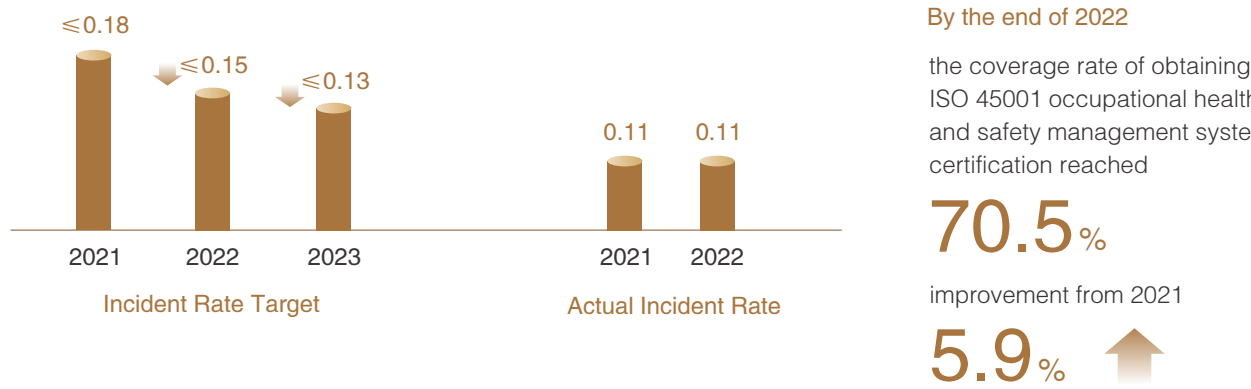
In 2022, we sorted out and updated its safety management policy and safety operating procedures, issued a guidance sample on *Responsibility for Safety in Production*, updated and formulated specialized management criteria, and realized the standardization of production safety management.

We have built a complete safety production management organizational structure covering all operations and realized the standardization and refinement management of production safety work.



Organizational Structure of Production Safety Management of Yihai Kerry Arawana

We are committed to continuously improving its OHS performance to reduce health and safety impacts. The EHS working group puts forwards our annual production safety targets based on the actual situation, combining the previous year's safety performance, laws and regulations, and management requirements. The targets cover various aspects, such as compliance management, incident prevention, and occupational health management. Subsidiaries formulate corresponding management solutions and work plans, follow up and review the progress towards completion of targets.



3.1.2 Reinforcing Health and Safety Practices

We have built a complete safety and health system covering safety investment, risk assessment, hidden danger investigation, emergency management, incident reporting, safety disciplinary action, safety responsibilities, safety training, to form a closed-loop administration. We develop emergency plans in response to emergencies and are equipped with sufficient emergency equipment, materials, and so on.

Production Safety Initiatives

We have developed production safety management initiatives focused on risk management and incident prevention. We also strictly comply with the law to manage production process, strengthen the prevention of production equipment and facilities, seriously control special operations, and implement production safety-related incentives. The Group's EHS working group monitors our production safety through self-inspection, regular audits, and unannounced inspections to ensure the implementation of relevant policies and requirements.

Case

Health and Safety Management Measures for the Production

- Healthy and safe working environment:** Develop retrofitting and upgrading solutions related to occupational hazards factors, including equipping relevant areas with dust removal facilities, toxic substance abatement facilities, noise reduction equipment, gas monitoring, etc. Provide employees with labor protective equipment to reduce occupational disease hazards.
- Health monitoring:** Provide health monitoring for employees exposed to occupational hazards, and establish employees' occupational health monitoring files.
- Subsidiaries:** Regularly monitor potential occupational disease hazards at production sites, inform and warn employees by bulletin boards, notification cards, warning signs, etc.

Case

Applying CO₂ Refrigeration Technology to Eliminate Ammonia Refrigerant Risks

To find a safer, more reliable, green, economical, and energy-saving alternative refrigeration to avoid the safety hazards caused by ammonia refrigeration, we used CO₂ as the refrigerant instead of ammonia. It became the first company to adopt a CO₂ refrigeration system in the margarine industry in Asia. The patent was granted by the China National Intellectual Property Administration (ZL 2021 21396696.6).

In addition to avoiding the explosive and toxic safety risks of ammonia refrigeration, the CO₂ refrigeration system can also reduce the investment in safety emergency systems, safety inspection costs, and maintenance downtime and improve the utilization rate of industrial lines.

Our technical team has realized the stable operation of the CO₂ refrigeration system under a high-temperature environment in a low-latitude area through several technological transformations. It provides a reference for the popularization and application of the CO₂ refrigeration system.

Case

Health and Safety Management Measures for the Logistics

We control the health and safety of the logistics from two aspects: employee safety and warehouse management.

Employee Safety

- **Training:** Organize carriers to conduct driver training and safety assessment to reduce safety risks.
- **Intelligent supervisory seat belt with AI visual recognition:** Intelligent monitoring of fall protection for loading and unloading operations is piloted in some factories in China. It can effectively control the risk of falling from height during loading and unloading operations.
- **Develop and popularize the Group's intelligent park platform:** Reduce the risk of entry pickup through services such as pickup appointment, entry training, in-plant navigation, hazardous area alarms, and so on.

Warehouse Management

- **Training:** To strengthen safety awareness, we conduct safety knowledge and business skills examinations for new employees and regular safety training for permanent employees.
- **Fire prevention level:** Match the national firefighting-related requirements according to the type of goods.
- **EHS management:** Carry out regular and irregular hidden danger investigation and management, implement safety performance assessment and specialized safety education training in a graded manner.
- **Unannounced inspection:** Conduct unannounced inspections on warehouse suppliers' safety management and operational specifications.
- **Warehouse automation application:** Reduce labor work intensity, eliminate safety hazards, and improve loading efficiency through warehouse automation technology.



Production Safety Incident Management

We have developed comprehensive response initiatives and handling mechanisms for production safety incidents. Our EHS working group regularly issues incident alerts and investigation reports to its subordinate enterprises and organizes incident alert education training and self-correction covering all employees.



Setting Standards

- Develop incident report and investigation standards following laws, regulations and our requirements to standardize incident management



Incident Prevention

- Improve incident prevention measures by optimizing facilities, identifying opportunities for improvement in system processes and management, and reinforcing behavioral norms with disciplinary rewards and punishments



Handling Incidents

- Declare the treatment of work-related injuries and timely treatment for the relevant employees following the determination standards of laws and regulations, and provide aftercare for the deceased according to the law
- Conduct cause investigation, measures sharing, internal warning, carry out self-correction by our subsidiaries

Safety Training

We conduct safety education and training through offline safety training, online video courses, and on-site "Hand dictation". We also share and popularize good practices in production safety within the Company.

Our subsidiaries implement a three-level safety education system of "company-workshop-team" to provide safety training for stakeholders and all staff. The training covers high-risk operations, firefighting safety, job safety operation procedures, emergency drills, and so on. The form of training contains safety incident warning learning, safety knowledge lectures, on-site exercises, and so on. In addition, we establish a safety experience hall to enhance the experience and training effect through "experiential and immersive" safety training.

During the reporting period, our EHS working group conducted specialized EHS training covering the whole staff in areas of legal interpretation, awareness raising, operation specification, and so on. We organized 46 training sessions, including topics such as the new production safety law, safety in action, safety leadership, particular operation safety, and risk management. The safety education and training covered 100% of employees and stakeholders.

In the future, we will constantly promote the firefighting protection system upgrading project, improve the safety protection of equipment and machinery, popularize the intelligent safety system to prevent the fall of loading operation, strengthen the work of separating people and vehicles, etc., and create a healthy and safe working environment.



Health and Safety Training

3.2 Developing Talent Recruitment, and Building a Good Employer Brand

We always pay attention to employees' rights and interests, talent attraction and retention. We also regulate behavior and procedure with policies, continuously strengthen communication with employees, attract and cultivate talents through multiple channels, and create a fair, just and attractive work environment for employees.

3.2.1 Concerning Talent Attraction and Retention

We firmly believe that talent is an important strategy to promote the sound development of the Company. Moreover, we are holding the belief that scientific human resource management can not only effectively promote the talent pool and the stability of talent, but also is one of the most significant concerns to investors. We continuously improve the human resource management system, respect, cultivate, care and retain talents to achieve a win-win situation for both the Company and employees.

Fairness and Justice, Protection of Human Rights

We strictly follow the *Human Rights Policy* and upholds the concept of fairness and justice to provide employees with complete protection of their rights and interests. We explicitly prohibit child labor and forced or compulsory labor, respect women's rights, prohibit violence and harassment, respect diversity in employment, and oppose discrimination, guarantee freedom of association and collective bargaining rights and so on, to create a healthy and safe, diverse and inclusive workplace.

In 2022, we clearly stipulated in the *Employee Reward and Punishment Policy* that the employment contract will be terminated for those who use violence, intimidation, sexual harassment, or affect the order of the group, to protect employees' rights and interests. During the reporting period, no incidents of discrimination or sexual harassment happened in the Company. To continuously ensure the implementation of our human rights policies, we conduct annual audits or internal-audits that includes human rights protection for all operating companies and subsidiaries. Besides, we pay close attention to the human rights protection of our partners and conducted a sustainability questionnaire survey covering 100% of our key suppliers in the non-trade packaging category during the reporting period, including human rights policies such as the prohibition of child labor and forced labor. And we conducted follow-up audits to ensure compliant employment of suppliers. During the reporting period, no incidents of human rights violations happened.

