



2021

Yihai Kerry Arawana Holdings Co., Ltd.  
Sustainability Report



Yihai Kerry  
Official website



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# Content

|                           |    |
|---------------------------|----|
| About this report         | 03 |
| Message from the Chairman | 04 |
| About Yihai Kerry         | 06 |

|                          |    |
|--------------------------|----|
| ESG Development Overview | 08 |
| ESG Mission              | 08 |
| ESG Governance Framework | 08 |
| Stakeholder Engagement   | 10 |
| Materiality Assessment   | 12 |
| About 2021               | 14 |
| Awards and Honors        | 16 |

|    |                          |
|----|--------------------------|
| 01 | Corporate Governance     |
|    | Risk Management 20       |
|    | Compliance Operations 22 |
|    | Business Ethics 23       |

|    |                                     |
|----|-------------------------------------|
| 02 | Environment                         |
|    | Environmental Management 28         |
|    | Tackling Climate Change 32          |
|    | Green Productions and Operations 44 |

|    |                               |
|----|-------------------------------|
| 03 | Products                      |
|    | Food Quality and Safety 56    |
|    | R&D and Innovation 62         |
|    | Nutrition and Health 64       |
|    | Excellent Customer Service 73 |

|    |                                   |
|----|-----------------------------------|
| 04 | Employees                         |
|    | Employment and Rights 78          |
|    | Growth and Development 81         |
|    | Compensation and Benefits 85      |
|    | Communication and Care 86         |
|    | Occupational Health and Safety 89 |

|    |                          |
|----|--------------------------|
| 05 | Industry Responsibility  |
|    | Supplier Management 96   |
|    | Sustainable Sourcing 101 |
|    | Win-Win Cooperation 104  |

|    |                            |
|----|----------------------------|
| 06 | Care for the Community     |
|    | Rural Revitalization 110   |
|    | Corporate Citizenship 112  |
|    | Revitalization Benefit 113 |
|    | Appendix I 118             |
|    | Appendix II 121            |
|    | Appendix III 126           |





# About this report

## Overview

This is the first annual sustainability (also named as Environmental, Social and Governance, i.e. ESG) report of Yihai Kerry Arawana Holdings Co., Ltd. (hereinafter referred to as "Yihai Kerry", "the Group", "the Company", "we"), following the "Yihai Kerry Arawana Holdings Co., Ltd. Corporate Social Responsibility Report 2020". 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 financial year 2021 (the "Reporting Period") from 1 January 2021 to 31 December 2021, with some information backdated to previous years.

## Preparation basis

This report was prepared with reference to the "Guidelines on Environmental, Social Responsibility and Corporate Governance Disclosure for Listed Companies on the Shenzhen Stock Exchange (Draft for Public Comments)", the Morgan Stanley Capital International ESG Rating (i.e. "MSCI ESG Rating") focus topics, and in accordance to the Global Sustainability Standards Board ("GSSB")'s Global Reporting Initiative ("GRI") standards - "Core" Option, and partial reference to the standard requirements of the Sustainability Accounting Standards Board ("SASB").

The content of this report is determined following a fixed procedure, which includes identifying and ranking significant stakeholders and important ESG-related issues, determining 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 or decommissioned plants. Unless otherwise stated, the scope of the report is consistent with the Company's annual report.

## Sources and reliability assurance

No external assurance has been sought for this report. The data and cases in this report are mainly from the Company's statistical reports and relevant documents. The Board of Directors of the Company commits that this report does not contain any false records or misleading statements and is responsible for the truthfulness, accuracy and completeness of its contents.

## Confirmation and approval

This report was reviewed and approved by the Board of Directors on March 22, 2022, after confirmation by management.

## Contact information

If you have any suggestions or comments about this report, you can reach us at the following:

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Email: Sustainability-Yihai kerry@cn.wilmar-intl.com



## Message from the Chairman

Thank you for your interest in the Company's first annual Sustainability Report. The purpose of this report is to share with the public on Yihai Kerry's progress in sustainability and to let our employees be aware that taking environmental responsibility, social responsibility and implementing good corporate governance are the guidelines that must be adhered to in our business activities. This report also promotes the joint efforts of our suppliers, customers and all other stakeholders in sustainable development to achieve long-term cooperations.

2021 was an important year for the Company to establish and improve our sustainability mechanisms. The Board of Directors established the Sustainability Committee, promulgated the Environmental, Social and Corporate Governance (ESG) Mission, established the Sustainability Department, and launched the Sustainability section on our website. These management initiatives provide a reliable system and management guarantee for formulating ESG strategies, identifying ESG risks, assessing ESG performance, and monitoring ESG implementation.

In 2021, in the face of global pandemic, we have always adhered to our responsibility as a grain, oil and food enterprise to ensure the supply of grain, oil and food safety for consumers as our top priority. In the face of unexpected disasters, such as the massive floods in Henan Province, the Company activated the emergency response mechanism and donated cash and products through the Arawana Charity Foundation to stand by the people in the disaster area through thick and thin.

Our mission is to "create a world-class safe dining table" and to promote the healthy development of the industry through R&D and technological innovation. As at the end of, 100% of Yihai Kerry's food companies had obtained ISO/FSSC 22000 food safety system certifications. The Company adopted "green precision minimal processing" technology to launch a series of "zero trans fatty acid" edible oils to protect consumer health.

We insist on green productions, energy-saving, and emissions reduction. By the end of 2021, through the use of solar power, paddy husk recycling, and biogas

recovery and utilization, the Company reduced greenhouse gas (GHG) emissions by 783,006 tons of CO<sub>2</sub>e, thus contributing to addressing climate change. We are engaged in a circular economy and promote contract farming. Through the full utilization of the paddy model, we "utilize every grain without waste", enhance the added value of the industrial chain, help save grain, reduce losses, and promote green development.

Creating a green supply chain is our relentless goal. We continued to strengthen cooperations with our suppliers in the areas of environmental protection, respect for human rights, business ethics, and risk management. By the end of 2021, 100% of Yihai Kerry's palm oil processing mills were Roundtable on Sustainable Palm Oil (RSPO) certified. We will continue to optimize our supplier management system and build a digital traceability system to achieve sustainable supply chain development.

We have always believed that protecting the rights and interests of our employees and realizing the value of talent are crucial

to achieve long-term development. We have built a fair, just and transparent recruitment management system, and provide reasonable compensation and benefits with fair promotion opportunities. We safeguard our employees' rights to collective bargaining, pay close attention to their career development, and strive to create an inclusive and diversified corporate culture.

We firmly believe that a successful business requires not only good products and services, but also possession of, and adherence to, the right values. We will continue to improve our performance in the areas of environmental responsibility, social responsibility and corporate governance, and work together with all our stakeholders to create a sustainable future.

**Kuok Khoon Hong**

Chairman, Yihai Kerry Arawana Holdings Co., Ltd.



# About Yihai Kerry

## About Us

Yihai Kerry is a major agricultural product and food 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 of the industry chain, the Company is involved mainly in the oilseed crushing, oil refining, edible oil, specialty fats, oleochemicals, circular economy in rice processing, intensive corn, wheat and soybean processing, raw food materials, grain, and oil technology R&D industries. The Company's brands include "Arawana", "Oliveoil", "Orchid", "Wonder Farm", "Neptune", "Feng Yuan", "Jin Wei", "Jie Jin 100", and other famous brands. The products cover many fields, such as edible oil, rice, flour, noodles, condiments, food and beverages, catering products, raw food materials, feed ingredients, and oleochemicals.

On October 15, 2020, the Company was listed on the GEM of the Shenzhen Stock Exchange (stock abbreviation: Arawana, stock code: 300999), allowing us to share the fruits of our development with more investors and consumers. By the end of the Reporting Period, we had 71 production bases in China, including many new production bases in Chaozhou, Lanzhou, Hefei, Qingdao, etc. We have established a marketing network with a wide range of outlets, and a combination of points and channels to provide comprehensive service to our customers.

Relying on our years of experience in the food industry, The Company is actively developing our central kitchen business, establishing a comprehensive food production park, based on our existing production bases, introducing related enterprises in the upstream and downstream of the industry chain, thus realizing the sharing of resources, such as the procurement of raw materials, energy supply, product storage, experimental R&D, logistics and transportation, and sales channels. The Company also plans to implement unified centralized waste treatment and focus on the efficient utilization of water resources. We plan to implement a unified centralized waste treatment system, develop green packaging, and take other measures to protect the environment, promote the circular economy of the industrial chain, reduce GHG emissions, and apply sustainable development measures to the Yihai Kerry Central Kitchen Food Park.

A diverse workforce is the cornerstone of the Company's business values and vision. The Central Kitchen Food Park campus is committed to creating a professional, inclusive, healthy and safe work environment for employees, providing equal opportunities and a stage to explore their potential.

Looking ahead, Yihai Kerry will continue to support and follow national industrial and economic policies, to contribute to the achievement of the new "dual circulation" development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement, and to promote, and promote the transformation and upgrading of the grain and oil processing industry to make it intelligent, green and healthy. In response to the development trends of the domestic health industry, we will invest in R&D, production and healthy food to meet the diversified and personalized needs of consumers for healthy, nutritious food, to help improve the nutritional diet structure of Chinese consumers, to implement the strategy of Healthy China, and to play a major role in the overall economic and social development of the country.



### Integrity and Honesty

- Be honest and act with integrity. Be loyal to the Company and conduct due diligence. Show love for your colleagues, along with trust and cooperation. Be sincere to our customers, and seek coprosperity and coexistence. Be frugal, honest and self-disciplined.



### Health and Safety

- Pay attention to personal, production, food, and environmental safety and risk control. Look after the health and safety of your colleagues as well as yourself. Work diligently to provide society with safe, healthy, high-quality products.

## Corporate Core Values



### Diligence and Innovation

- Diligence is the cornerstone of progress; innovation is the secret to success. Work hard, persevere in learning, and have the courage to develop. Keep making progress, and strive to do your best in every job. Use new knowledge and new ideas to achieve continuous innovation in technology, products, services, systems, etc.



### Harmony and Sharing

- Be low-key, work efficiently, and create a harmonious and efficient corporate atmosphere. Care about each other, help each employee realize their potential, and provide employees with space for development and promotion. Make employees rich and help them grow with the Company. Participate in charitable and public welfare events, and show your care for society through your actions.



# ESG Development Overview

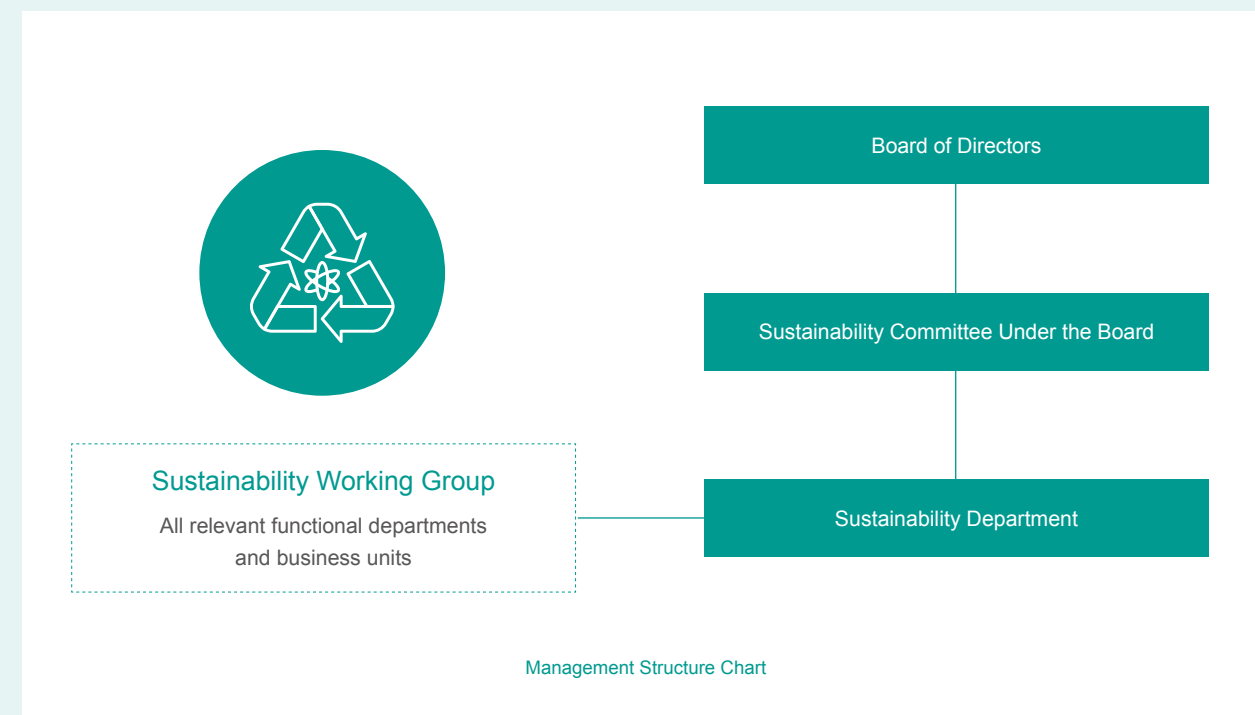
Yihai Kerry's corporate vision is "To build an ideal group". We believe that "the ideal group" should not only ensure high-quality output and good shareholder returns, but also focus on protecting the global ecological environment and improving the social and human condition. We will continue to improve our internal governance, deepen our partnerships with suppliers and stakeholders, and implement sustainable development practices in a holistic and multi-dimensional manner.