Democratic Communication

We are always committed to ensuring that employees can express their suggestions and ideas equally and freely, respecting employees' diversified demands, taking multiple measures to create a multi-channel and multi-form two-way communication mechanism for employees in the form of employee interviews, seminars, management face-to-face communication, and regular union meetings. We also encourage employees to put forward their opinions and suggestions in their work, timely supports emotional and stress relief, ensure that employees' opinions and suggestions are respected, solve employees' problems, to create a fair, open and equal company atmosphere.

In terms of engagement/satisfaction survey, we set qualitative and quantitative questions based on Gallup's Q12, and those who choose "fully agree", "agree" and "basically agree" are regarded as engaged/satisfied employees. We also combine group interviews to understand employees' opinions and suggestions. During the reporting period, the total percentage of engaged/satisfied employees was 98.45%, a 1.71% improvement from 2021.

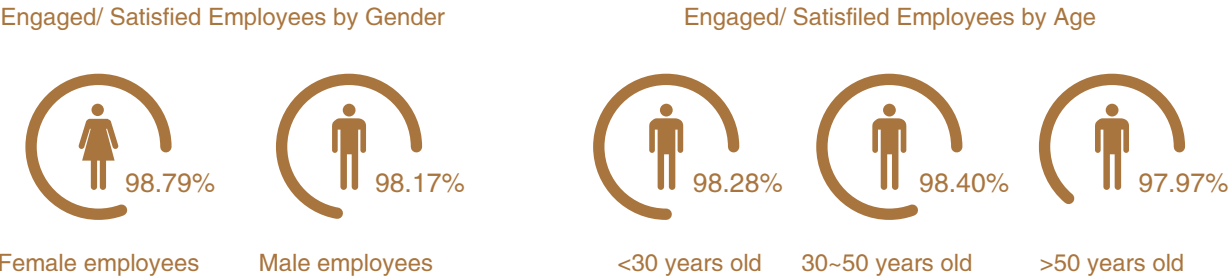
The total percentage of engaged/satisfied employees was

98.45%

Improvement from 2021

1.71% ↑

2022 Yihai Kerry Arawana Employee Engagement/Satisfaction Survey



Employee Recruitment and Retention

We follow employee recruitment policy and strengthen the execution of policy through policy advocacy, training, and annual assessment, etc., enhance the professional image of us and create a good employment environment in society. Besides, we have built a perfect personnel data management mechanism to collect, analyze relevant data regularly. For abnormal personnel data, we conduct particular research, track and early warning.

Case

Employer Brand Building

We tap talents who meet the project requirements and actively conducts joint training programs to deliver different types of talent to the industry.

Campus Recruitment

In addition to traditional recruiting methods, we conduct school-enterprise cooperation and hold activities such as summer field camps and marketing challenges to attract graduates from different backgrounds to join us. Meanwhile, we promote our brand by providing our products to students

Career Choice Event Series

We launch a series of career-related courses and sharing events through popular media platforms like WeChat, Weibo, and Bilibili, to further expand brand influence

Joint Training of Professionals

We conduct joint training programs with higher education institutions in different cities, such as Lanzhou, Chongqing, Qiqihar, Jilin and Xingpin. For students of three-year higher vocational colleges, we set up "Yihai Kerry" targeted classes consisting of students from different majors and classes. We provide company's business and product-related professional courses, and introduction of corporate culture and other contents in their second year, also provide internship opportunities in their third year to train talents for the industry

We are committed to staff training and development, regard employees as its most valuable asset, and have many good initiatives to reduce talent turnover.

"Retention" Initiatives

"Career" to retain people

- Promote differentiated training programs, effectively build the Group's talent development platform, and help all types of employees clarify their career planning and development

"Environment" to retain people

- Advocate a harmonious, sharing and positive corporate culture. Organize recreational activities such as fun games, knowledge quizzes, and cultural evenings to enrich the connotation of corporate culture and create a cheerful and open workplace environment

"Policy" to retain people

- Sound personnel management policies, such as salary, performance, recruitment, promotion, labor, training, innovation, attendance, rewards, and punishments, to ensure that the daily work can "have rules and evidence to follow"

"Treatment" to retain people

- Set up a reasonable and fair remuneration system, and differentiated incentive performance policy. Design targeted solutions, implement coaching, and track effects according to different companies, businesses, and position level

"Emotion" to retain people

- Welfare care, humanistic care, we orгнаize regular care activities for employees

3.2.2 Creating a Diverse Talent Pool

To build a "female employee-friendly enterprise", we protect the rights and interests of female employees by advocating gender equality and perfecting relevant management systems. We also organize cultural activities for female employees to enrich their workplace life. Most of the Group's subsidiaries have set up Baby-care Rooms to care for and protect breastfeeding female employees. During the reporting period, we were awarded two four-star Baby-care Room awards and one five-star Baby-care Room award by the Female Staff Committee of the Shanghai Federation of Trade Union.



Awarded by the Female Staff Committee of the Shanghai Federation of Trade Union

Four-star Baby-care Room

2

Five-star Baby-care Room

1



Baby-care Room Awards

Furthermore, for protecting the rights and interests of foreign and ethnic minority employees, we focus on the relationship between "diversity", and "all-in-one". We respect "diversity" and promot "all-in-one" to create a company atmosphere that respects differences and embraces diversity.

“Diversity” and “All-in-One”

>> Recruitment <<

We treat employees of all ethnicities equally, hire on merit, and seek joint development with employees of Hui, Mongolian, Kazakh, Uyghur, and other nationalities together.

>> Work <<

We listen extensively to the opinions and suggestions of foreign and ethnic minority employees in our work and help solve their problems.

>> Life <<

Some subsidiaries offer halal canteens and provide local employees with various holidays for their ethnic groups, to respect their diverse dietary habits and ethnic customs.

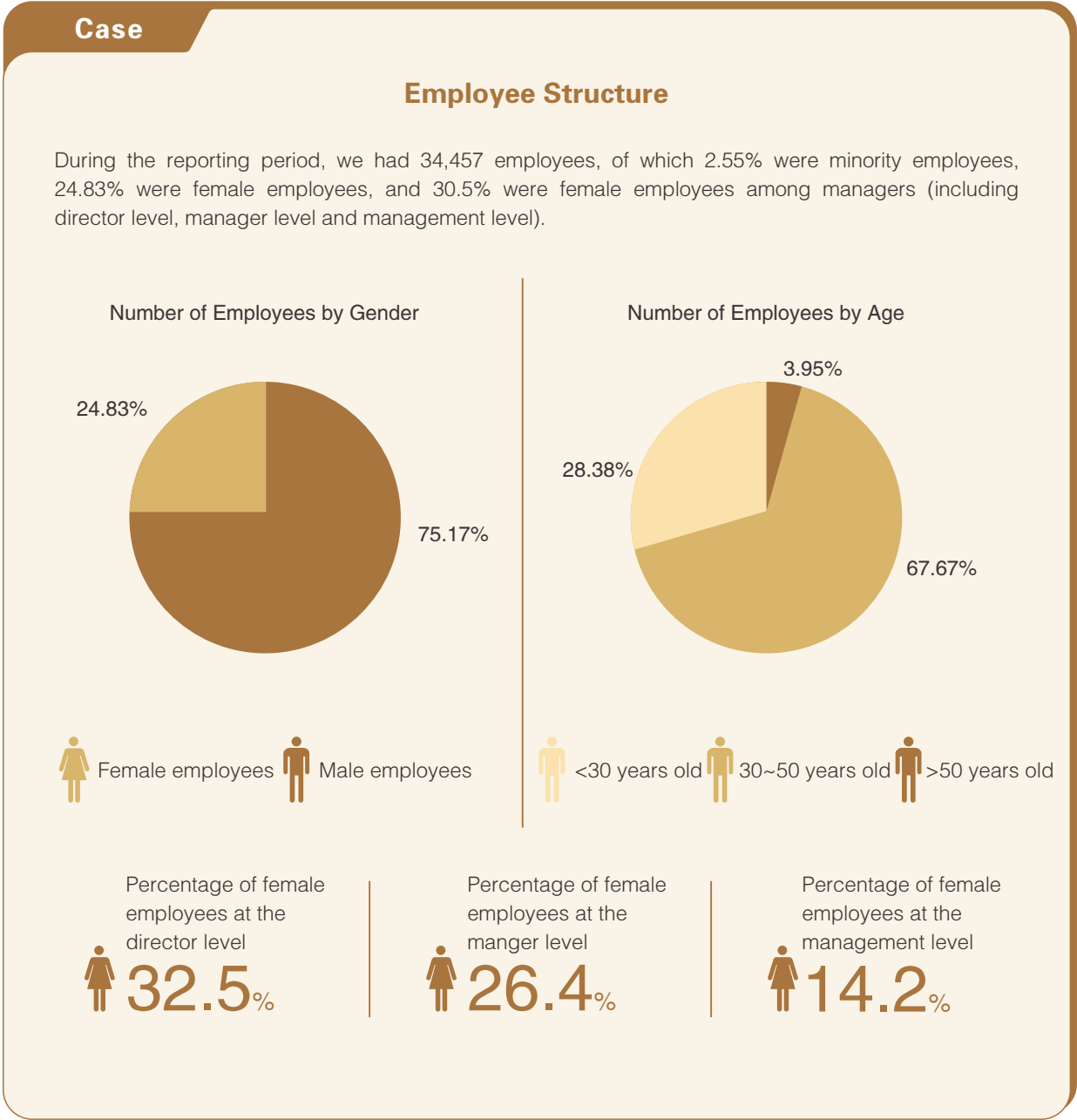
Case

Developing "Customized Care", Sending Joy and Blessings to Female Employees

On every International Women's Day, the Group organizes female-only activities to provide "customized care" and let female employees to enjoy thoughtful and diversified welfare. The activities include outdoor activities, illustration, handicrafts, female health, marriage law, make-up, etiquette, tea ceremony, etc. The activities help female employees enrich their workplace life while bringing them joy.



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Basic Information about the 2022 Differentiated Training Program

Director Program

- We continued the director program, added six new pilot companies in 2022, further improved the responsibilities of production line leaders, and promoted the pilot program for production line leaders. The director skills enhancement program integrated and trained more than 2,500 potential talents and was popularized to several new project plants. Meanwhile, we strengthened the training of marketing and production line leaders, enhanced the business thinking of key staff, improved their all-round capabilities, and formed the "big production line" model of factories, marketing, and logistics
- We launched the "Three Employees, Six Eyes" program to improve the comprehensive capability of human resources and their values in promoting of production lines

Yizhixing Leadership Program

- For newly promoted or newly recruited managers in the past three years, we conducted a one-year Yizhixing leadership training camp, which was the new manager leadership training program. The program combined theory and practice to help managers improve their leadership skills and promote business development

Manager Training

- In 2022, we conducted 5 U+ high-potential classes to provide better manager training and enhance comprehensive leadership and professional skills against position portraits. During the reporting period, U+ developed and updated over 136 portrait-related courses, 18 of which were taught by directors/associate directors in person, and more than 253 people attended U+ classes. With the help of 40 of the Group's best mentors, 55 people grew from director level to qualified managers, and 43 people were transferred to new projects across the country as leaders and managers



Manager Training

Case

Continuing the Powder Master Program, and Sending Professional Talents to Multiple Places

As the first pilot company of the Group's powder master program, Yihai Kerry (Kunshan) Food Industry Co., Ltd. (hereinafter referred to as "Kunshan Plant") has continued to promote the professional refinement and further training of project technicians over the past six years, becoming the core base of the Group's powder master program for talent training. By planning the training path, refining the learning indicators of professional and technical personnel, conducting thematic training and production line practical exercise, Kunshan Plant combines theory and practice to cultivate professional and technical personnel of powder master progressively.



By the end of 2022, the Kunshan Plant trained 11 powder engineers, commissioned over 40 people for other plants of the Group (including 8 people overseas) to meet the demand for new projects in the Kunshan Plant, and sent 2 professionals to the Changsha and Quanzhou plants.

Besides, with the support of the powder master training program, the Kunshan Plant achieved a daily production line expansion of more than 50% and a powder output rate of more than 80%, realizing a qualitative leap in workshop indicators.

Case

Cultivating the "New · Star Future", and Improving the Health of the Talent Pool

To improve the stability of the new generation management, we launched and promoted the "New Star Future" college student training program based on the talent development strategy. It created a "professional refinement-management promotion-leadership driven" 3-year progressive training model to achieve sustainability of talent. The program guarantees the training effect by constructing training systems, establishing professional ability standards, supporting courses, mentorship, and assessment, etc. Meanwhile, the program guided college students to actively participate in various charitable projects of the Group to practice and promote a culture of harmony and sharing.



The program was fully launched in production enterprises in 2019 and was launched in headquarters and marketing enterprises in 2020. During the reporting period, we strengthened standardized management by developing a merit evaluation method, standardizing outsourced training, and establishing outsourced bases.

The program covers 9 business units, 29 marketing enterprises, and more than 70 factories across China, with more than 1,400 college students participating in the program. After the program was launched, the stability rate of college students increased by over 30%, the percentage of female students increased by 10%, the merit rate increased by nearly 40%, and the promotion rate reached 21%, reflecting the diverse, inclusive, fair and aggressive characteristics of the program. It won the second prize of the Group's first ESG Contribution Award in 2022, providing a strong talent pool for the Group's development and achieving sustainability of the Group and talents.

3.4 Caring, Concerning, and Implementing Employee Remuneration and Welfare

We have established a relatively scientific, reasonable and perfect remuneration management system, and performance evaluation system. These systems fully reflect the security and moderate incentive of remuneration on the basis of having fairness, and continuously improves organizational competitiveness. The Group also takes the initiative to understand and respond to employees' demands, effectively solves the practical matters of their concern, makes every effort to help them in difficulties, and sends care and warmth to them.

3.4.1 Guaranteeing Employee Remuneration and Welfare

We build a competitive and incentive remuneration and welfare system to ensure employees receive a fair and reasonable salary while inspiring them to create value.

Employee Compensation and Performance Management

We insist on equal remuneration, develop a performance evaluation model based on business and position level, and provide differentiated incentives based on performance evaluation. During the reporting period, we updated *The Group's Compensation Management Policy* and *The Employee Year-end Performance Evaluation Management Policy*, conducted a flexible payroll model, and strengthened managers' responsibilities in performance management to further improve the employees' remuneration and performance management.

Employee Welfare System

We have established a comprehensive and diversified welfare and care system to protect employees' interests, improve their satisfaction and sense of belonging. In addition to applying for and depositing social insurance, housing fund, withholding and paying individual tax for employees, and implementing the official holiday policy, we also provide employees with physical examination, heartfelt sympathy, annual leave and holiday leave to make employees feel the humanistic care of us.



Yihai Kerry Arawana Employee-related Welfare

01 Daily Activities

- The Company and the labor union pay attention to the physical and mental health of the employees. During the period of the high pandemic, we distributed protective supplies to the employees and sent living materials to those who were quarantined, ensuring the safeness. During the stable period of the pandemic, we orderly organized basketball, badminton, fitness, and other activities to help employees to strengthen their physical fitness and reduce the risk of virus infection

02 Physical Examination Benefits

- We provide employees with annual physical examination benefits covering the regular items while adding lung CT examination during the pandemic
- After the physical examination, we arrange health lectures and interpretation of physical examination reports by experts, and guide lifestyle, medical assistance and dietary advice for employees in need

03 Insurance and Financial Assistance for People with Severe Diseases

- We pay the total amount of social insurance for all active employees and provide all employees of the Group for accident and medical insurance
- Set up a hardship fund to help the daily life and work of employees with difficulties and severe diseases

04 Focus on Employee Health, Develop Nutrition Solutions in Multiple Channels

- We value the staff's demand for a healthy diet. The staff canteen regularly introduces new dishes through staff tasting

3.4.2 Caring for Employees Continuously

2022 is still a critical year for pandemic prevention. We prepared pandemic prevention materials for employees, formulated scientific policies on pandemic prevention and resumption. We also paid attention to employees' daily needs, physical and mental health during the pandemic to get through the difficulties together.

Work from Home Policy

- During the pandemic, parts of companies and employees worked from home due to the pandemic prevention and control policy, to reduce the risk of employee infection

Provide COVID-19 Vaccination and Pandemic Protection Services

- We actively contacted the government and community to provide COVID-19 vaccination services for our employees and reimbursed the PCR test cost for business trips. To reduce the risk of infection at work, we strengthened protection for office areas and crowded places, and conducted regular disinfection. We also publicized the science popularity of pandemic prevention and distributed protective supplies to employees and the public sector

Focus on Physical and Mental Health

- While Shanghai was under lockdown, we delivered supplies to employees' homes twice through our factory and central kitchen, to ensure their material needs
- Regarding mental health, we conducted humanistic activities in small groups to communicate and share our daily life

Property Management of the Office Building

- During the lockdown period, the property staff ensured the essential operation of the Shanghai office building and assisted in our daily work. We provided supplies to them six times
- For staff who were collectively infected in dormitories but could not be isolated, we worked with the community to help transfer confirmed infected staff to a temporary isolation area for health management

Work Resumption Policy

- Before getting back to work, we implemented the "Yihai Kerry Arawana Building Work Resumption, Pandemic Prevention and Control Plan". The plan includes the preparation of pandemic prevention and disinfection materials, health management measures and meal arrangements for employees, building-wide disinfection plan, and pandemic emergency plans, to ensure the health and safety of employees after work resumption
- We also worked with the community administration commission to set up a PCR testing site in the building to ensure the timeliness of PCR test. Moreover, the testing site was open to the public during the period of mass PCR testes to benefit other people in the community
- At the early stage of the work resumption, social catering had not yet resumed, and thus the management team requested that the staff canteen should ensure the variety and quality of three meals a day, provide dinners and Friday's affordable take-out meals
- Because of the risk of COVID-19 transmission, we encouraged carpooling and provided free parking benefits for all employees

Case

Caring for Employees in Shanghai and Protecting Their Physical and Mental Health

We organized a series of employee care activities during the pandemic in Shanghai. We set up a support group to understand employees' living conditions and the need for pandemic prevention materials and living materials to offer help timely.

A Shanghai-based employee had five members in his family who successively had fever, flu, and other symptoms during the lockdown. They were faced with the inconvenience of purchasing materials on their own. After knowing the situation, the Human Resources and Administration Department took the lead and coordinated with all sides to provide emergency supplies such as medicine and food for him twice. The employee wrote in his thanks letter, "With such a strong Group and such warm-hearted management and colleagues, I firmly believe that with one heart and one mind, we will not only be able to overcome difficulties together but be invincible in the future!", expressed his gratitude to the Company and colleagues.



Warming Community

Yihai Kerry Arawana actively undertakes social responsibility, combines business characteristics to serve the national rural revitalization strategy. We contribute to society together with employees and partners in education, employment, industry, pandemic assistance and other aspects. Also, we initiate and participate in public welfare and charity projects, and share the achievements of development with society.