## ESG Mission

With the vision of "To build an ideal group", Yihai Kerry continues to work on management and technological innovation. While providing customers with high-quality products, we strive to work together with stakeholders in environmental responsibility, social responsibility and corporate governance for continuous improvement and a sustainable future.

## ESG Governance Framework

To ensure the Company's sustainable, regulated and healthy development, in 2021, we established a Sustainability Committee under the Board of Directors to improve the corporate governance structure and further implement ESG.



For more information on the responsibilities of the Sustainability Committee, please refer to the "Working rules of Sustainability Committee of the Yihai Kerry Board of Directors" on our website.



# Stakeholder Engagement

We continue to pay attention to the demands of our stakeholders, insist on establishing a diversified communication mechanism, and maintain close contact with our stakeholders. We have identified eight categories of stakeholders, based on the characteristics of the company, industry dynamics and development, including shareholders, clients, employees, government, Industrial chain partners, community, the environment and media.

|                        | <div><br/>Shareholders</div>   | <div><br/>Clients</div>                                     | <div><br/>Employees</div>  | <div><br/>Government</div>   | <div><br/>Industry Chain Partners</div>  | <div><br/>Community</div>  | <div><br/>Environment</div>  | <div><br/>Media</div>  |
|------------------------|---|--|--|---|---|---|---|---|
| Demands                | <ul style="list-style-type: none"><li>• Reduce business operational risk</li><li>• Regulate corporate governance</li><li>• Capital appreciation</li><li>• Investor advocacy</li></ul>   | <ul style="list-style-type: none"><li>• Ensure product and service quality</li><li>• Promote business ethics</li></ul>                       | <ul style="list-style-type: none"><li>• Protect basic rights</li><li>• Provide a good career path</li><li>• Provide a healthy and comfortable work environment</li></ul>                 | <ul style="list-style-type: none"><li>• Operate in compliance with the law</li><li>• Drive technological innovation</li><li>• Drive social employment</li><li>• Pay taxes</li></ul>                           | <ul style="list-style-type: none"><li>• Adhere to the integrity of the business</li><li>• Drive industry chain partners to fulfill their social responsibility and create a sustainable future together</li><li>• Conduct fair trade</li></ul>                                    | <ul style="list-style-type: none"><li>• Foster community development</li><li>• Support community building</li><li>• Participate in community charity</li><li>• Support disaster relief</li><li>• Focus on precise poverty alleviation</li></ul> | <ul style="list-style-type: none"><li>• Comply with national environmental laws and regulations</li><li>• Promote environmental protection through the whole process of R&amp;D, production and sales</li><li>• Raise environmental awareness</li></ul> | <ul style="list-style-type: none"><li>• Communicate daily</li><li>• Disclose social responsibility and sustainability policies and efforts</li><li>• Provide specialized interviews and other communication</li></ul>                                 |
| Our Response           | <ul style="list-style-type: none"><li>• Enhance risk control</li><li>• Improve corporate profitability</li><li>• Capital appreciation</li><li>• Improve the corporate governance system</li><li>• Disclose information under the law</li><li>• Protect the rights of small and medium-sized investors</li><li>• Hold shareholder meetings</li></ul> | <ul style="list-style-type: none"><li>• Provide high-quality products and services</li><li>• Strictly fulfill contract obligations</li></ul> | <ul style="list-style-type: none"><li>• Comply with laws and regulations</li><li>• Provide career development planning</li><li>• Provide occupational health and employee care</li></ul> | <ul style="list-style-type: none"><li>• Pay taxes in full according to the law</li><li>• Help local economic development</li><li>• Create jobs</li><li>• Strictly implement regulatory requirements</li></ul> | <ul style="list-style-type: none"><li>• Establish and follow open and transparent procurement principles and cooperation mechanisms</li><li>• Pursue mutually beneficial relations</li><li>• Ensure effective reseller management</li><li>• Ensure responsible sourcing</li></ul> | <ul style="list-style-type: none"><li>• Help alleviate poverty through precision targeting</li><li>• Support rural revitalization</li><li>• Provide disaster relief</li><li>• Organize volunteering</li></ul>                                   | <ul style="list-style-type: none"><li>• Use innovative environmental technology</li><li>• Use clean energy</li><li>• Promote environmental protection</li><li>• Implement green office</li></ul>  | <ul style="list-style-type: none"><li>• Maintain communication with the media</li><li>• Ensure timely disclosure of sustainability and corporate social responsibility information</li><li>• Disclose significant events of public interest</li></ul> |
| Communication Channels | <ul style="list-style-type: none"><li>• Timely and comprehensive information disclosure</li><li>• Roadshows and reverse roadshows</li></ul>   | <ul style="list-style-type: none"><li>• Customer satisfaction survey</li><li>• Strictly fulfill contract obligations</li></ul>               | <ul style="list-style-type: none"><li>• Employee training and seminars</li><li>• Care activities</li><li>• Employee satisfaction survey</li></ul>  | <ul style="list-style-type: none"><li>• Regular work meetings</li><li>• Information submissions</li><li>• Thematic meetings</li></ul>   | <ul style="list-style-type: none"><li>• Open and transparent bidding process</li><li>• Signing tender contracts</li><li>• Industry chain partner training</li><li>• Management of industry chain partners</li></ul>   | <ul style="list-style-type: none"><li>• Charity activities</li><li>• Volunteer service</li></ul>  | <ul style="list-style-type: none"><li>• Environmental management</li><li>• Environmental protection promotion</li><li>• Environmental protection public welfare activities</li></ul>  | <ul style="list-style-type: none"><li>• Press releases</li><li>• Media communication</li><li>• Official news media</li></ul>  |



# Materiality Assessment

Materiality principle: Based on the results of materiality issues in 2020, the company further analysed the ESG issues for its relevance to Yihai Kerry's business. With the purpose of clarifying ESG practices and information disclosure, the Company assessed and confirmed the materiality in 2021 to ensure the comprehensiveness and accuracy of the relevant issues and information.

## Environmental, Social and Governance (ESG) Issue Screening Process



Collecting related topics

The identification of material issues in 2020 was carried out by an independent third-party consultant; 23 issues were identified through in-depth analysis of relevant international and domestic standards, national policy requirements, industry development, and Company strategy.



Evaluating level of Importance

In 2020, Yihai Kerry conducted questionnaires for each of the eight major stakeholders to evaluate the importance of each issue from their perspectives; we then formed a matrix of materiality issues for 2020.



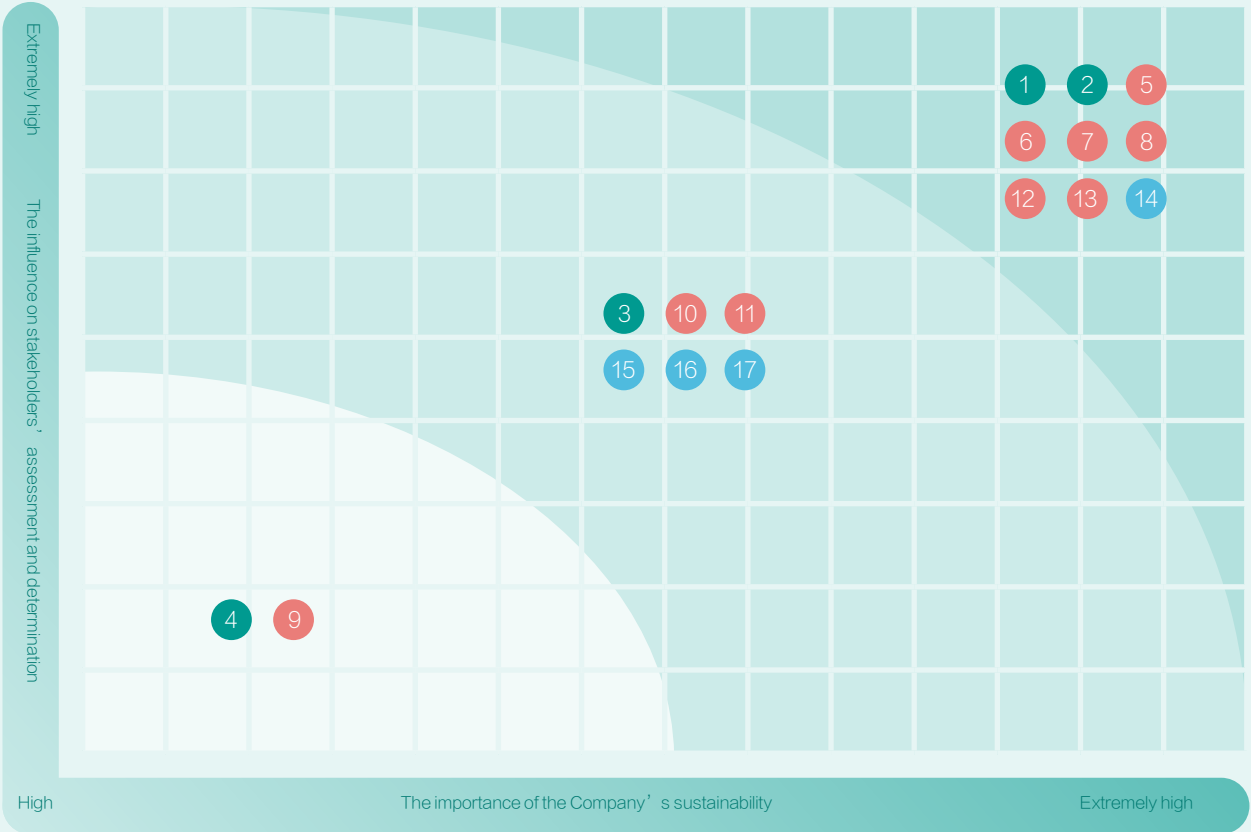
Analyzing the operational impact

In 2021, Yihai Kerry reviewed the results of the 2020 materiality analysis and introduced the Morgan Stanley Capital International ESG Rating (i.e. "MSCI ESG Rating") focus topics, the Global Sustainability Standards Board ("GSSB")'s Global Reporting Initiative ("GRI") standard core option, and the Sustainable Accounting Standards Board ("SASB") standard requirements, combined with the Company's development direction, and further sorted 17 material topics.



Confirming issue sequencing

In 2021, the issues were statistically analysed in two dimensions: the importance on stakeholders' assessment and determination and the importance to Yihai Kerry's sustainability. The issues were then arranged in a materiality matrix, which was approved by Company management and will be used as an important reference for future strategy formulation, target setting, and continuous information disclosure.

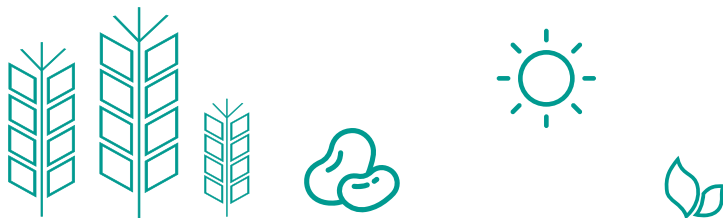


Yihai Kerry's Materiality Matrix

| Number | Environmental Issues                        | Number | Social Issues  |
|--------|---|--------|--|
| 1      | Climate Change and Product Carbon Footprint | 10     | Data Security and Privacy Protection                 |
| 2      | Green Productions and Operations            | 11     | Technology and Innovation                            |
| 3      | Sustainable Sourcing                        | 12     | Win-Win Cooperation                                  |
| 4      | Biodiversity                                | 13     | Supply Chain Management                              |
| Number | Social Issues                               | Number | Corporate Governance Issues                          |
| 5      | Food Safety                                 | 14     | Business Ethics                                      |
| 6      | Employee Management                         | 15     | Compliance Operations                                |
| 7      | Nutrition and Health                        | 16     | Stakeholder Communication and Rights Protection      |
| 8      | Excellent Customer Service                  | 17     | Corporate Risk Control and Accountability Mechanisms |
| 9      | Community Input and Development             |        |  |



# About 2021



## At the end of the Reporting Period.

Established a Board of the Sustainability Committee and the Sustainable Development Department

Established and improved ESG management, promotion, disclosure and communication mechanisms





# Awards and Honors

In 2021, through unremitting efforts, Yihai Kerry gave full play to its strengths in food quality and safety, R&D innovation, environmental protection and social responsibility, winning several awards in various fields and playing an important role as a model for promoting sustainable development in the industry and society.