Our Topics of Interest

- Community Investment and Development
- Rural Revitalization

Relevant SDGs

1

NO POVERTY



2

ZERO HUNGER



3

GOOD HEALTH AND WELL-BEING



4

QUALITY EDUCATION



11

SUSTAINABLE CITIES AND COMMUNITIES



17

PARTNERSHIPS FOR THE GOALS



Our Actions

- Actively responding to the national development strategy and implementing rural revitalization projects to achieve mutual benefit and a win-win situation between the Group and farmers
- Continuously building Yihai Kerry Arawana 's charity brand projects and fulfilling social responsibility
- Coordinating resources timely to protect the community from the pandemic and guaranteeing supplies
- Renewing the previous relationship with the Olympic Games, becoming the first "Double Olympic" grain oil brand to advance the vigorous development of Chinese sports



4.1 Revitalizing Rural Areas, and Working Together Towards Common Prosperity

The Group actively responds to the national rural revitalization policy, combines the Group's advantages and local special resources. The Group promotes the work of helping farmers in industry, talent, education, and ecology, etc. The Group also explores the distinctive and replicable rural revitalization path, to let farmers share the development dividends of modern agriculture.

Developing Contract Farming, and Driving Farmers to Increase Production and Income

Yihai Kerry Arawana has taken contract farming as the new engine to help revitalize the countryside. By the end of 2022, we have developed various contract farming such as rice, wheat, soybeans, and millet in cities like Panjin, Jilin, Mishan, Nanchang, Wuhan, Wuhu, Yanzhou, Yu County, Xing'an League, and Qiqihar.



Case

By the end of 2022

the contract planting area of rice contract farming reached	radiating more than	driving a total income increase of more than RMB
313.33 km ²	10,000 farmers	14 million

Upgrading the Joint Farming Model, and Promoting Farmers to Increase Income

Nearly half of the Group's rice contract planting area was smartened. The introduction of Syngenta Group China's scientific management system increased the quality rate of agricultural products from 8.43% to 14.43%. In addition, the Group helped farmers sell grain directly by integrating the farmers' resources in seed distributors and reducing intermediate links. During the reporting period, the Company's Harbin Plant achieved direct grain sales of 10,000 tons, radiating 78 farmers and increasing their income by more than RMB 400,000.

Increased the quality rate of agricultural products from 8.43% to 14.43%

Increasing Industry-Driven Talents, and Creating a New Sample of Rural Revitalization

We invest and build industrial parks in Qiqihar, Lanzhou, and other areas with featured agricultural resources to promote industrial gathering and talent building.

Case

Developing Local Specialty Industries, and Empowering Rural Revitalization with Talents and Technology



In Fuyu County, Qiqihar City, Heilongjiang Province, we invested and built the Yihai Kerry (Fuyu) Oils, Grains & Foodstuffs Industries Co., Ltd. It uses featured local resources to develop projects such as deep processing of corn, wheat and soybeans, and yeast production. It also promotes the integrated development of industrial chains and devotes itself to building a comprehensive modern agricultural industrial park incorporating grain and oil processing, biotechnology and energy supply. With the production lines of the park

put into operation one after another, it has attracted Qiqihar people working in other places to return home for employment.

By the end of 2022

the number of employees at the Fuyu Industrial Park had grown from an initial more than	to	Qiqihar locals accounting for approximately
60 people	1,300 people	75%

We have established a joint venture sugar enterprise in Xing'an League, Inner Mongolia, namely Inner Mongolia Hol-Wilmar Agriculture Co., Ltd. (hereinafter referred to as "Hol-Wilmar Agriculture"). It relies on rich and unique land resources, introducing advanced European concepts, technologies, and equipment to develop sugar beet planting bases. Hol-Wilmar Agriculture also cooperated with the Zalaite Banner Rural Revitalization Bureau of Xing'an League to revitalize farmers' garden resources. At the same time, technicians went deep into the fields to enrich local farmers' "skill packages", and drive farmers to increase efficiency and income. The average sugar content of sugar beet in the Xing'an League region was about 15–16% previously, and after professional technical guidance, its average sugar content increased to 17%–18% and up to 20%.

By the end of 2022

the whole beet planting area of Xing'an League was	total production of more than	benefiting
426.67 km ²	1.6 million tons	1,031 farmers

Innovating Various Public Welfare Models, and Continuing to Push Forward Rural Revitalization

We innovate various public welfare models to precisely alleviate poverty through industrial revitalization, poverty alleviation, and ecological revitalization.

Case

Deploying Multi-Roads for Lasting Development in Hebei's Yu County

In Yu County, Zhangjiakou City, Hebei Province, we and our upstream and downstream partners have explored and established a grain factory, Yihai Kerry (Zhangjiakou) Foodstuffs Industries Co., Ltd., based on the targeted poverty alleviation model of "contracting cultivation, whole chain integration, brand empowerment, and profit feedback". Under this model, we sign planting contracts with farmers through cooperatives, empowers Yu county millet with brands such as "Arawana" and "Fragrant Garden", and feeds profits from product sales to help consolidate and expand the results of poverty alleviation. We also promote the effective connection between all-around poverty alleviation and rural revitalization in Yu County through its "industry-lead + education-support + employment-motivate + farm machinery donation + fund" measures.

We cooperated with the government of Yu County and donated funds to build the Yihai Primary School and the Education Assistance Center in Yu County to stop the intergenerational spread of poverty through education. By the end of 2022, there were 1,461 students and 85 teachers at the Yu County Yihai Primary School, and a total of 90 orphans have stayed at the Yu County Education Assistance Center.



From July 30 to August 5, 2022, Zhang Ning's Badminton Summer Camp opened in Yu County, Hebei Province, with 18 children from the Yu County Yihai Primary School and the Education Assistance Center participating in the camp. Olympic champion Zhang Ning led the team and trained them in badminton basics. We plan to continue to hold badminton summer camps for the public good to accompany the children's growth and light up the sports dreams of rural children. The "Zhang Ning Badminton Training Base in Yu County" was inaugurated in November 2021 at Yihai Primary School for local students, with professional coaches organizing daily training and competitions.

Arawana Cooking Classes are also open to poverty-stricken students in Yu County to help them learn and grow. We organize employees and social workers to plant trees in Yu County annually as well to promote ecological revitalization.

In 2021, Yihai Kerry (Zhangjiakou) Foodstuffs Industries Co., Ltd. was awarded the title of "National Advanced Poverty Alleviation" by the Central Committee of the Communist Party of China and the State Council .

In 2022, Yihai Kerry (Zhangjiakou) Foodstuffs Industries Co., Ltd. was awarded the first "Hebei Charity Award" Donation Enterprise Award by the Civil Affairs Department of Hebei Province and the Human Resources and Social Security Department of Hebei Province.

Awarded by the Civil Affairs Department of Hebei Province and the Human Resources and Social Security Department of Hebei Province

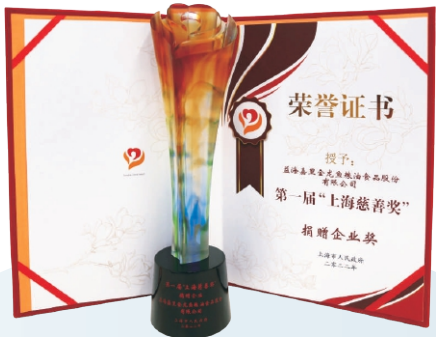
The First "Hebei Charity Award" Donation Enterprise Award

4.2 Considering Public Welfare and Charity, and Building a Warm and Loving Community

We held the charity concept of "contributing money and effort is just as good", and unity employees, partners, and other social resources to develop philanthropic projects with the characteristics of Yihai Kerry Arawana. Focusing on the disadvantaged groups, providing quality education, assistance to the pandemic and disaster areas, we create branded public welfare projects such as Prosthetic Walking Aid, Yihai School, Yihai Education Assistance Center, Arawana Cooking Class and so on. In 2022, the Arawana Foundation donated RMB 88,892,100 for the year.

In 2022, the Arawana Foundation donated RMB

88,892,100



Yihai Kerry Arawana Won the First "Shanghai Charity Award" Donation Enterprise Award

Caring the Disadvantaged Groups

Case

Optimizing Arawana's Prosthetic Walking Aid Project, and Meeting New Needs

The Arawana Walking Aid Project began in Quanzhou in 2010. To help poverty-stricken people with disabilities in more areas to gain walking and working ability, since 2015, the Company and the Arawana Foundation, together with Shanghai Prosthetics Factory, have explored a new model of the Arawana Prosthetic Walking Project, which is "centralized procurement of prosthetic limbs and services, and off-site mold pickup and installation". During the implementation, the local factory selects the poverty-stricken disabled people with the cooperation of the Disabled Persons' Federation or Civil Affairs, while the Arawana Foundation provides financial support, the Shanghai Prosthetic Factory purchases equipment and technical support, and the Arawana volunteers follows up visits, to implement the charity concept of the Group and cooperate to advance the project in unison.



We also keep optimizing the quality of the project with the times. In 2022, during the return visit of the project in Linyi, we advocated recruitment information and offered employment opportunities, taking into account the physical disabilities' employment wishes.

By the end of 2022, the Company had invested RMB

13 million

helped more than 1,600 poverty-stricken disabled people

Awarded by the Shanghai Municipal People's Government
The First "Shanghai Charity Award" Charity Project and Charitable Trust Award



Providing Quality Education

Case

Persisting in Conducting Yihai Kerry School Project, and Contributing to the Regional Education Development

Since 2007, to improve the educational conditions in poverty-stricken villages, we have been conducting the "Yihai Kerry School Project" with the goal of "providing rural children the same education as in the city" and "building schools to local first-class standards". We established Yihai schools, created a good school development model, and upgraded the local education level.