Sustainable Development

2021 "Golden Key – China Action towards SDG (Sustainable Development Goals)" – Golden Key – Winning Award

China Sustainability Tribune

Guide to Sustainable Economic Development

Cailian Press

Food Quality and Safety

China Quality Award Nomination Award

State Administration of Market Supervision, Development and Reform Commission, Ministry of Science and Technology, Ministry of Industry and Information Technology, Ministry of Agriculture and Rural Affairs, Ministry of Commerce and other departments and units

National Quality Inspection Stable Qualified Products, National Quality Leading Enterprise of Cereals, Oils and Food Industry, National Quality Leading Brand of Cereals, Oils and Food Industry

China Quality Inspection Association

Product Quality Excellence Award

National Sugar Quality Supervision and Inspection Center

Gold Award for Quality Products

The Chinese Cereals and Oils Association

R&D and Innovation

Enterprise standard "leader"

China Institute of Standardization

2021 First Prize of Science and Technology Award of the China Cereals and Oils Association

The Chinese Cereals and Oils Association

Grand Prize of Science and Technology Award of the China Food Industry Association

China Food Industry Association

Quality Customer Service

Best Classic Brand Award

People's Daily International Financial News

Top 10 Brand Awar

The Chinese Cereals and Oils Association

Selected as the 2021 "three products" list "branding" project

Ministry of Industry and Information Technology

The 10th batch of demonstration enterprises of the national assured grain and oil demonstration project

China Cereals and Oils Industry Association

Following is a summary of the awards and honors Yihai Kerry received. For more information on the awards and award recipients, please refer to the Company's Annual Report 2021, disclosed on the same date.

Supplier Management and Sustainable Sourcing

Excellent Supply Chain Enterprise" in Xingping City

Shaanxi Province, Xingping City Bureau of Commerce, China Shaanxi Cuisine Web

Environmental Management

National Green Factory

State Ministry of Industry and Information Technology

Green Production and Green Operation

Full utilization of rice pilot unit

National Standardization Management Committee

Employees

2021 Greater China Employer Excellence Award

HRoot, a Chinese HR media company

Rural Revitalization

National Poverty Alleviation Advanced Collective

The Central Committee of the Communist Party of China and the State Council

All-China Federation of Returned Overseas Chinese system – Help Fight Poverty Event

All-China Federation of Returned Overseas Chinese

2021 Pioneer Enterprise of Rural Revitalization

People's Daily International Financial News

2021 Rural Revitalization Demonstration Case

People's Daily Online

Community Benefit

No. 32 on the "2020 Top 50 Listed Companies in the Philanthropic Giving" List

China Times

Corporate Citizenship

Social Responsibility Leader, Outstanding Contribution to Food Safety Award

Organizing Committee of the 19th China Food Safety Conference



# 01 Corporate Governance



|                             |    |
|-----------------------------|----|
| Risk Management .....       | 20 |
| Compliance Operations ..... | 22 |
| Business Ethics .....       | 23 |







# Risk Management

The Audit Committee under The Board of Directors of Yihai Kerry is responsible for communication, supervision and verification of the external audits, supervision of the internal audits, evaluation and improvement of the internal control system of the Company, conducting risk analysis of major investment projects that are operated by the Company, and controlling and daily managing of the related party transactions of the Company.

## Risk Identification

Total number of major categories in the Company's risk management matrix

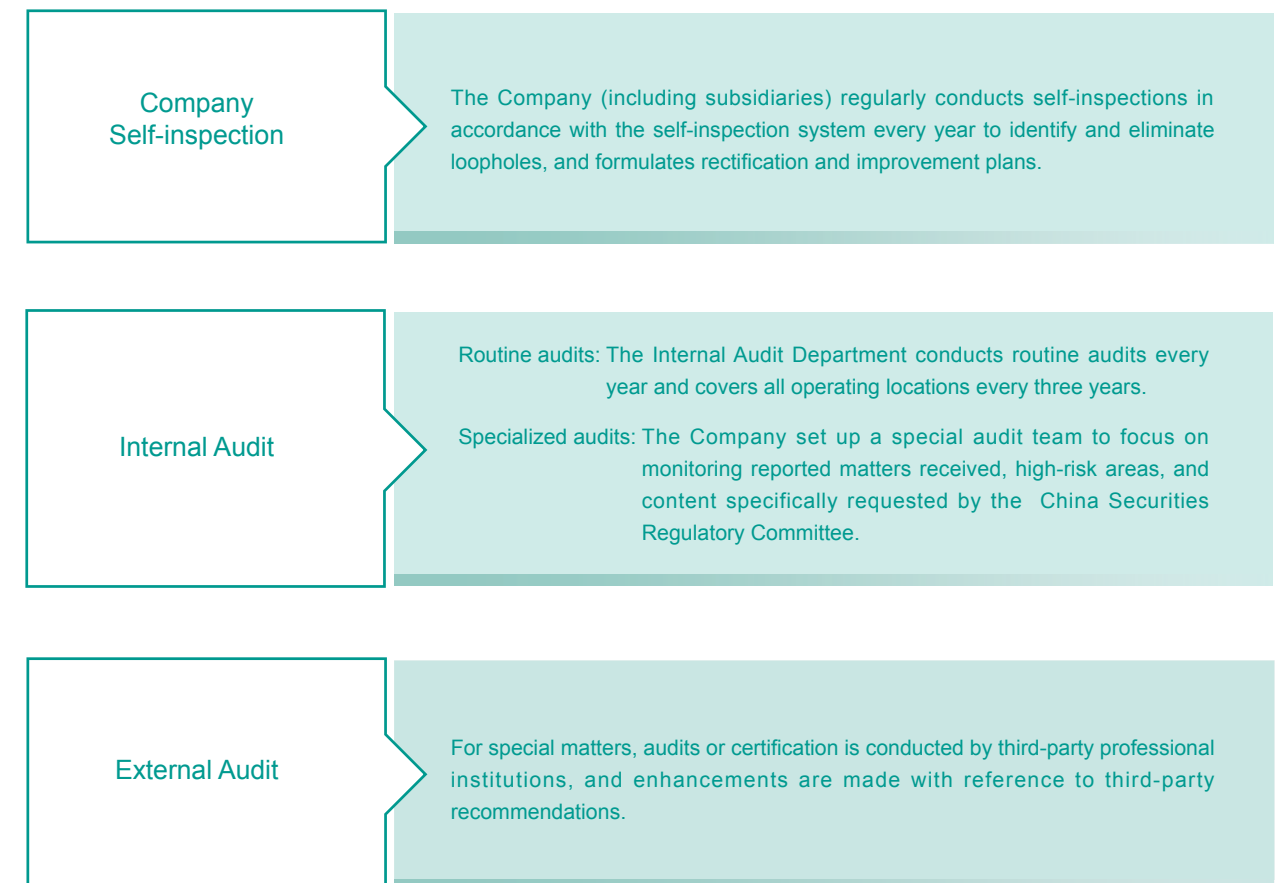
29

The Company strictly complies with the relevant requirements of national laws and regulations, the China Securities Regulatory Committee, the Shenzhen Stock Exchange, etc., and continuously optimizes its corporate risk management mechanisms in line with the actual business situation of the Group. By setting up a special team, the Company developed a set of risk-management matrices adopted by the Group and improved the Group's internal control self-inspection system and form.

At the end of the Reporting Period, the Company's risk management matrix covered 29 major risk management categories and contained several hundred specific risk-control points. The risk management matrix includes ESG risk-control points in business ethics and anti-corruption, product quality management, environmental protection and resource conservation, production safety, EHS (environment, health and safety) management, food safety management, and public opinion management, effectively integrating ESG-related risk management into the existing enterprise risk management framework.

## Internal Audits

Based on the Company's enterprise risk management mechanism, the Internal Audit Department regularly conducts various audits and issues internal control self-evaluation reports based on the annual audit to continuously improve the internal control capability of the Company.



### IT Audit

### Case

To ensure the effective operation of the Company's information-management system, Yihai Kerry conducts internal and external IT audits. By evaluating and optimizing the effectiveness, integrity, consistency and security of the information-management system, we ensure that the system supports our business and management efficiently and safely.





## Compliance Operations



Yihai Kerry is committed to adhering to the principle of honesty and trustworthiness, complying with relevant laws and regulations in the countries and regions where it operates and following business ethics. By strengthening the leadership and organization under the rule of law, as well as the supervision and management of the whole process, we effectively protect the rights and interests of shareholders and other stakeholders.

### Compliance Training

The Company organized compliance trainings for more than

**75,000** participants

To ensure that all employees and partners understand and implement the relevant laws and regulations that we need to comply with in the course of our business, the Company conducts annual compliance promotion events and training for all employees and partners. In 2021, the Company organized compliance trainings for more than 75,000 participants.



## Business Ethics



### Business Ethics and Anti-Corruption

The Company's business ethics and anti-corruption matters are monitored by the Audit Committee of the Board of Directors and with the management support of the Sustainability Committee.

The Company adheres to the core values of "integrity and honesty, diligence and innovation, health and safety, and harmony and sharing", and has established sound business ethics and an anti-corruption system according to the requirements of relevant national laws and regulations, firmly maintaining a fair, just and open business order.

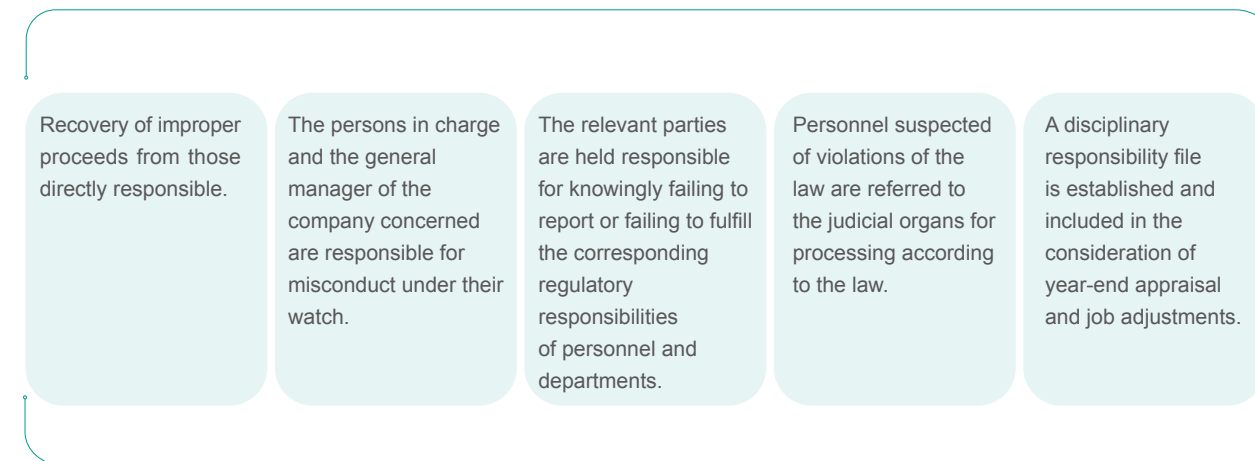
The regular and special audits of the Company's Internal Audit Department incorporate the assessment of business ethics and corruption risks in corporate operations promptly, based on the requirements in the Company's business ethics and anti-corruption related policies, systems and documents. Internal audits covering all operating locations are carried out every three years.

#### Business Ethics and Anti-Corruption Related Policies, Systems and Documents.

- ◆ *Code of Business Ethics*
- ◆ *Anti-Corruption Policy*
- ◆ *Code of Conduct for Employee*
- ◆ *Anti-Commercial Bribery Agreement*



## The Company adopts relevant accountability mechanism for any misconducts found or confirmed reported matters, including:



No substantiated material violations<sup>1</sup> regarding business ethics found during 2021 audits.

## Business Ethics and Anti-Corruption Training

The Company incorporates the values of integrity and honesty, business ethics, and anti-corruption-related requirements into the training and promotion events for employees and suppliers to continuously strengthen the Company's business culture of honesty, openness and fairness.

In new employee orientation, we ensure that 100% of new employees are aware of our business ethics and anti-corruption regulations before they start working. We sign the *Anti-Bribery Agreement* before working with suppliers (including contractors) and customers, and we ensure that our suppliers and customers fully understand the Company's honest and healthy business practices.



## Reporting mechanism and whistleblower protection

Following the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Basic Standards for Internal Control of Enterprises*, and other relevant national requirements, Yihai Kerry formulated a public *Whistleblower Protection Policy*, built a comprehensive internal system for handling reports and protecting whistleblowers, and provides protection to whistleblowers in accordance with the law.





# 02 Environment



**Environmental Management** ..... 28

**Tackling Climate Change** ..... 32

**Green Productions and Operations** ..... 44

The Company pays great attention to the importance and necessity of continuous environmental management, and we promise to always adhere to technological innovation, model innovation, and management innovation, and to make green and circular development an integral part of the development of the Company. Through the refinement and deep development of the whole industrial chain, we will significantly improve the utilization rate of resources, reduce GHG emissions, reduce our impacts on the environment, and make our products greener and safer.





# Environmental Management

The Group's EHS (Environment, Health, Safety) Department is responsible for the environmental management, evaluating the current situation, formulating strategies for continuous improvement, setting specific environmental goals and targets, supervising, guiding and helping each factory efficiently carry out environmental management and other EHS-related aspects of their work. The Group effectively implements the environmental management system, ensures we are doing our best to minimize the impact of our business on the environment, and strives to achieve continuous improvement in our environmental performance.

We strictly comply with the requirements of the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, and other environment-related laws and regulations. The company promote the construction of a standardized environmental management system covering environmental compliance assessment, environmental management system certification, environmental emergency management system, etc.



## Environmental Compliance Assessment

We established a library of applicable laws and regulations, conduct compliance analysis, and regularly update and disseminate them. We conduct regular environmental reviews of each factory and require each factory to conduct its own internal review and implement improvement measures to ensure that all operating factories follow approved procedures and conduct.



**Procedure legitimacy**  
Reasonable process and legal licenses

- New construction, alteration and expansion projects must go through an environmental impact assessment in accordance with the law.
- Discharge and drainage systems must follow the discharge and drainage permit requirements.
- Pollution-control measures must conform to the management requirements of the environmental impact assessment documents and discharge permits. Pollutant prevention and control measures shall be changed in due course if there are regulatory updates.



**Behavior legitimacy**  
Management and standardized governance

- Construction measures: Ensure appropriate wastewater, exhaust gas, noise and other pollution-control measures, as appropriate, and ensure that discharged pollutants meet the standards.
- Dispose of general industrial solid waste and hazardous waste in accordance with the regulations, and establish environmental risk-prevention measures and emergency facilities.
- Management measures: Ensure a sound environmental protection responsibility system; clearly identify pollution control facilities with appropriate signage; and self-monitor and implement report recommendations.

During the Reporting Period, there were no major violations related to environmental management and no sudden environmental public incidents.

## Environmental Management System

We establish, maintain, monitor, evaluate, inspect and continuously improve our environmental management system following the ISO 14001 Environmental Management System and other requirements. The main policies of the Group include *Environmental Policy*, *Environmental Management of Construction Projects*, *Environmental Monitoring Management*, *Environmental Inspection and Reporting Management*, and *Environmental Performance Management*.

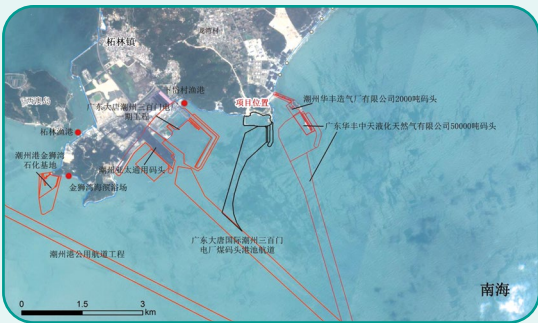
Each factory established monitoring, inspection and assessment systems based on these, such as *Wastewater Management*, *Exhaust Gas Management*, *Solid Waste Management*, *Environmental Monitoring Management*, and *Environmental Inspection Management*, according to their situation. At the end of the Reporting Period, 64.6% of the Company's factories had obtained ISO 14001 Environmental Management System certification.



# Environmental Emergency Management System

To effectively prevent the occurrence of environmental emergencies and improve the ability to deal with sudden environmental pollution accidents involving public crises, the Group's factories carry out environmental risk assessments under the relevant laws and regulations of countries and the places of operations, analyse and predict the existence of potential dangerous or harmful factors, determine the type of potential accident and the degree of harm and the scope of

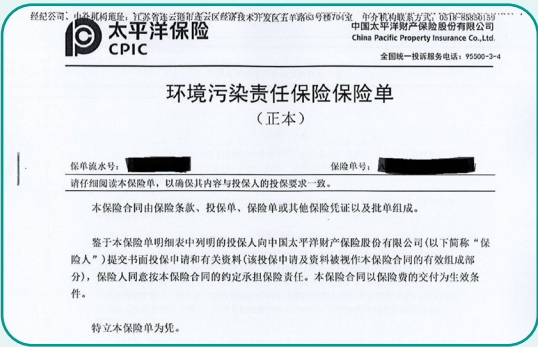
influence, and formulate environmental emergency response plans with the risk prevention measures. The Company established emergency mechanisms with local governments and communities, and conducted regular drills. In addition, to further enhance our capability to cope with environmental risks, some of our factories have responded to the local government's request to purchase environmental pollution liability insurance.



Emergency drills for environmental emergencies are conducted regularly to ensure the feasibility of the plans. During the Reporting Period, 42 emergency drills were conducted by the Group's enterprises and corporate groups.

During the Reporting Period, total of

42 emergency drills were conducted



For new construction projects, we hire professional third-party institutions to carry out environmental risk assessment, and prepare emergency environmental contingency plans, and file them according to the requirements of the ecological and environmental authorities in the place of operation.



Environmental pollution liability insurance can help enterprises effectively diversify some of their risks and quickly resume normal production and operation if an environmental accident occurs. It can also strengthen the supervision and management of the insurance company to protect the environment and prevent environmental damage.

Environmental risk assessment and response initiatives

To handle unexpected environmental incidents, we analyse the causes and strengthen on-site management in our daily work, revise special systems, organize personnel training, and investigate deficiencies in all areas to continuously improve the overall environmental management system.

## Environmental Awareness Promotion – Online Training

Case

During the Reporting Period, we organized online environmental protection training activities. By communication on the main national environmental protection regulations, standards and other related policies, combined with the company's practices, we focused on the interpretations of the environmental impact classification management list, detailed requirements on the major change on the management of construction projects, and green low-carbon management policies. The trainings also covered the main directions and key points of the governments' ecological and environmental supervision and regulation, aiming to promote the understanding of the Company's environmental management requirements for the environmental protection managers in each factory.

While bringing nutrition and health to consumers, Yihai Kerry always upholds the principle of green development-oriented, continuously strengthens green management and mode innovation, guides and procures factories to accelerate the construction of green manufacturing system according to GB/T 36132 General Principles for Assessment of Green Factory and other standards, constantly builds modern, ecological and smart factories based on the principle of "Integrated Factory Buildings, Harmless Raw Materials, Clean Production, Waste to Resource and Low-carbon Energy", practices the concept of green industrial development, and achieves green transformation and upgrading. As at the end of the Reporting Period, the Company had obtained 50 green factory certifications, including 21 national green factories, 23 provincial green factories, and six municipal green factories. During the Reporting Period, the Company invested about RMB 960 million in environmental protection.

Total number of Green Factory certifications the Company had obtained

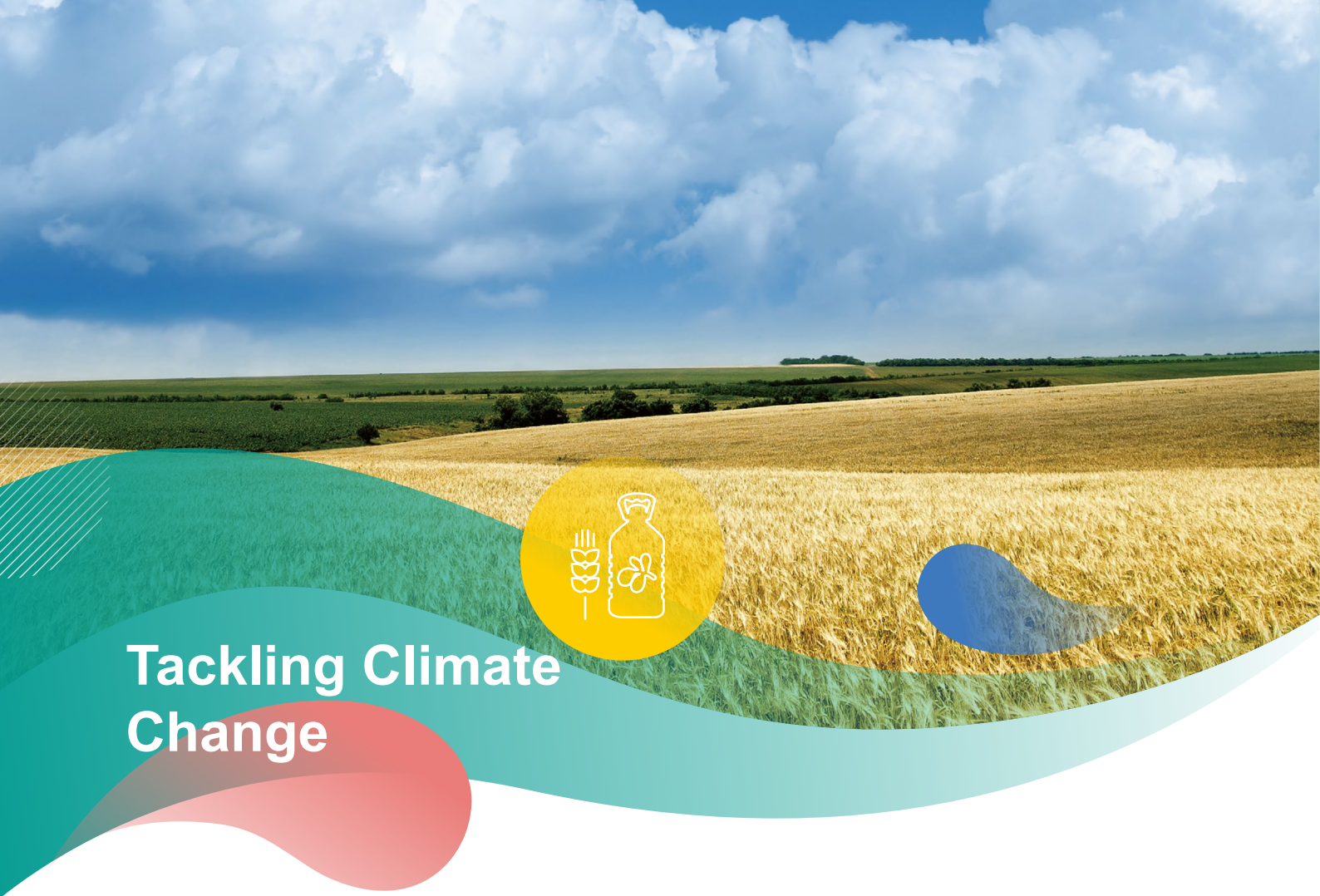
50

Total amount of environmental protection investment about

RMB 960 million







# Tackling Climate Change

The Company continues to pay attention to international and national developments related to climate change and actively explores new models of low-carbon development to address climate change. We take corresponding countermeasures through the assessment of climate change risks.

## Transition Risks

With the convening of the 26th United Nations Climate Change Conference (COP26) and the introduction of a series of goals and plans by the Chinese government, such as carbon emission peak and carbon neutrality, Yihai Kerry, as a Company focusing on sustainable development, is exploring more ways to reduce energy use and emissions, and low-carbon development models to support and respond to changes in national policies related to climate change. We strictly comply with relevant laws and regulations in our operating locations, follow the Company's *Environmental Policy*, continuously monitor emissions data through our data management platform, and continuously improve management, increase R&D and innovation, reduce fossil energy consumption, increase the use of renewable and clean energy, such as solar energy, continuously reduce GHG emissions, and proactively respond to climate change. We have also taken several measures, such as replacing coal with rice husk and recycling biogas, to reduce GHG emissions while effectively addressing the rising costs and financial risks associated with coal restrictions.

## Physical Risks

The Company has developed contingency plans for extreme weather by region, based on the physical risks of each factory location, to mitigate operational risks and cost escalation risks associated with the occurrence of extreme weather during operations and along the supply chain.

## Energy Management

The Company strictly complies with the relevant laws and regulations in the places of operation, continuously strengthens energy management under the Company's *Environmental Policy*, and continuously monitors energy consumption through its data-management platform. The Group uses information technology to effectively manage energy data. We established the PIMS data monitoring system and the Enablon data statistics platform to track and record the energy consumption data in our factories. The energy management team regularly analyses and evaluates these energy consumption data and makes relevant recommendations to the factories for improvement. At the end of the Reporting Period, the coverage of energy consumption monitoring among Yihai Kerry's factories had reached to 100%.

In addition, the Group is piloting an energy data kiosk project to develop a display system specifically for energy data statistics with a real-time display. The project is expected to achieve initial results by April 2022 and is planned to cover all of the Group's normally operating factories in the future.


We encourage all factories to establish energy management systems under the ISO 50001 standard to improve their energy management. At the end of the Reporting Period, 37.4% of the Group's factories had obtained energy management system certification, and we will continue to increase the proportion of factories with energy management system certification in the future.

The energy consumption monitoring coverage had reached

100 %

37.4 %

of the Group's factories had obtained Energy Management System certification



Continuous Energy-saving Actions

- All factories are encouraged to carry out energy-saving actions every year to reduce energy consumption and improve energy efficiency. During the Reporting Period, 52.5% of the Group's factories undertook energy-saving actions, implementing 257 energy-saving projects and investing approximately RMB 264 million.
- Through energy-saving methods such as waste heat recovery, replacement of high-efficiency equipment, installation of LED lighting fixtures, and installation of variable frequency regulators, it is estimated that approximately 230 thousands tons of coal equivalent can be saved and approximately 386 thousands of CO<sub>2</sub>e of GHG emissions can be reduced.


Total number of energy-saving projects

257

Energy-saving estimated that approximately

230

thousands tons of coal equivalent



Administrative office energy-saving measures

- Control the use of lights, air conditioners and ventilators.
- Set freezer temperatures at a reasonable level to reduce energy consumption.
- Monitor water quality, and clean the filters in heat exchangers and air conditioner regularly.
- Set the air-conditioners in energy-saving mode.
- Add blackout curtains to reduce the load on air conditioners.
- Adopt LED energy-saving lamps for the lighting system.
- Adopt automatic sensor controls for parking lot lighting.
- Turn off lights and air conditioners in unoccupied places.