By specifying school site requirements and supervising construction, working with principals and teachers on education quality, bringing factory resources into schools to carry out quality education, and organizing interaction between domestic and foreign university students and outstanding local schools, we ensure school construction quality, improve teaching abilities, expand students' horizons, enrich school cultural life, and enhance educational capacity across the board.

The continuous support of employees has enhanced internal cohesion and strengthened our culture of "harmony and sharing". Different organizations and individuals have used the project's charitable platform to show their love and dedication. We divide work, and cooperate to improve the conditions and standards of poverty-stricken villages, establishing an eminent brand image.



By the end of 2022

we have sponsored and built
38
Yihai schools in 16 provinces, autonomous regions, and municipalities directly under the central government

more than
17,000
students

more than
1,500
teachers

Case

Continuing and Deepening the Arawana Cooking Class, and Cultivating Catering Industry Talent

The Company, the Arawana Foundation, and the China Cuisine Association have continued to promote the "Arawana Cooking Class", a derivative project of the "Yihai Kerry School Project". By the end of 2022, we have sponsored more than 500 poverty-stricken students to learn cooking skills. A total of 205 students have graduated and entered the culinary industry, among which 75 outstanding students have been trained by executive chefs of five-star hotels and 4 exceptional students have been employed in the Group. The project not only cultivates talents for the catering industry but also enhances the reputation of us.

By the end of 2022
we have sponsored more than
500
poverty-stricken students to learn cooking skills

A total of
205
students have graduated and entered the culinary industry



Conducting Community Donations

During the reporting period, we set up Arawana scholarships for students, scholarships for teachers, and innovation funds in 22 universities to motivate outstanding school students and researchers.

During the Reporting Period, the cumulative donations was RMB
8,962,000
By the end of 2022, the cumulative donation to Westlake University was RMB
75 million

Case

Providing Assistance, Fulfilling Social Responsibility

In 2022, we continued to focus on areas facing natural disasters and poverty-stricken groups by donating needed materials.

Assistance to disaster areas

Donated food and oil supplies to Songxi County, Fujian Province, affected by floods, and Luding County, Sichuan Province, affected by earthquake disasters.

Heart for the poverty-stricken groups

Actively donated materials to "Love under the Blue Sky", Ronald McDonald House in Hunan Province, and "Comprehensive Nutrition-Healthy Growth" in Yunnan Mangkuan Ethnic High School.



4.3 Stabilizing Yields, Guaranteeing Products Supply, and Actively Taking Social Responsibility

We always serve the community with care. During the pandemic, we have assisted community from many sides and worked together to fight against the pandemic and ensure the supply. We also continue to support Chinese sports and guarantee the supply of food and oil for the Beijing Winter Olympics.

In 2022, we actively responded to the government's call, started the emergency supply mechanism in time, took advantage of the nationwide layout and the synergy of the whole industry chain, and went all out to ensure the supply of grain and oil in various places. Through practical actions, we supplied many livelihood supplies, including rice, flour, oil, and condiments, to Shanghai and other places and donated supplies through the Arawana Foundation to support the medical personnel. Employees across the country, including factories in Shanghai, Shenzhen, Jilin, Beijing, Tianjin, Yingkou, and Qinhuangdao, adhered to fight the pandemic, overcame difficulties to produce with all their might and continued to supply steadily to all places. These actions guarded people's table, highlighted the significant role of emergency security and showed the responsibility of Yihai Kerry Arawana.

4.3.1 Assisting the Community, and Showing Our Commitment

In 2022, the pandemic continued to rebound in many places. we not only donated cash and materials worth approximately RMB 13.75 million to Shaanxi Province, Kaiyuan City, Anyang Tangyin County, Shanghai, Lianyungang, and other areas where the pandemic was severe, but also encouraged employees to actively join the local volunteer teams for pandemic prevention and control to help cities fight the pandemic. During the reporting period, the team of "Arawana Community Shop, Small Fish Shopping Station" was awarded the honorary title of "Shanghai Workers' Pioneer" in 2022 by the Shanghai Federation of Trade Union. We were awarded the Shanghai May Day Labor Award.



Honors Received by us for Helping to Fight Against the Pandemic



Employee

- Actively join the volunteer team to help communities in PCR testing, community patrols, and collect and disinfect couriers during pandemic
- Actively act as the head of the community purchase group, helping residents procure supplies



Shanghai Enterprise Group / Hangzhou Factory

- The Shanghai enterprise group implemented a 65-day closed-loop management, involving a total of 859 employees and labors. It supplied a total of 28,181 tons of living materials such as small and medium-sized packaged oil, special oil and soybean flour to ensure the basic living needs of Shanghai citizens
- The Hangzhou factory used the Arawana community purchase platform to deliver the "warm product package " to every "Yijia people" in Shanghai



Marketing Company

- Delivered the gift package to thousands of households despite the risk of infection and the difficulties of logistics control
- Urgently developed the Arawana community purchase platform to provide citizens with affordable rice, flour, oil, spices, and other supplies

Case

Working with Supply Chain in Tandem, and Realizing "Same Day Production, Next Day Delivery" with Yijia Speed

Since the outbreak of COVID-19, we have responded positively to the national call. We issued price stabilization and supply assurance initiatives timely to ensure stable prices in the grain and oil market and took advantage of the national supply chain synergy to ensure timely supply.



In 2022, during the pandemic in Shanghai, Jilin, and other places, to keep the prices and supply stable, Yihai Kerry Arawana implemented 24-hour production at its factories nationwide. In collaboration with the national supply chain resources, we launched the community purchase platform in Shanghai as a matter of urgency to provide community residents with abundant, nutritious, and healthy supplies. With "Yijia speed", we achieved same-day production and next-day delivery of guaranteed supplies, with nearly 80,000 boxes of goods sold, delivering affordable food and oil products to the public for the first time and solving problems for the government, communities, and citizens.

4.3.2 Delivering Products to Meet Beijing Winter Olympic Game's Nutrition Needs

Since 2003, we have been associated with the Chinese Olympic Games and has been a partner of the Chinese Olympic delegation several times. In 2022, we became the first "Double Olympic" food and oil brand to support the Beijing Winter Olympics and Beijing Winter Paralympics. During the Winter Olympic Games, to provide food products that meet the Olympic standards, we implemented the "6 dedicated" strategy (dedicated raw materials, dedicated person in charge, dedicated production line, dedicated warehouse, dedicated transportation, dedicated escort). Through factory and department self-inspection, supervisory personnel stationed on-site to supervise and manage the production, inspection, and quarantine of products, warehouses equipped with 24-hour management staff and all-round monitoring, closed-loop management for logistics and transportation staff and other measures, we ensure that all aspects are in line with the Olympic Games management requirements, supported Olympic athletes achieve breakthroughs in the field.



"6 dedicated" strategy

dedicated raw materials

dedicated person in charge

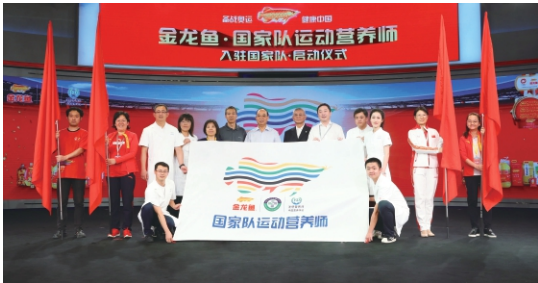
dedicated production line

dedicated warehouse

dedicated transportation

dedicated escort

To provide plentiful and healthy Olympic food, we have set up 12 kinds of unique dining tables and 678 dishes in the Olympic canteen to meet the dietary needs of athletes worldwide. We also collaborated with the Institute of Sports Medicine of the General Administration of Sports of China and the Chinese Nutrition Society to set up the "Arawana-National Team's Sports Nutritionist Group", which was stationed in 55 national teams to develop scientific and professional nutrition plans for athletes.



Arawana · National Team's Sports Nutritionist Group

Appendix I: Key Performance Indicators

Environmental

KPIs	Unit	2021	2022
Water Use			
Water withdrawal from taps/municipal water ¹	Tons	19,776,069	17,452,898
Water withdrawal from groundwater	Tons	—	5,455,831
Water withdrawal from natural water bodies	Tons	11,217,691	9,285,113
Water withdrawal from harvested rainwater	Tons	0	0
Water withdrawal from external wastewater	Tons	0	0
Others	Tons	0	0
Total water withdrawal	Tons	30,993,760	32,193,842
The intensity of water withdrawal	Tons/10 thousand revenue	1.37	1.25
Water reuse	Tons	5,738,637	16,601,686
Water discharge to the ocean	Tons	—	749,846
Water discharge to surface water	Tons	—	1,980,212
Water discharge to groundwater	Tons	0	0
Water discharge to other destinations	Tons	—	15,252,385
Total water discharge	Tons	14,460,682	17,982,443
Total water consumption	Tons	16,533,078	14,211,399
The intensity of water consumption	Tons/10 thousand revenue	0.73	0.55
Recyclable packaging ²			
Percentage of plastic packaging	%	60.73	60.73
Percentage of paper packaging	%	30.9	30.89
Percentage of other recyclable packaging ³	%	1.91	1.79
Total recyclable packaging	%	93.54	93.42
Non–recyclable packaging ⁴			
Percentage of non–recyclable packaging	%	6.46	6.58