Energy-saving initiatives

Our energy-saving initiatives in production and operations have been recognized. Southsea's Oils & Fats Industrial (Chiwan) Co., Ltd., a subsidiary of the Group, was awarded the "2020 Global Energy Management Leadership Award – Energy Management Insight Award" at the 11th International Clean Energy Ministerial (CEM) Global Energy Management Leadership Awards.





## Product Carbon Footprint

The Company helps conserve energy and reduce emissions in the value chain through the assessment of GHG emissions throughout the supply chain. At the end of the Reporting Period, we completed carbon footprint verification for some of our core products and obtained carbon footprint certificates for

relevant products, as follows:

Yihai Kerry's parent company, Wilmar International, together with 11 other global agricultural trading and processing companies, issued a joint statement during the 26th United Nations Climate Change Conference (COP26), committing to launch a program for the supply chain before the 27th Climate Change Conference to further promote the prevention of deforestation and help achieve the 1.5°C control target. On this basis, Yihai Kerry has contributed to the industry's green transformation by implementing effective action to reduce emissions and set reasonable targets.

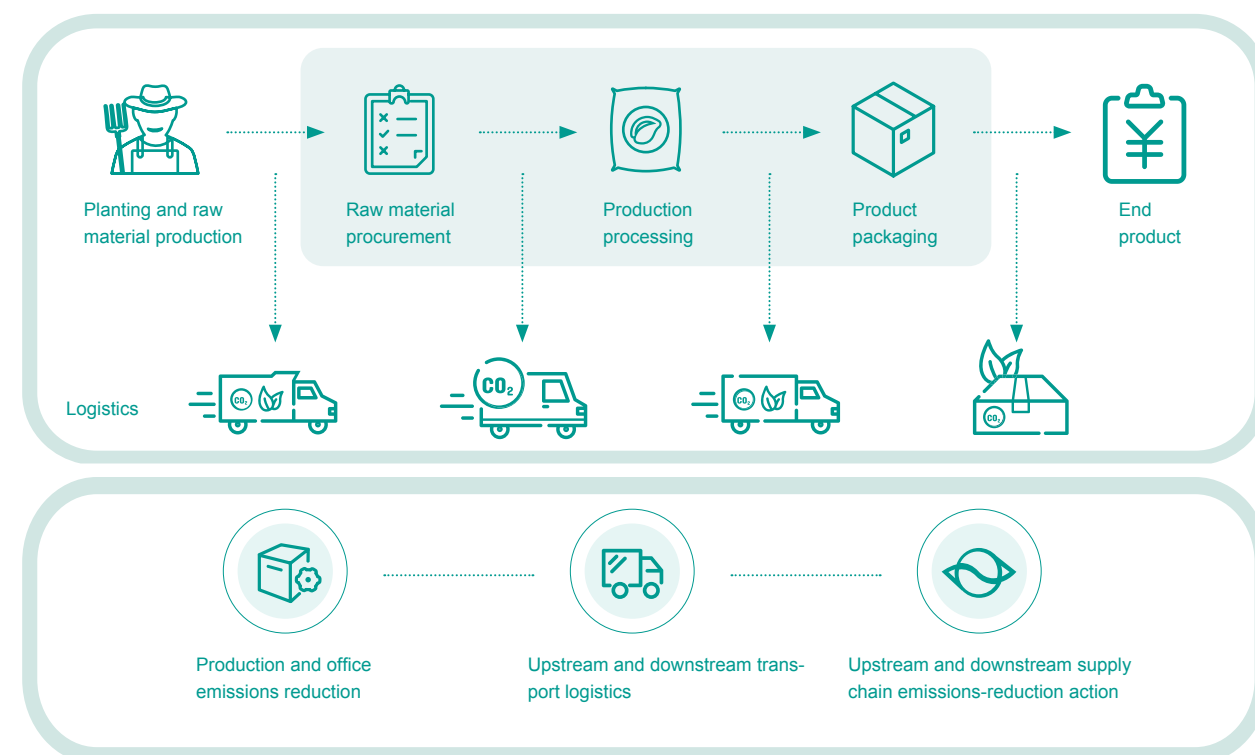
- ◆ Carbon Footprint Report of Grease Products
- ◆ Edible Oil Carbon Footprint Verification Report
- ◆ Carbon Footprint Report of Edible Vegetable Oils and Grease Products
- ◆ Carbon Footprint Certificate of Wonder Farm Grade 1 Soybean Oil
- ◆ Carbon Footprint Certificate of Fatty Alcohol
- ◆ Carbon Footprint Certificate of Stearic Acid

### Target:

- By the end of 2022, complete Scope 1 and Scope 2 GHG emissions inventory, covering 100% of the operations.
- By the end of 2022, complete the Scope 3 measurement of GHG emissions, covering 100% of the operations.
- In 2022, carry out carbon footprint certification of some core products.
- in 2022, carry out pilot carbon neutrality factory verification.



### Yihai Kerry Supply Chain Overview



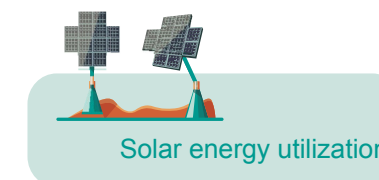
## Production and office emissions reduction

We uphold the adoption of clean energy, promote resource recycling, and carry out energy conservation and emissions-reduction measures. By the end of the Reporting Period, the Company had reduced GHG emissions by 783,006 tons of CO<sub>2</sub>e through the implementation of various energy-conservation and emissions-reduction measures.

Total amount of GHG emissions have been reduced by

**783,006** tons of CO<sub>2</sub>e

### Initiatives to reduce GHG emissions in production



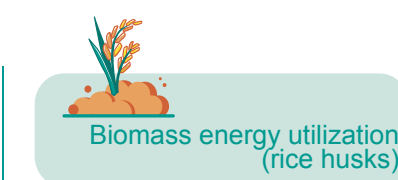
Yihai Kerry launched the construction of solar photovoltaic power-generation facilities. By providing sites such as roofs of subsidiary factory buildings to professional institutions in order to lay solar panels and produce clean electricity, and adopting the mode of "Self-generation for self-use, surplus for the Grid", the proportion of renewable clean energy used by factories is increased and CO<sub>2</sub> emission is reduced.

At the end of the Reporting Period, the Company had generated 11,251MW-h of electricity through the solar photovoltaic power generation projects in operation, reducing greenhouse gas emissions by 6,864 tons of CO<sub>2</sub>e. In addition, another 28 solar photovoltaic power generation projects were running. We plan to build solar photovoltaic power generation facilities in all Yihai Kerry factories, with total installed power of 200 MWp by 2030.

Total amount of electricity generated through the solar photovoltaic power generation projects

**11,251** MW-h

Reducing GHG emissions by  
**6,864**  
tons of CO<sub>2</sub>e



To reduce fossil energy consumption, reduce GHG emissions, and ensure stable electricity supply, and steam and heat required for production, Yihai Kerry is promoting the use of rice husks.

Rice husks are used as fuel to produce the required steam, electricity and heat needed in production. At the end of the Reporting Period, the Company had consumed about 351,296 tons of rice husks, reducing GHG emissions by 412,266 tons of CO<sub>2</sub>e.

Total number of rice husks consumed about

**351,296** tons

Reducing GHG emissions by  
**412,266**  
tons of CO<sub>2</sub>e



By establishing biogas recycling facilities, Yihai Kerry has reduced GHG emissions caused by biogas generated in the factory's sewage treatment process. The collected biogas is fed into the boiler to produce steam and reduce the consumption of coal or natural gas in the boiler, while the excess biogas is burned through a flare to ensure minimal leakage of methane. At the end of the Reporting Period, the Company had recycled 8,375,850 cubic meters of biogas, reducing GHG emissions by 115,392 tons of CO<sub>2</sub>e.

Total amount of recycled biogas

**8,375,850**  
cubic meters

Reducing GHG emissions by  
**115,392**  
tons of CO<sub>2</sub>e



In addition, the Company promotes the green office concept by encouraging employees to use online conferencing to reduce GHG emissions generated by travel. Also, by using shared disks, servers and printing networks in office areas, we reduce the use of paper, thereby reducing GHG emissions in the office.

Internal storage and transportation

The Company has adopted new models, new energy and new technologies to reduce direct GHG emissions in internal storage and logistics.





Upstream and downstream transport logistics

The Company cooperates with carriers to achieve the refined management of fuel in transportation through informationization and standardization. Besides, by optimizing routes and integrating resources to shorten the supply chain, thus effectively shortening the transportation distance and reducing waste, so that we reduce Scope 3 GHG emissions.

Transportation Management Optimization

**Implement vehicle standardization management:** Establish and update the vehicle files of city delivery carriers in a timely manner to reduce fuel consumption and pollution emissions caused by aging equipment; encourage carriers to use clean energy transportation vehicles.

**Establish the fuel consumption KPI analysis system:** Enable urban delivery carriers to conduct a statistical analysis of vehicle fuel consumption data in multiple dimensions, investigate the cause of abnormal indicators, and reduce excessive fuel consumption caused by the vehicle itself, full load rate, route, business structure, etc.

**Implement transportation visualization management:**

Implement the integration of manufacturing, logistics and the Internet with the help of the transportation capacity platform, increase the transparency of the whole transportation system and the visibility of transportation vehicles in transit, and manage the whole transportation life cycle.

Systematically optimize distribution routes to arrange vehicle resources, improve operational efficiency, increase the vehicle loading rate and use efficiency, and reduce the number of vehicles used and GHG emissions.

Transportation mode optimization

**One Inventory System:** Use the existing network resources of the Company and dealers to build an efficient coordination system of production, sales and storage through technology, and build a cloud drive system to achieve comprehensive, optimal delivery of efficiency, cost and experience.

**Change road transport to railway or sea transport:** Use rail or sea transport, or other low-energy modes instead of road transport where possible, optimizing the railway/sea transportation mode, and reducing carbon emission per ton of transportation.

**Closed-loop transportation:** Depending on the route, model, and delivery time in the transportation plan, cooperate with suppliers to plan closed-loop vehicle scheduling to improve vehicle turnover efficiency and reduce the vehicle idling rate.

**Unitized transportation:** Circulate and share unitized logistics vehicles to effectively improve loading and unloading efficiency and reduce cargo damage during transportation.

**Bulk transportation:** Through sales linkage with customers and storage optimization, implement bulk transportation of packaged products, which greatly reduces the use of packaging materials such as woven bags.

Transportation facilities optimization

**Road transport:** Promote the application of renewable energy vehicles. At the end of the Reporting Period, approximately 500 LNG vehicles and 30 electric vehicles were in use.


**Ship transportation:**

Promote the application of photovoltaic power in ships to replace traditional generators for monitoring equipment, AIS systems, VHF wireless telephones, etc. when ships are in berths. At the end of the Reporting Period, 15 ships had been retrofitted with photovoltaic power, saving about 44.3 tons of fuel per year.


**Shaft belt reconstruction project:** Through shaft belt reconstruction, the main engine drives the ship's generator, making full use of the surplus power of the main engine. At the end of the Reporting Period, 25 vessels had been rebuilt, saving about 374 tons of fuel per year.

**Shore power system retrofit:** Replace traditional fuel oil for power generation by shore power, reducing fuel consumption when ships arrive at the port. At the end of the Reporting Period, the Taizhou and Dongguan terminals had set up shore power piles and connected five ships to the shore power system, saving about 61.8 tons of fuel per year.


**Railway transportation:** Use bulk grain trucks instead of gondolas, and use a special line to directly enter the site to unload the goods into the pit, in reducing dust pollution, manual handling and short-running of vehicles during the loading and unloading process, reducing diesel consumption by about 30.5 tons per year.



Solar power generation for ships



Shore power system retrofit



Railroad bulk grain car renovation



Pilot hydrogen fuel cell vehicle to drive a low-carbon transition in transportation •

Case

The Company responded to the *National Action Plan on Emission Peak by 2030* by implementing and promoting the application of new energy and clean energy in logistics and transportation. For example, in urban distribution, the Company, together with partners such as carriers, vehicle manufacturers and hydrogen refueling station operators, piloted hydrogen fuel cell vehicle transportation in Shanghai, exploring the application of clean energy in urban distribution. We are committed to promoting the low-carbon transformation of transportation vehicles, developing green logistics, and practicing low-carbon transportation.



Upstream and downstream supply chain emissions-reduction action

In the upstream and downstream energy saving and emissions-reduction process, the Company provides assistance and cooperation for farmers and suppliers to reduce GHG emissions generated from the upstream supply chain's raw material cultivation, processing and production. We also reduce GHG emissions from the use of end product through product design and product packaging improvement action.



Energy conservation and emissions- reduction action in raw material cultivation

- Principles of sustainable procurement: Yihai Kerry adheres to the principle of "No Deforestation, No Peat and No Exploitation", and requires the Company's bulk raw material farmers to adopt sustainable practices, including not cutting down forests with high conservation value or high carbon reserves, no new developments on peatland, and no burning for preparation or land clearing. The Company promotes the procurement of sustainable raw materials to reduce forest damage and GHG emissions caused by the cultivation of raw materials.
- Support for farmers: Yihai Kerry conducts publicity and training on technical standards and procedures, including the rational use or replacement of chemical fertilizers, by carrying out support action for small and medium-sized farmers, and using contract farming and other methods to reduce GHG emissions from cultivation.