KPIs	Unit	2021	2022
Non–hazardous waste ⁵			
Total generation	Tons	577,868	885,863
Recycling volume	Tons	526,524	875,249
Waste disposed of–landfill	Tons	46,384	6,792
Waste disposed of–incineration	Tons	4,960	3,822
Waste disposed of–others	Tons	0	0
Emissions intensity	Tons/10 thousand revenue	0.0023	0.0004
Hazardous waste ⁶			
Total generation	Tons	1,031.99	928.20
Recycling volume	Tons	398.48	334.73
Waste disposed–landfill	Tons	392.52	365.96
Waste disposed–incineration	Tons	240.99	227.51
Waste disposed–others	Tons	0	0
Emissions intensity	Kg/10 thousand revenue	0.028	0.023
Greenhouse gases			
Direct emissions (Scope 1) ⁷	10 thousand tons of CO ₂ e	218.17	257.92
Indirect emissions (Scope 2) ⁷	10 thousand tons of CO ₂ e	239.53	270.82
Other indirect emissions (Scope 3)	10 thousand tons of CO ₂ e	4,115.66	—
The intensity of GHG emissions (Scope 1+2) ⁷	Tons CO ₂ e/10 thousand revenue	0.202	0.205
GHG reduction ⁸	Tons CO ₂ e	783,006	958,585
Energy			
Energy consumption	10 thousand tons of standard coal	150.23	168.14
Energy consumption intensity	Tons of standard coal/10 thousand revenue	0.066	0.065

KPIs	Unit	2021	2022
Exhaust gas			
Total nitrogen oxide emissions	Tons	807	899.09
Total sulfur oxide emissions	Tons	318	298.82
Emissions intensity of exhaust pollutants	Kg/10 thousand revenue	0.050	0.047
Wastewater			
Total wastewater discharge ⁷	Tons	14,460,682	18,364,603
Wastewater discharge intensity	Tons/10 thousand revenue	0.64	0.71

Environmental Key Performance Description :

- 1、The water withdrawal statistics include only the Group company's subsidiaries in regular operation.
- 2、The percentage of recyclable packaging is calculated based on the purchase volume of the smallest purchasing unit of packaging materials.
- 3、Other recyclable packaging includes using glass, metal, bamboo, and other materials made of recyclable product packaging.
- 4、The calculation of the percentage of non-recyclable packaging is based on the purchase volume of the smallest purchasing unit of packaging materials.
- 5、The non-hazardous and hazardous waste statistics include only the Group company's subsidiaries in regular operation. The amount of landfill, incineration, and other treatment capacities in 2021 are revised based on the statistical caliber of 2022.
- 6、The amount of recycling, landfilling, incineration, other treatment capacities, and emission intensity in 2021 is revised based on the statistical caliber of 2022.
- 7、In 2022, 9 production operation sites were added.
- 8、For the emissions factors involved in the calculation of GHG emissions reductions, refer to the Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Food, Tobacco and Wine, Beverages and Refined Tea Enterprises (for trial implementation), Greenhouse gas Emissions Accounting Methodology and Reporting Guidelines for Chemical Production Enterprises in China (for trial implementation), Greenhouse Gas Accounting System, issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), Greenhouse Gas Protocol and Average CO₂ Emission Factors for Regional Power Grids in China in 2011 and 2012.

Social


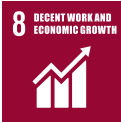



KPIs	Unit	2021	2022
Employee			
Total number of employees	Person	34,389	34,457
Employees who sign non-fixed term employment contracts	Person	15,304	15,880
Employees who sign fixed-term employment contracts	Person	19,085	18,577
New Employee			
Total number of new employees	Person	5,962	3,579
New employee rate	%	17.34	10.39
Number of New Employees by Age			
< 30 years old	Person	3,691	2,216
30-50 years old	Person	2,253	1,350
> 50 years old	Person	18	13
Number of New Employees by Gender			
Male employees	Person	4,343	2,634
Female employees	Person	1,619	945
Number of New Employees by Management Level			
Management Level	Person	7	9
Manager Level	Person	61	41
Director Level	Person	515	223
Number of New Employees by Place			
Domestic (including Hong Kong, Macao and Taiwan)	Person	5,959	3,575
Overseas	Person	3	4
Internal Hires			
Percentage of open positions filled by internal candidates	%	19.05	38.42
Full-time Employee			
Male employees	Person	25,885	25,900




KPIs	Unit	2021	2022
Full-time Employee			
Female employees	Person	8,504	8,557
Percentage of Employees by Level			
Management Level	%	1.04	1.04
Manager Level	%	4.20	4.26
Director Level	%	16.40	17.23
Staff Level	%	78.36	77.47
Percentage of Employees by Age			
< 30 years old	%	28.25	28.38
30–50 years old	%	68.40	67.67
> 50 years old	%	3.35	3.95
Percentage of Employees by Place			
Domestic (including Hong Kong, Macao and Taiwan)	%	99.83	99.83
Overseas	%	0.17	0.17
Employee Turnover			
Total employee turnover rate	%	14.09	13.29
Voluntary employee turnover rate	%	11.92	10.13
Percentage of Employees Turnover Rate by Age			
< 30 years old	%	7.83	6.76
30–50 years old	%	6.06	6.21
> 50 years old	%	0.20	0.32
Percentage of Employees Turnover Rate by Gender			
Male employees	%	10.64	9.95
Female employees	%	3.45	3.34

KPIs	Unit	2021	2022
Percentage of Employees Turnover Rate by Management Level			
Management Level	%	0.03	0.05
Manager Level	%	0.17	0.17
Director Level	%	1.61	1.58
Employee Training			
Average amount spent per employee on training and development	CNY	291	159.44
Average hours per employee of training	hours	31.83	35.77
Average hours per employee of training by Age			
< 30 years old	hours	38.46	40.07
30–50 years old	hours	28.29	33.13
> 50 years old	hours	49.41	50.09
Average hours per employee of training by Gender			
Male employees	hours	31.72	35.73
Female employees	hours	32.15	35.89
Average hours per employee of training by Management Level			
Management Level	hours	62.93	63.41
Manager Level	hours	28.79	31.58
Director Level	hours	34.59	36.97
Health and Safety			
Production safety incidents resulting in fatalities	Number of occurred	0	0
Number of work-related fatalities for employee	Person	0	0
Lost-time incident rate	Per 200,000 hours worked	0.11	0.11

Appendix II: United Nations Sustainable Development Goals (SDGs) Content Index

United Nations Sustainable Development Goals	Our Topics of Interest	Chapter Index
	<ul style="list-style-type: none">Community Investment and DevelopmentRural Revitalization	Warming Community–Revitalizing Rural Areas, and Working Together Towards Common Prosperity
	<ul style="list-style-type: none">Nutrition and HealthCommunity Investment and DevelopmentRural Revitalization	Concentrating on Specialization–Innovating to Supply Sufficient Nutrition Warming Community–Revitalizing Rural Areas, and Working Together Towards Common Prosperity Warming Community–Stabilizing Yields, Guaranteeing Products Supply, and Actively Taking Social Responsibility
	<ul style="list-style-type: none">Nutrition and HealthOccupational Health and SafetyLabor PracticesCommunity Investment and DevelopmentRural Revitalization	Building Central Kitchen Parks to Promote Kitchen Reform–Leading New Food Habits of the Industry by R&D Innovation Concentrating on Specialization–Innovating to Supply Sufficient Nutrition Benefiting People–Regulating Production, and Protecting Employee Health and Safety Benefiting People–Caring, Concerning, and Implementing Employee Remuneration and Welfare Warming Community–Revitalizing Rural Areas, and Working Together Towards Common Prosperity Warming Community–Considering Public Welfare and Charity, and Building a Warm and Loving Community Warming Community–Stabilizing Yields, Guaranteeing Products Supply, and Actively Taking Social Responsibility
	<ul style="list-style-type: none">Community Investment and Development	Warming Community–Considering Public Welfare and Charity, and Building a Warm and Loving Community
	<ul style="list-style-type: none">Diversity and Inclusion	Benefiting People–Developing Talent Recruitment, and Building a Good Employer Brand
	<ul style="list-style-type: none">Water Resources ManagementPollution Prevention and Control	Concentrating on Specialization–Protecting Ecological Environment with Green Operation

United Nations Sustainable Development Goals	Our Topics of Interest	Chapter Index
	<ul style="list-style-type: none">Energy Management	Tackling Climate Change for Long–Term Development–Verifying GHG Emission to Consolidate the Data Base Tackling Climate Change for Long–Term Development–Promoting Green Production in Enterprises with Energy Saving and Carbon Reduction Tackling Climate Change for Long–Term Development–Collaborating with Partners to Build a Sustainable Value Chain
	<ul style="list-style-type: none">Human Capital Development	Benefiting People–Developing Talent Recruitment, and Building a Good Employer Brand Benefiting People–Training, Motivating, and Promoting Employee Career Development Benefiting People–Caring, Concerning, and Implementing Employee Remuneration and Welfare
	<ul style="list-style-type: none">Technology and Innovation	Concentrating on Specialization–Innovating to Supply Sufficient Nutrition Concentrating on Specialization–Empowering Digitally to Support High Quality Development
	<ul style="list-style-type: none">Diversity and Inclusion	Benefiting People–Developing Talent Recruitment, and Building a Good Employer Brand
	<ul style="list-style-type: none">Community Investment and DevelopmentRural Revitalization	Warming Community–Revitalizing Rural Areas, and Working Together Towards Common Prosperity Warming Community–Considering Public Welfare and Charity, and Building a Warm and Loving Community Warming Community–Stabilizing Yields, Guaranteeing Products Supply, and Actively Taking Social Responsibility

United Nations Sustainable Development Goals	Our Topics of Interest	Chapter Index
	<ul style="list-style-type: none">•Circular Economy•Product Safety and Quality•Quality Customer Service•Responsible Marketing and Product Labeling•Data Security and Privacy Protection•Sustainable Sourcing	<p>Tackling Climate Change for Long–Term Development–Deploying Climate Action to Enhance Risk Response Capacity</p> <p>Tackling Climate Change for Long–Term Development–Leading the Green and Low–carbon Trend with Advanced Products</p> <p>Building Central Kitchen Parks to Promote Kitchen Reform–Integrating Resources to Improve Supply Chain Efficiency</p> <p>Concentrating on Specialization–Enhancing Customer Experience with Quality Service</p> <p>Concentrating on Specialization–Empowering Digitally to Support High Quality Development</p> <p>Joining Hands to Sustainability–Tracing Raw materials to Achieve Sustainable Sourcing</p>
	<ul style="list-style-type: none">•Tackling Climate Change•Product Carbon Footprint	<p>Tackling Climate Change for Long–Term Development–Deploying Climate Action to Enhance Risk Response Capacity</p> <p>Tackling Climate Change for Long–Term Development–Leading the Green and Low–carbon Trend with Advanced Products</p> <p>Building Central Kitchen Parks to Promote Kitchen Reform–Creating a New Green Business with Central Kitchen</p>
	<ul style="list-style-type: none">•Ecological Protection and Biodiversity	<p>Concentrating on Specialization–Protecting Ecological Environment with Green Operation</p>
	<ul style="list-style-type: none">•Packaging Material Management•Supply Chain Management•Win–win Cooperation•Community Investment and Development•Rural Revitalization	<p>Tackling Climate Change for Long–Term Development–Collaborating with Partners to Build a Sustainable Value Chain</p> <p>Building Central Kitchen Parks to Promote Kitchen Reform–Taking Corporation Responsibility and Deriving New Social Value</p> <p>Joining Hands to Sustainability–Following Compliance to Build Responsible Value Chains</p> <p>Joining Hands to Sustainability–Communication and Cooperation to Promote Industrial Development</p> <p>Warming Community–Revitalizing Rural Areas, and Working Together Towards Common Prosperity</p> <p>Warming Community–Considering Public Welfare and Charity, and Building a Warm and Loving Community</p>

Appendix III: GRI Content Index

Statement of use	Statement of use Yihai Kerry Arawana has reported the information cited in this GRI content index for the period from January 1, 2022 to December 31, 2022 with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		

GRI Standard	Disclosure	Chapter Index	Page
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2–1	Organizational details	About this Report	03
2–2	Entities included in the organization's sustainability reporting	About this Report	03
2–3	Reporting period, frequency and contact point	About this Report	03
2–4	Restatements of information	Appendix I: Key Performance Indicators	122–127
2–5	External assurance	No external assurance	
Activities and workers			
2–6	Activities, value chain and other business relationships	About Yihai Kerry Arawana	06
2–7	Employees	Benefiting People	94–111
		Appendix I: Key Performance Indicators	122–127
Governance			
2–9	Governance structure and composition	ESG Management–ESG Governance Structure	14
2–10	Nomination and selection of the highest governance body	Please refer to the annual report information for details	
2–11	Chair of the highest governance body	Please refer to the annual report information for details	
2–12	Role of the highest governance body in overseeing the management of impacts	ESG Management–ESG Governance Structure	14
2–13	Delegation of responsibility for managing impacts	ESG Management–ESG Governance Structure	14
2–14	Role of the highest governance body in sustainability reporting	ESG Management–ESG Governance Structure	14
2–15	Conflicts of interest	Corporate Governance–Adherence to Compliance and Integrity	22–23
2–16	Communication of critical concerns	Corporate Governance–Adherence to Compliance and Integrity	22–23
2–17	Collective knowledge of the highest governance body	Please refer to the annual report information for details	

GRI Standard	Disclosure	Chapter Index	Page
Governance			
2–18	Evaluation of the performance of the highest governance body	Please refer to the annual report information for details	
2–19	Remuneration policies	Please refer to the annual report information for details	
2–20	Process to determine remuneration	Please refer to the annual report information for details	
Strategy, policies and practices			
2–22	Statement on sustainable development strategy	Message from the Chairman	04
2–23	Policy commitments	Corporate Governance–Adherence to Compliance and Integrity	22–23
		Joining Hands to Sustainability–Tracing Raw materials to Achieve Sustainable Sourcing	84–85
		Benefiting People–Developing Talent Recruitment, and Building a Good Employer Brand	100–104
2–24	Embedding policy commitments	Corporate Governance–Adherence to Compliance and Integrity	22–23
		Joining Hands to Sustainability–Tracing Raw materials to Achieve Sustainable Sourcing	84–85
		Benefiting People–Developing Talent Recruitment, and Building a Good Employer Brand	100–104
2–25	Processes to remediate negative impacts	Corporate Governance–Adherence to Compliance and Integrity	22–23
		Concentrating on Specialization–Enhancing Customer Experience with Quality Service	65–68
		Concentrating on Specialization–Empowering Digitally to Support High Quality Development	75–81
2–26	Mechanisms for seeking advice and raising concerns	Corporate Governance–Adherence to Compliance and Integrity Concentrating on Specialization–Enhancing Customer Experience with Quality Service	22–23 65–68
2–27	Compliance with laws and regulations	No significant instances of non–compliance with laws or regulations occurred during the Reporting Period	
2–28	Membership associations	Joining Hands to Sustainability–Communication and Cooperation to Promote Industrial Development	92–93
Stakeholder Engagement			
2–29	Approach to stakeholder engagement	ESG Management–Stakeholder Engagement	16
GRI 3: Material Topics 2021			
3–1	Process to determine material topics	ESG Management–Materiality Assessment	17–18
3–2	List of material topics	ESG Management–Materiality Assessment	17–18

GRI Standard	Disclosure	Chapter Index	Page
Economic			
GRI 201: Economic Performance 2016			
3–3	Management of material topics	ESG Management–Materiality Assessment	17–18
201–2	Financial implications and other risks and opportunities due to climate change	Tackling Climate Change for Long–Term Development–Deploying Climate Action to Enhance Risk Response Capacity	26–29
GRI 203: Indirect Economic Impacts 2016			
3–3	Management of material topics	Warming Community–Revitalizing Rural Areas, and Working Together Towards Common Prosperity	114–116
203–1	Infrastructure investments and services supported	Warming Community–Revitalizing Rural Areas, and Working Together Towards Common Prosperity	114–116
203–2	Significant indirect economic impacts	Concentrating on Specialization–Empowering Digitally to Support High Quality Development Warming Community–Revitalizing Rural Areas, and Working Together Towards Common Prosperity	75–81 114–116
GRI 204: Procurement Practices 2016			
3–3	Management of material topics	Joining Hands to Sustainability–Tracing Raw materials to Achieve Sustainable Sourcing	84–85
GRI 205: Anti–corruption 2016			
3–3	Management of material topics	Corporate Governance–Adherence to Compliance and Integrity Joining Hands to Sustainability–Following Compliance to Build Responsible Value Chains	22–23 86–91
205–1	Operations assessed for risks related to corruption	Corporate Governance–Adherence to Compliance and Integrity	22–23
205–2	Communication and training about anti–corruption policies and procedures	Corporate Governance–Adherence to Compliance and Integrity	22–23
205–3	Confirmed incidents of corruption and actions taken	Corporate Governance–Adherence to Compliance and Integrity	22–23
GRI 206: Anti–competitive Behavior 2016			
3–3	Management of material topics	Corporate Governance–Adherence to Compliance and Integrity	22–23
206–1	Legal actions for anti–competitive behavior, anti–trust, and monopoly practices	Corporate Governance–Adherence to Compliance and Integrity	22–23

GRI Standard	Disclosure	Chapter Index	Page
Environmental			
GRI 301: Materials 2016			
3–3	Management of material topics	Tackling Climate Change for Long–Term Development–Collaborating with Partners to Build a Sustainable Value Chain	40–45
		Joining Hands to Sustainability–Tracing Raw materials to Achieve Sustainable Sourcing	84–85
301–1	Materials used by weight or volume	Appendix I: Key Performance Indicators	122–127
301–2	Recycled input materials used	Tackling Climate Change for Long–Term Development–Collaborating with Partners to Build a Sustainable Value Chain	40–45
301–3	Reclaimed products and their packaging materials	Tackling Climate Change for Long–Term Development–Collaborating with Partners to Build a Sustainable Value Chain	40–45
GRI 302: Energy 2016			
3–3	Management of material topics	Tackling Climate Change for Long–Term Development–Verifying GHG Emission to Consolidate the Data Base	30–31
		Tackling Climate Change for Long–Term Development–Promoting Green Production in Enterprises with Energy Saving and Carbon Reduction	32–37
302–1	Energy consumption within the organization	Appendix I: Key Performance Indicators	122–127
302–3	Energy intensity	Appendix I: Key Performance Indicators	122–127
302–4	Reduction of energy consumption	Tackling Climate Change for Long–Term Development–Promoting Green Production in Enterprises with Energy Saving and Carbon Reduction	32–37
		Tackling Climate Change for Long–Term Development–Collaborating with Partners to Build a Sustainable Value Chain	40–45
GRI 303: Water and Effluents 2018			
3–3	Management of material topics	Concentrating on Specialization–Protecting Ecological Environment with Green Operation	69–75
303–1	Interactions with water as a shared resource	Concentrating on Specialization–Protecting Ecological Environment with Green Operation	69–75