Energy conservation and emissions- reduction action in supplier production and processing

- Supplier assistance project: Yihai Kerry provides assistance for non-trade suppliers through end-to-end supply chain projects, and uses lean production experience to support suppliers to reduce energy and emissions in procurement, manufacturing, operation, etc.
- Energy conservation and emissions-reduction projects for raw material processing suppliers: Yihai Kerry has always encouraged all its raw material processors to adopt sustainable processing techniques to reduce GHG emissions during raw material processing.



Energy conservation and emissions-reduction action in Product use

- Product packaging optimization project: For the end products, Yihai Kerry reduces GHG emissions caused by product packaging through product design optimization, such as selling bulk products and carrying out product packaging recycling.
- Support for customers to conserve energy and reduce emissions: Yihai Kerry supports its customers to carry out corresponding GHG emissions investigations, and works with them to achieve green development throughout the industrial chain.



Contract farming reduces GHG emissions from raw material cultivation

Case

In the process of developing contract farming, the Company fulfills its corporate environmental and social responsibilities. Since 2020, Yihai Kerry and Syngenta Group China have been cooperating to select superior varieties, improve crop quality, build whole-chain standards, promote full traceability, build agricultural brands, and promote green development using contract farming and production trust. Through the guidance of agronomists to advise farmers in scientific planting, we help achieve the goal of "zero growth in the use of pesticide and chemical fertilizer use", thus reducing GHG emissions caused by chemical fertilizer use.



Action by raw material processors to reduce emissions

Case

As one of the suppliers of palm oil to Yihai Kerry, Wilmar International has effectively reduced emissions in its palm oil business over the years through continuous biomass power generation, treating wastewater generated during palm oil production, eliminating deforestation, and adopting best practices in cultivating peatlands.

In 2020, Wilmar International achieved its target of building 25 methane capture facilities in palm oil mills, all of which were operational during the year, eliminating 598,435 tons of CO<sub>2</sub>e of GHG emissions. In addition, by reducing fertilizer inputs, it reduced the emissions intensity of its palm oil plantations by 23% in 2020 (compared to that in 2019), which in turn helped the Group reduce Scope 3 GHG emissions from the cultivation and processing of raw materials.

For more information about Wilmar International's energy-saving and emissions-reduction action, please refer to the column on Wilmar International's sustainability website and the sustainability report at <https://www.wilmar-international.com/sustainability>.

The Company will continue to work closely with Wilmar International in the future to reduce GHG emissions in the palm oil supply chain. We will also extend the relevant emissions-reduction action to other important suppliers and partners according to our business development.

Reducing GHG emissions from product use by optimizing packaging design

Case

The manufacture and use of packaging are major sources of GHG emissions. The Company aims to use its technology and product optimization capabilities to reduce GHG emissions from the disposal of waste packaging by customers or end users by changing the composition of the product packaging materials.

The Company has reduced GHG emissions from product use by reducing unnecessary packaging through bulk transportation, cooperating with upstream raw material manufacturers and packaging suppliers to optimize packaging materials and structures, and increasing the recyclability and ease of recycling of its packaging materials.

For more information on packaging, please refer to the "Green Production and Green Operation" section.

Assistance and incentives for energy-saving action in supplier processing and production

Case

To encourage and promote continuous energy-saving and emissions-reduction action by our suppliers, the Company has provided continuous support for our non-trading suppliers for many years. In 2021, we helped our suppliers by:

Implementing end-to-end supply chain projects:

We reached out to some suppliers to improve management and reduce energy use in their operations from the perspective of the entire industry chain, etc.

Manufacturing Experience for Suppliers program:

Through advice on the rationalization of electricity use, process optimization, transportation optimization, etc. we help reduce suppliers' GHG emissions during manufacturing, operations and transportation.

To further strengthen suppliers' awareness of energy-saving and emissions-reduction strategies, the Company plans to include energy-saving and emissions-reduction-related performance as one of the evaluation indicators in our performance evaluation system to encourage non-trading suppliers to improve their strategies to conserve energy and reduce emissions.

Tree-planting activities contribute to emissions reduction

Case

Since 2012, the Company has carried out annual charity tree-planting activities in Yu County, Zhangjiakou City, Hebei Province, attracting the participation of many partners, employees and their families, and other people. By the end of the Reporting Period, 8,000 acres of trees had been planted. The survival rate of 3,000 acres of oil pine and lilac saplings planted at the foot of Cui Ping Mountain in Yu County, the first tree planting base, reached 95%, and the former barren rocky beach under Cui Ping Mountain has now become a green forest. Since 2020, Yihai Kerry has planted more than 5,000 acres of trees in Guozhuangzi, Yu County, taking the greening of Cuiping Mountain into account. In total, nearly 60,000 trees will be planted in 10 years, equivalent to the elimination of about 1,380 tons of CO<sub>2</sub>e<sup>2</sup>.

Trees had been planted

8,000 acres

Trees will be planted in 10 years

60,000

Equivalent to the elimination of about

1,380 tons of CO<sub>2</sub>e



Before and after tree-planting activities

Yihai Kerry Arawana Tree Planting Education Base





# Green Productions and Operations

The Company has always adhered to the guiding ideology of leading the sustainable development of the grain and oil industry with science and technology and is committed to achieving the protection of natural resources through scientific and technological innovation, recycling, evaluation and monitoring. We are also committed to promoting green production and operations concepts and methods to the upstream and downstream of the industry chain to reduce our collective environmental impact and drive the green development of the industry.

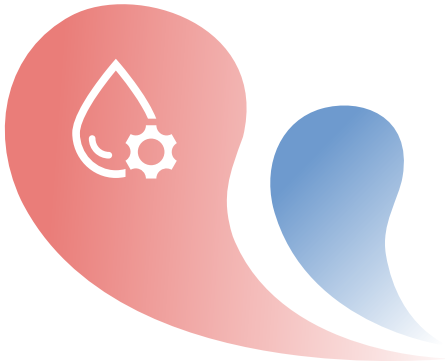


Target:

- In 2022, we will conduct water footprint certification for some core products.

## Water Resources Management

The Company strictly complies with the relevant laws and regulations in the places where it operates and conducts water resource analysis and assessment for areas with high water resource risks to reduce the risks as much as possible. The Company also strives to protect precious water resources by monitoring water consumption using a data-management platform, improving water-utilization and water-conservation measures, and raising awareness of water conservation among our employees.



## Risk Management for Water Usage



Water resources assessment

- Factories using surface water and groundwater are required to entrust a third-party professional organization to conduct water resource justification before construction.
- The factory must analyse the rationality of water withdrawal and the impact on other water users.
- According to the regional water resources situation, the factory must analyse the water withdrawal plan, including the rationality and reliability of the source, quantity and quality of the water planning to be withdrawn, and the impact of water withdrawal and discharge on the surrounding environment, etc. Factories should propose an impact compensation scheme and water source protection measures.



Legal water withdrawal permit

- All the Company's factories that withdraw surface water and groundwater must obtain a legal water usage permit from the local government where they operate, and legally withdraw water in accordance with the approved water source type, location, method, amount and purpose.
- The factory must pay a groundwater resource tax in accordance with the law, and comply with the corresponding environmental responsibilities.



Water balance testing

- Some of the Company's factories conduct water balance tests every 3 to 5 years in strict accordance with the requirements of the local government to identify weak points in water management and dig out water-saving potentials, and formulate practical management measures and plans to improve the water management quality of the factory.

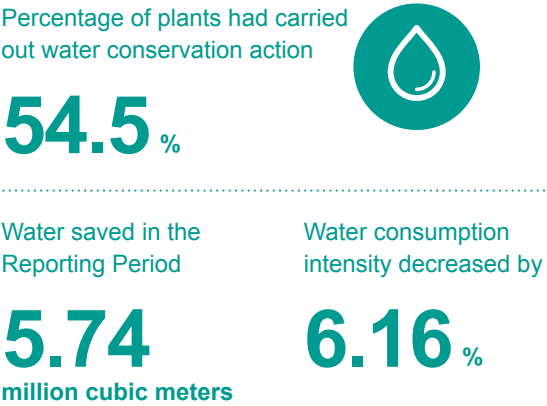


Water consumption monitoring

- The established PIMS data monitoring system and Enablon data statistics platform continuously tracks and records the factory's water consumption data. The water resources management team regularly analyses and evaluates the water consumption data and makes relevant improvement suggestions to the corresponding factories.



The Company encourages all its factories to carry out continuous water-conservation activities every year to improve water efficiency. At the end of the Reporting Period, 54.5% of the Group's factories have carried out water conservation action. Through water conservation methods such as recycling steam condensate, improving production processes to reduce steam use, reusing water, installing meters to assess water consumption, identifying leak points, and reducing waste, nearly 5.74 million cubic meters of water were saved during the Reporting Period. The Company's overall water consumption intensity of its factories decreased significantly by 6.16% compared to 2020.



Water Reuse

Case

Surface water and groundwater are reused after reaching the standard through water purification facilities. To reduce wastewater discharge and conserve water resources, some of our factories reuse concentrated water. After further treatment, the external drainage from the sewage and the concentrated water from the water treatment are recycled and used as circulating cooling water and plant domestic water (washroom water, cleaning water, planting water, etc.), effectively reducing the waste of water resources.



Example of steam condensate collection equipment



Example of concentrated water reuse equipment

Supply Chain Water Management – Farming Support

Case

Although Yihai Kerry's business does not involve farming, to promote modern agriculture for the benefit of the people, the Company takes our efforts to support farmers by providing scientific cultivation and scientific irrigation techniques. Taking cereal cultivation as an example, Yihai Kerry formulated regulations such as *Operating Procedures for Organic Production and Operation* and *Technical Procedures for Cereal Production in Yu County*, and through offline training activities, helps farmers use scientific irrigation techniques and achieve reasonable water conservation.



Farmer training

In the future, we will continue to improve water risk management, strengthen water conservation and reuse, promote supply chain water conservation programs, and set realistic water conservation targets based on the continuous monitoring of water use.





# Packaging material management

We are committed to reducing the environmental impact of packaging in the production, distribution and recycling process. Using the national standard GB/T 16716 *Packaging and Environment* as our guide, we carry out sustainable packaging projects, systematically optimize packaging materials and product design, and continuously develop environmentally friendly product packaging to fulfill our corporate environmental and social responsibilities.

Target:

Currently, the percentage of recyclable packaging materials used by Yihai Kerry exceeds

90%

we plan to continue to improve this percentage.

We set targets related to packaging material composition and recycling, and uphold the 4R1D (i.e. reduce, reuse, recycle, recovery, and degradation) principles in our operations, implement the 3R strategy for packaging, and minimize the environmental impact of packaging materials based on the principles of reduction at source, reduction in process, and reduction at the end.

| 3R Strategy   | Actions in 2021   |
|---|---|
| Reduce:<br><br>To meet our functional packaging needs while still meeting consumer (user) expectations, we systematically redesigned our product packaging, and reduced the use of packaging materials by using new materials and changing the physical appearance. | By optimizing the packaging design, we reduced the use of the plastics by 262 tons and the glass by 140 tons during the Reporting Period.   |
|   | We reduced the use of plastic by 1,334 tons during the Reporting Period by replacing plastic with new materials.  |
|   | By using high-performance materials and innovations in equipment and packaging, we reduced the use of the plastics by 1,058 tons during the Reporting Period.   |
| Reuse:  | We optimized the use of material and reduced the amount of paper used.  |
|   | In logistics storage and transportation stage, we replaced packaging materials and used recyclable containers to improve the packaging recycling rate.  |
| Recycling:  | For packaging materials that do not come into direct contact with food, we promoted the use of recycled plastic, which ensures product quality and safety, while reduces the use of plastic because of recycling. |
|   | We standardized the design of our packaging materials to facilitate their recycle.  |

The Company evaluates and continuously optimizes the use of all packaging materials every year. During the Reporting Period, we reduced the use of plastics by 2,655 tons and glass materials by more than 140 tons by implementing several sustainable packaging projects. Through several annual packaging reduction programs, we reduced use of packaging materials for our products by an average of 14%. We added about 7,400 reusable containers, which are estimated to save more than 70,000 cartons during their whole life cycle. And we recycled at least 6,733 tons of plastics through the rational use of the recyclable plastics.



Advocating packaging sorting and recycling

Case

The Company prioritizes supporting consumers to accurately sort and recycle packaging after use. For example, the plastic packaging bottles and caps of our packaged oil products are marked with the plastic code; and metal packaging has the recyclable packaging logo printed on it. In the future, we plan to gradually add packaging recycling marks, material identification marks of packaging components, and packaging recycling guideline marks to recyclable product packaging under the national standard GB/T18455 *Packaging Recycling Marks* when products are replaced. We will reformat our packaging to help consumers accurately classify and recycle our product packaging.



# Emissions Management

## Waste Management

The Company strictly complies with the legal and regulatory requirements of the countries and places in which it operates, has formulated and implemented *Management Measures for Solid Waste*, and actively explores ways to improve the comprehensive utilization efficiency of waste to ensure compliance with waste disposal regulations and to reduce waste generation as much as possible.

For hazardous waste, we strictly implement the environmental management requirements for generation, collection, storage, transportation, utilization and disposal. We upgrade the temporary storage sites for hazardous waste according to

the law, and hand them over to qualified disposal units for resource utilization or harmless disposal to reduce their impacts on the environment.

For general solid waste, we explore and apply new methods and technologies to reduce the amount of solid waste we generate, and improve the efficiency of comprehensive recycling through internal and external comprehensive utilization, etc. We are committed to building a green, low-carbon recycling system, reusing all possible resources, and to planning green, low-carbon development with new ideas.



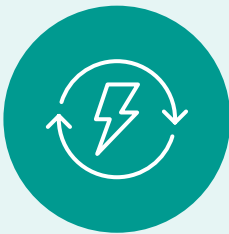
By-products Comprehensive utilization of green processing

- During the production of vegetable oils, various by-products are produced. We use green treatment technology to turn waste into treasure and work on resource utilization.
- We developed new industrial models such as the full utilization of rice and soybean intensive processing, burning husks discarded from traditional rice processing to generate power, and converting and processing raw grains onsite to add value.



Raw Material Substitution and Renewables

- Thanks to independent R&D of glycerol ECH technology, we no longer use petrochemical propylene as raw material.
- Owing to scientific research, almost all the intermediate products are recycled, and the consumption of liquid caustic soda has been greatly reduced.



Clean Manufacturing

- We took the lead in using supercritical technology to produce vitamin E. Compared with traditional processing technology, there is no need to add a catalyst during production and processing, and there is almost no waste discharge. The whole process is green and environmentally friendly.

## Circular Economy – Full utilization of rice and soybean intensive processing

Case

Through years of R&D and exploration, the Company has developed new innovative industrial models, such as "rice recovery economy" and "soybean recovery economy". Yihai ( Jiamusi) Oils & Grains Industries Co., Ltd passed the assessment in 2021 and formally become a pilot unit of circular economy standardization approved by the National Standards Committee and the National Development and Reform Commission.

Sustainable multi-stage processing of rice: Through the selection of good rice varieties and order agriculture, enterprises and farmers, agricultural cooperatives have become a community of interest. The organic integration of businesses allows farmers to increase their income and businesses to benefit. The rice husk is used to generate electricity, thus reducing GHG emissions, such as CO<sub>2</sub>, and reducing waste generation. Rice husk ash is also used to produce high value-added products such as silica and activated carbon, which are used to replace similar high energy consumption, high pollution and high emission production processes and raw materials.



Processing of soybean: Raw soybeans are processed into about 300 kinds of intensive processed products, such as soybean oil, edible phospholipids, molasses, soybean skin, soybean meal, edible soybean flour, and soybean milk powder, on different production lines, and the by-products generated from refining soybean oil are recycled to complete the cycle. Vitamin E and phytosterols extracted in our self-developed supercritical process can be used as important raw materials for processing and producing high-end nutritional products, which are described in the chapter on nutrition and health.







## Waste Water and Exhaust Gas Management

Following the requirements of our internal policies and systems, such as *Environmental Policy*, *Exhaust Gas Management* and *Stormwater and Wastewater Management*, we always adhere to the compliant and transparent management of pollutant emissions, and monitor, guide and help our Group's factories effectively control pollutant emissions in all aspects of their operations to achieve green development.

According to the requirements of the local ecological and environmental, we install online pollutant monitoring equipment for real-time monitoring of the main pollutants of waste water and waste gas to ensure the discharge of waste water and waste gas meet the standards, disclose the relevant data to the public, and engage in public consultation.

By setting a warning value, we get an early warning of the total discharge amount and pollutant discharge concentration of waste water and exhaust gas, and collect environmental data through the information management platform. This showcases the technical advantages of big data statistical analysis and achieves early warnings, support analysis and decision-making, and other aspects.

We promote the development of a circular economy. Through the comprehensive utilization of raw materials, almost all intermediate products are recycled, which greatly reduces the consumption of liquid caustic soda and the generation of waste water.

Management initiatives for reducing wastewater and air pollutant emissions

## Biodiversity

Biodiversity is related to human well-being, provides the conditions on which human beings depend, and is an important basis for ensuring sustainable economic, social, and environmental development. The Company is committed to protecting biodiversity in its operations and supply chain following the *Environmental Policy*.

The Company examines its production and operations, analyses their impact on biodiversity, and identifies the areas that have the greatest impact. We will continue to respect, conform to, and protect nature, increase the efforts to biodiversity protection, and promote the harmonious coexistence of humans and nature.

### Conducting an environmental impact assessment

#### Case

Before the construction of a project, the Company complies with the law to prepare an environmental impact assessment report, report form or registration form, strictly implements the environmental impact assessment system, investigates, predicts and evaluates the selected site, and identifies possible adverse effects of the construction project on the surrounding biodiversity when it is completed and is put into use, including the vulnerability of the surrounding ecosystem, vegetation, and organisms (such as fish) in response to the assessment. The results of the assessment are used to recommend preventive measures. The project construction process strictly follows the requirements of the approved report and ensures that the pollution prevention and control facilities are on the ground when the main construction begins. At the end of the Reporting Period, the coverage rate of the environmental impact assessment for the new factory will reach 100%.



# 03 Products



|                                  |    |
|----------------------------------|----|
| Food Quality and Safety .....    | 56 |
| R&D and Innovation .....         | 62 |
| Nutrition and Health .....       | 64 |
| Excellent Customer Service ..... | 73 |

The Company has responded to the national industrial and economic policies, taking advantage of its brand, scale and R&D capacity, adhering to the R&D concept of nutrition, health and safety. It is committed to combining the latest research results on food and nutrition disciplines domestically and internationally with the dietary characteristics of the Chinese people, continuously providing more nutritious, healthier and safer quality cereals and oil products and better service for the people of China, to repay the country with industry and contribute to the development of the Chinese cereals and oil industry and help implement the "Healthy China" program.







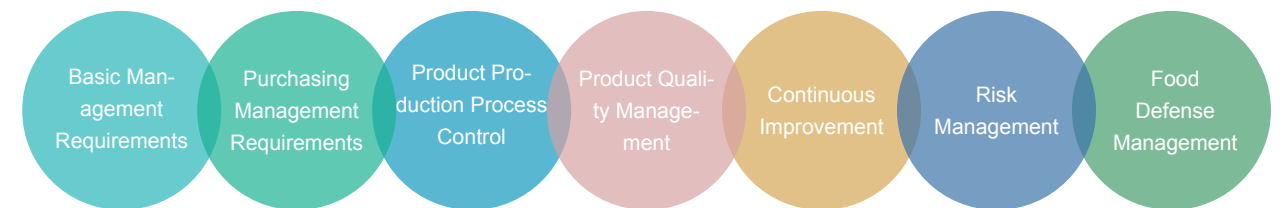
## Food Quality and Safety

### Multi-system quality and safety-management system



The Company strictly complies with the provisions of the Food Safety Law of the People's Republic of China, the Regulations for the Implementation of the Food Safety Law of the People's Republic of China, and other laws and related regulations, combined with the GB 14881 General Hygiene Practice for Food Production, the ISO 9001 Quality Management System, the ISO 22000/FSSC 22000 Food Safety Management System, the ISO 17025 Testing and Calibration Laboratory General Requirements for Proficiency, IP Certification (Non-

GMO Identity Maintenance), and multiple industry chains and industry-standard requirements, such as the BRC Food Safety Standard (British Retail Consortium) and the AIB Unified Food Safety Standard (American Institute of Baking). We have implemented internal standardized management and established a risk management system covering all key points of quality and safety, focusing on excellence, and built a multi-system, multi-level, effective quality and safety management system.



The China Quality Award, established in 2012 and is selected every two years, is the highest honor in the field of quality in China. On September 16, 2021, the China Quality (Hangzhou) Conference and the 4th China Quality Award Ceremony were held in Hangzhou. With the "Four Full, One New" management model of "World Quality, Healthy China", Yihai Kerry was nominated for the China Quality Award and was the only grain and oil company on the shortlist for this year's China Quality Award.





At the end of the Reporting Period, the general system certification obtained by the Group's factories were as follows.



In addition, 100% of the Company's food companies obtained ISO/FSSC22000 food safety system certification, six of its products received green food certification, and seven products received organic certification.



Quality and safety risk management for the whole industry chain

Based on the multi-system and multi-level management guarantee system, the Company has established a risk management and quality-control system covering the whole industrial chain and the whole life cycle of products, from raw and auxiliary materials, production, and marketing to customers, and strives to improve the efficiency in raw material and product tracing, quality monitoring, and food safety guarantees with the help of information management and technology to create a healthy and safe corporate culture.

Raw material risk

The Company has formulated a system for key materials, such as raw and auxiliary materials, processing aids, and packaging materials, and selects suppliers according to the relevant management requirements in the "Group Supplier Approval and Review" procedure. We draw a "risk map" for agricultural products, conduct upstream source research, establish and gradually improve the management method, starting from seed supervision, guide farmers to standardize planting, the use of pesticides and fertilizers, storage and delivery,

and reduce the risk of non-standard operations. For other materials, we have a multi-dimensional evaluation system, based on the compliance of incoming raw materials, and access the risk-assessment results. We established a database for main suppliers, auxiliary suppliers and backup suppliers for all raw materials to reduce the risk caused by the unstable supply of individual suppliers. For more information on supplier management, please refer to the supplier management chapter of this report.

Production and storage risk

The Company has established a quality and safety management system for self-management and continuous improvement of the entire production line and supply chain. Through self-inspection, food safety team inspection, internal audits, cross-inspection, AIB unannounced audits, and a customer supervision mechanism, we constantly look for improvement opportunities, continuously optimize the guarantee system, and ensure the suitability and effectiveness of our standards. Workshop and factory self-inspection: Each factory conducts self-inspections according to the product risk level and in accordance with the "Group Food Safety Assurance Procedures". To ensure the effectiveness and comprehensiveness of the inspection, the factory adopts the form of cross-exchange area inspection to identify problems from different angles, and track and verify the improvement results.

Group audit: Based on the factory report, the Company's quality control department tracks the factory's rectification plan, summarizes the relevant key risks, and requires each factory to implement the plan item by item.

Customer audits: The Company welcomes audits by internationally renowned clients, and has achieved satisfactory audit results so far.

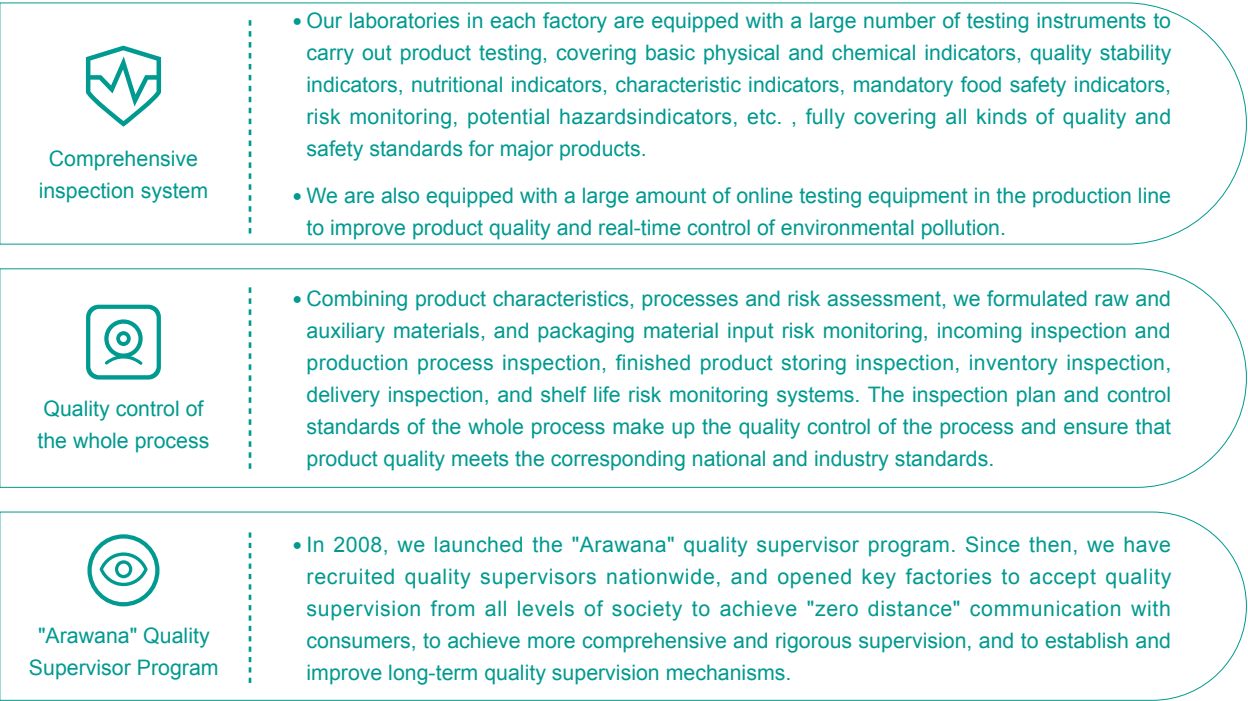
Audit by a third-party professional organization: The Company introduced AIB site audits. By the end of the Reporting Period, 71 factories had passed the site audits. This has greatly promoted the normalized management of food safety in various factories, strengthened the construction of the Company's quality and food safety culture, and especially improved the food safety awareness of our employees.