GRI Standard	Disclosure	Chapter Index	Page
GRI 303: Water and Effluents 2018			
303–2	Management of water discharge–related impacts	Concentrating on Specialization–Protecting Ecological Environment with Green Operation	69–75
303–3	Water withdrawal	Appendix I: Key Performance Indicators	122–127
303–4	Water discharge	Appendix I: Key Performance Indicators	122–127
303–5	Water consumption	Appendix I: Key Performance Indicators	122–127
GRI 304: Biodiversity 2016			
3–3	Management of material topics	Concentrating on Specialization–Protecting Ecological Environment with Green Operation	69–75
GRI 305: Emissions 2016			
3–3	Management of material topics	Tackling Climate Change for Long–Term Development	25–45
		Concentrating on Specialization–Protecting Ecological Environment with Green Operation	69–75
305–1	Direct (Scope 1) GHG emissions	Appendix I: Key Performance Indicators	122–127
305–2	Energy indirect (Scope 2) GHG emissions	Appendix I: Key Performance Indicators	122–127
305–4	GHG emissions intensity	Appendix I: Key Performance Indicators	122–127
305–5	Reduction of GHG emissions	Appendix I: Key Performance Indicators	122–127
305–7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Appendix I: Key Performance Indicators	122–127
GRI 306: Waste 2020			
3–3	Management of material topics	Concentrating on Specialization–Protecting Ecological Environment with Green Operation	69–75
306–1	Waste generation and significant waste –related impacts	Concentrating on Specialization–Protecting Ecological Environment with Green Operation	69–75
306–2	Management of significant waste–related impacts	Concentrating on Specialization–Protecting Ecological Environment with Green Operation	69–75

GRI Standard	Disclosure	Chapter Index	Page
GRI 306: Waste 2020			
306–3	Waste generated	Appendix I: Key Performance Indicators	122–127
306–4	Waste diverted from disposal	Appendix I: Key Performance Indicators	122–127
306–5	Waste directed to disposal	Appendix I: Key Performance Indicators	122–127
GRI 308: Supplier Environmental Assessment 2016			
3–3	Management of material topics	Joining Hands to Sustainability –Following Compliance to Build Responsible Value Chains	86–91
308–1	New suppliers that were screened using environmental criteria	Joining Hands to Sustainability –Following Compliance to Build Responsible Value Chains	86–91
Social			
GRI 401: Employment 2016			
3–3	Management of material topics	Benefiting People–Developing Talent Recruitment, and Building a Good Employer Brand	100–104
401–1	New employee hires and employee turnover	Appendix I: Key Performance Indicators	122–127
401–2	Benefits provided to full–time employees that are not provided to temporary or parttime employees	Benefiting People–Caring, Concerning, and Implementing Employee Remuneration and Welfare	108–111
401–3	Parental leave	Benefiting People–Caring, Concerning, and Implementing Employee Remuneration and Welfare	108–111
GRI 403: Occupational Health and Safety 2018			
3–3	Management of material topics	Benefiting People–Regulating Production, and Protecting Employee Health and Safety	96–99
403–1	Occupational health and safety management system	Benefiting People–Regulating Production, and Protecting Employee Health and Safety	96–99
403–2	Hazard identification, risk assessment, and incident investigation	Benefiting People–Regulating Production, and Protecting Employee Health and Safety	96–99

GRI Standard	Disclosure	Chapter Index	Page
GRI 403: Occupational Health and Safety 2018			
403–3	Occupational health services	Benefiting People–Regulating Production, and Protecting Employee Health and Safety	96–99
403–4	Worker participation, consultation, and communication on occupational health and safety	Benefiting People–Regulating Production, and Protecting Employee Health and Safety	96–99
403–5	Worker training on occupational health and safety	Benefiting People–Regulating Production, and Protecting Employee Health and Safety	96–99
403–6	Promotion of worker health	Benefiting People–Caring, Concerning, and Implementing Employee Remuneration and Welfare	108–111
403–7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Benefiting People–Regulating Production, and Protecting Employee Health and Safety	96–99
403–9	Work–related injuries	Appendix I: Key Performance Indicators	122–127
403–10	Work–related ill health	Benefiting People–Regulating Production, and Protecting Employee Health and Safety	96–99
GRI 404: Training and Education 2016			
3–3	Management of material topics	Benefiting People–Training, Motivating, and Promoting Employee Career Development	104–107
404–1	Average hours of training per year per employee	Appendix I: Key Performance Indicators	122–127
404–2	Programs for upgrading employee skills and transition assistance programs	Benefiting People–Training, Motivating, and Promoting Employee Career Development	104–107
GRI 405: Diversity and Equal Opportunity 2016			
3–3	Management of material topics	Benefiting People–Developing Talent Recruitment, and Building a Good Employer Brand	100–104
405–1	Diversity of governance bodies and employees	Appendix I: Key Performance Indicators	122–127

GRI Standard	Disclosure	Chapter Index	Page
2016 GRI 406: Non-discrimination 2016			
3-3	Management of material topics	Benefiting People-Developing Talent Recruitment, and Building a Good Employer Brand	100-104
406-1	Incidents of discrimination and corrective actions taken	Benefiting People-Developing Talent Recruitment, and Building a Good Employer Brand	100-104
GRI 408: Child Labor 2016			
3-3	Management of material topics	Benefiting People-Developing Talent Recruitment, and Building a Good Employer Brand	100-104
GRI 409: Forced or Compulsory Labor 2016			
3-3	Management of material topics	Benefiting People-Developing Talent Recruitment, and Building a Good Employer Brand	100-104
GRI 413: Local Communities 2016			
3-3	Management of material topics	Warming Community-Revitalizing Rural Areas, and Working Together Towards Common Prosperity	114-116
		Warming Community-Considering Public Welfare and Charity, and Building a Warm and Loving Community	117-119
413-1	Operations with local community engagement, impact assessments, and development programs	Warming Community-Revitalizing Rural Areas, and Working Together Towards Common Prosperity Warming Community-Considering Public Welfare and Charity, and Building a Warm and Loving Community	114-116 117-119
GRI 414: Supplier Social Assessment 2016			
3-3	Management of material topics	Joining Hands to Sustainability-Following Compliance to Build Responsible Value Chains	86-91
414-1	New suppliers that were screened using social criteria	Joining Hands to Sustainability-Following Compliance to Build Responsible Value Chains	86-91

GRI Standard	Disclosure	Chapter Index	Page
GRI 416: Customer Health and Safety 2016			
3-3	Management of material topics	Concentrating on Specialization -Enhancing Customer Experience with Quality Service	65-68
416-1	Assessment of the health and safety impacts of product and service categories	Concentrating on Specialization -Enhancing Customer Experience with Quality Service	65-68
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Concentrating on Specialization -Enhancing Customer Experience with Quality Service	65-68
GRI 417: Marketing and Labeling 2016			
3-3	Management of material topics	Concentrating on Specialization -Enhancing Customer Experience with Quality Service	65-68
417-1	Requirements for product and service information and labeling	Concentrating on Specialization -Innovating to Supply Sufficient Nutrition	58-64
		Concentrating on Specialization -Enhancing Customer Experience with Quality Service	65-68
417-2	Incidents of non-compliance concerning product and service information and labeling	No significant incidents occurred during the Reporting Period	
417-3	Incidents of non-compliance concerning marketing communications	No significant incidents occurred during the Reporting Period	
GRI 418: Customer Privacy 2016			
3-3	Management of material topics	Concentrating on Specialization -Empowering Digitally to Support High Quality Development	76-81
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Concentrating on Specialization -Empowering Digitally to Support High Quality Development	76-81

Appendix IV:SASB Food Retailers and Distributors
Content Index

Topic/Code	Accounting Metric	Chapter Index	Page
Energy Management			
FB-FR-130a.1	(1) Operational energy consumed	Appendix I: Key Performance Indicators	122–127
Data Security			
FB-FR-230a.1	(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of customers affected	Concentrating on Specialization–Empowering Digitally to Support High Quality Development	76–81
FB-FR-230a.2	Description of approach to identifying and addressing data security risks	Concentrating on Specialization –Empowering Digitally to Support High Quality Development	76–81
Food Safety			
FB-FR-250a.1	High–risk food safety violation rate		
FB-FR-250a.2	(1) Number of recalls (2) Number of units recalled (3) Percentage of units recalled that are private–label products	Concentrating on Specialization –Enhancing Customer Experience with Quality Service	65–68
Product Health & Nutrition			
FB-FR-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Building Central Kitchen Parks to Promote Kitchen Reform–Leading New Food Habits of the Industry by R&D Innovation Concentrating on Specialization–Innovating to Supply Sufficient Nutrition	51–53 58–64
Product Labeling & Marketing			
FB-FR-270a.1	Number of incidents of non–compliance with industry or regulatory labeling and/or marketing codes	No incidents occurred during the Reporting Period	
FB-FR-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices		

Topic/Code	Accounting Metric	Chapter Index	Page
Labor Practices			
FB-FR-310a.3	(1) Number of work stoppages (2) Total days idle	No major downtime occurred during the Reporting Period	
FB-FR-310a.4	Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations and (2) employment discrimination	No legal proceedings associated with labor law violations or employment discrimination occurred during the Reporting Period	
Management of Environmental & Social Impacts in the Supply Chain			
FB-FR-430a.2	Percentage of revenue from (1) eggs that originated from a cage –free environment and (2) pork produced without the use of gestation crates	Not applicable Not applicable	
FB-FR-430a.3	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Joining Hands to Sustainability–Tracing Raw materials to Achieve Sustainable Sourcing Joining Hands to Sustainability–Following Compliance to Build Responsible Value Chains	84–85 86–91
FB-FR-430a.4	Discussion of strategies to reduce the environmental impact of packaging	Tackling Climate Change for Long–Term Development– Collaborating with Partners to Build a Sustainable Value Chain	40–45