Market risk

To ensure product quality and build consumer confidence, we are committed to maintaining product competitiveness and effectively control shelf-life risks. We formulated the "Quality Monitoring and Management System for Market Products and Competing Products", and for new products, flavored products, and key products, we randomly check market end products and competing products every month, compare flavor and physical and chemical indicators, and optimize our products according to the strengths and weaknesses.

Quality Management Inspection

We pay attention to the testing and monitoring of product quality and are committed to quality control through the establishment of a comprehensive inspection system, whole-process quality control, and a system of supervisors covering a wide range of areas to strictly control product quality.





Information construction of quality management

The Company promotes the information construction of quality management to improve the efficiency of quality management, work on information sharing, enhance product traceability and early warning mechanisms, and provide a guarantee for the stability and reliability of product quality while improving production capacity and timeliness.

Quality Management Online Platform

Quality Data Management System (QDMS): Manages product standards, inspection data, quality reports, and other reports.

Document Management System (KDMS): Enables the electronic management of documents related to quality and food safety management to help the unification, sharing and traceability of documents.

Product Traceability Platform (WTP): Executes the forward and reverse efficient traceability of raw materials, intermediate products, and finished products; the introduction of blockchain technology has improved the credibility of traceability data.

Risk Early Warning (QDMS): Monitors external information. We established an external product sampling inspection and risk early warning platform, and follow up on the processing progress and results of events in a timely manner through the system. We cooperate with our food partner network to establish an information monitoring platform.

Unqualified Review Management (SAP/EPM): Implements the management of unqualified review of purchase and incoming inspections, and effectively tracks and calculates the processing of unqualified raw materials.

During the Reporting Period, the Company did not receive any food safety violations or penalties, or product recalls due to food safety issues.

Product Quality and Safety Training

The Company conducts yearly trainings on product quality and safety, product nutrition and health, etc. The Company also organizes supplier conferences, visits and reviews to provide appropriate education and training to our suppliers on product quality and safety.

Through a comprehensive internal and external training system, including new employee induction training, on-site training, skills practice, project training and study tours, the Company conducts multi-category training on quality and safety awareness, food safety system knowledge and standard requirements, and quality statistical analysis tools, providing comprehensive quality education at multiple levels and in all areas. The Company established a food safety training system and promoted front-line employees to participate in quality skills training. In 2021, a total of 75,786 employees had received product quality and safety trainings.

Industry Development

We believe that promoting the overall development of the grain, oil and food industry requires the participation of all enterprises, so we carry out in-depth cooperations with all parties in developing standards and continue to promote the healthy development of the industry.

Standardization and technical committee work

During the Reporting Period, we participated in nine standardization and technical committees, involving national food safety standards, oil and grain, storage and logistics, machinery and equipment, and feed standards, and other national standards, as well as industry standards, group standards, and other regulations at all levels.

Standard formulation

The Company has participated in the formulation and review of 50 standards, including 1 international standard, 17 national food safety standards, 11 national standards, six industry standards, five local standards, and 10 group standards.

In terms of general national food safety standards, we participated in the formulation and review of general standards in many ways, such as participating in discussions as an industry representative and providing industry data.

In terms of product standards, as a leading edible oil company, we promotes the formulation and review of standards such as GB 2716 "National Food Safety Standard Vegetable Oil" and testing methods for oil and fat characteristic indicators (polar components and acid value).

In 2021, the Group's rice, wheat flour for beef ramen, whole wheat flour, rapeseed oil (Class A), soybean oil (Class A), sunflower oil (Class A), corn oil (Class A) and sesame oil were awarded the "Standard Forerunner" of the enterprise standard for cereals and oil products announced by the State Administration of Grain and Material Reserves.



Participated in standardization and technical committees

9

Participated in the formulation and review of

50 standards





## R&D and Innovation

The Company believes that innovation is the driving force in our business and puts consumer demand at the core to improve our innovation management capabilities. We standardized the process of approval, research, project creation and review of product development requirements by developing the Project Management Guide.

We established our R&D Center in 2009 to focus on the innovative R&D in the areas of cooking fats and oils, specialty fats and oils, grains, and the whole industry chain. We are committed to improving current cereal and oil food processing technologies and product quality, and strive to develop green and white biotechnology to promote advanced consumer concepts and support healthier living. The R&D center also focuses on providing transformation and upgrading solutions for cereal and oil companies to achieve the sustainable development goals of continuous resource optimization, energy consumption reduction, and environmental friendliness. Relying on the R&D Center, we deepen technology and product innovation, and strengthen external cooperation and exchange. With global wisdom, we promote the transformation of cutting-edge technologies in China and help the country transform from a "major consumer of grain and oil" to a "major technological power in grain and oil".

R&D employees

300+

R&D equipments

1,000+

R&D investment

RMB 260 million

Corporate Governance

Environment

Products

Employees

Industry Responsibility

Care for the community

### Incubating scientific research talent

- We have 334 scientific researchers, more than 70% of whom have master's and doctoral degrees from well-known universities in China and abroad.

### Laboratory construction

- We have nearly 100 laboratories and more than 1,000 pieces of scientific research equipment.
- We have China's only "International Olive Council Announcement Laboratory", which won the "Shanghai High-tech Enterprise", the "Shanghai Patent Work Demonstration Enterprise", and the "National Grain and Oil Excellent Scientific and Technological Innovation Enterprise" for three consecutive years, along with many other awards.

### Investment in R&D

- During the Reporting Period, the Company invested RMB 260 million in R&D.

### R&D achievements

- As at the end of the Reporting Period, the R&D Center had won the honor of "China Grain and Oil Technology Innovation Enterprise" three consecutive times, and our R&D projects won more than 30 honors.
- At the end of the Reporting Period, the Company and its subsidiaries owned 621 patents, including 303 invention patents and 318 utility model patents. Sixteen patents were authorized overseas.

## Green precision minimal processing

Innovation is our priority. The Company has integrated several core technologies, such as raw material selection and control, enzymatic degumming coupled with physical deacidification, moderate temperature long-mix light alkali refining, two-step decolorization, dual-tower, dual-temperature deodorization, and two-stage trapping, to develop a green precision minimal processing method for edible oil with independent intellectual property rights, and launched innovative products with "zero trans fat and 80% nutrient retention". These products have

achieved a balance of health and nutrition, and has raised the health, safety and nutrition of edible oil to a whole new dimension. Compared with the traditional process, the green, precise, moderate process reduces the steam consumption of the core section by about 30% and the carbon emissions of the core section (chemical + physical) by about 25%, which effectively saves energy and reduces emissions, in line with the concept of green low-carbon cycle development, making it a worthy "green process".

### Reducing trans fatty acid content

- We reduced the trans fatty acid content by more than 90%, reaching the standard of "zero trans fatty acids" ( $\leq 0.3\%$ ).

Reduced the trans fatty acid content by more than

90%

### Improving trace ingredient retention

- We increased the retention rate of trace components by more than 20%. The retention rate of vitamin E and phytosterols in corn, soybean, sunflower, rapeseed and rice bran oil reached more than 80%. The retention rate of oryzanol, which is unique in rice bran oil, reached more than 90% with green precision minimal processing technology.

The retention rate of oryzanol more than

90%

### Reducing pollutant levels

- We reduced the levels of pollutants, such as Zearalenone, to far below the EU standard (400 $\mu\text{g/kg}$ ).

Reduced the levels of Zearalenone to far below the EU standard

400  $\mu\text{g/kg}$

Green precision minimal processing advantages



## Nutrition and Health

### Nutrition and Health Product Strategy

As one of the leading enterprises in the cereal and oil industry, the Company has always been committed to promoting industry changes and insisting on industrial innovation, devoting ourselves to scientific and technological innovation in the field of cereals and oils. We are constantly developing nutritious products, guiding the healthy consumption of the nation, and leading the healthy development of the industry. We strictly follow the relevant laws and regulations, including the Food Safety Law of the People's Republic of China, to ensure the nutrition, health and safety of our products. The Company focuses on "Launching diversified high-quality products", "Enhancing the nutritional value of products", "Optimizing the dietary structure", and "Promoting green and organic products". With the technology, products, services and experience we have accumulated over dozens of years, we are striving to provide consumers with healthier products, better service, and more diversified choices to serve the implementation of the "Healthy China 2030" plan.

Launching diversified high-quality products

Small packaged products  
Reducing product additives

Enhancing the nutritional value of products

Nutritional product innovation  
Nutritional fortification

Optimizing the dietary structure

"Triple Reductions" product development – sodium, sugar and fat reduction  
Healthy food for special groups

Promoting green and organic products

Developing organic products  
Avoiding fertilizer use

## Launching diversified high-quality products

### Small packaged products

In 1991, the Company launched "Arawana" edible oil in small packages, which promoted a change in the national consumption pattern from bulk oil to small packages, resulting in a qualitative leap in the safety and quality of edible oil, which was a milestone in the development of China's grain and oil industry. The Company will gradually replicate our successful experience in the small-packaging of edible oil to more areas, such as small-package rice and small-package flour, and will continue to provide consumers with safer, more nutritious, healthy and delicious products. At the end of the Reporting Period, small-package products (oil, rice, flour, noodles, condiments, etc.) accounted for over 25% of the Company's sales.

#### Arawana Small Fresh Rice

#### Case

According to the Chinese Dietary Guidelines, adults consume 250-400g of cereals and potatoes per day, so 300g of rice (about 3 bowls) meets the needs of a warm meal for a family of three, providing nutrition and delicious food at the same time.

Therefore, to provide consumers with the right amount of the product in a reasonable manner, the Company developed a small package of 300g of fresh rice for a family of three in one can. The product is packaged in recyclable iron cans, which effectively retains the quality of the product without any environmental impact.



### Reducing product additives

The Company insists on providing consumers with natural, fresh and safe products, using food additives only when technically necessary and proven safe and reliable after risk assessment, and reducing their use in our food as much as possible to further contribute to consumer health, based on food safety and taste experience.

Owing to the characteristics of its products, none of Yihai Kerry's edible oil, rice, flour, noodles and mixed grain products in the consumer products channel currently use additives, such as preservatives and antioxidants. The Company also innovates and improves our food processing technologies to achieve the goal of reducing or eliminating additives by retaining natural, beneficial active substances in its food and enhancing the nutritional value of its products at the same time. For example, Yihai Kerry developed a green precision minimal processing process with independent intellectual property rights, which has a retention rate of vitamin E with antioxidant effect in vegetable oil of higher than 80%, and can still guarantee the quality of the edible oil without using additional antioxidants, such as TBHQ.



# Enhancing the nutritional value of products

## Nutrition product innovation

We are committed to developing nutritional products and broadening the food industry chain by using technological innovation and process improvement, and developing healthy product resources to meet the health needs of consumers, with the nutritional needs of the population as our guide

### Blended oil series

We were the first grain and oil company to apply the concept of fatty acid balance in practice. We pioneered the launch of high-quality blended oil products. Blending two or more vegetable oils in proportion solves the problem of fatty acid imbalance caused by Chinese residents' long-term consumption of a single vegetable oil. We have continued to innovate, apply the research results of nutrition science in the relationship between dietary fat and human health to product design, and produce the second-generation blended oil with eight kinds of vegetable oils the golden ratio blended oil of 1:1:1. When enjoying a bottle of oil, users can take in the nutrition of eight kinds of vegetable oils at the same time. Once again the Company is leading the health upgrade.

Now the Company's blended oil products include fresh and raw edible vegetable blended oil of rice, sunflower and flaxseed edible vegetable blended oil, extra virgin live oil, edible vegetable blended oil, golden ratio edible vegetable blended oil, etc.



### High-quality rice noodles and other products

We developed the "six-step fresh rice precision control technology", which has been applied in six key links of "fresh cutting, fresh grain, fresh storage, fresh grinding, fresh packaging, and fresh food". In terms of technology and craftsmanship, the whole industry chain has been able to protect the fresh quality of rice, which not only improves the taste and freshness of rice, but also meets consumers' demand for "fresh and delicious" high-quality rice. Reducing grain loss is strongly in line with the national food security strategy.

Now our grain-based nutritional and healthy products include rice fresh and raw series of high-quality rice, 51 excellent buckwheat vermicelli, mung bean multi-wheat core vermicelli, mushroom vermicelli, egg wheat core vermicelli, and other noodle products, high-fiber soybean milk powder, high-protein soybean milk powder, other soybean products and vegetable protein products, creating a better life for people.



### Nutritional oil product series

Guided by the nutritional needs of the population, the Company explored the compositional characteristics and nutritional value of different cooking oils, and developed healthy oil products through innovative processing technologies to meet the health needs of consumers, such as linseed oil rich in alpha-linolenic acid, walnut oil, and extra virgin olive oil, which is rich in olive polyphenols.

Rice (rice bran) is an oil plant that can effectively improve the self-sufficiency rate of oil and fat in China. Rice bran oil is rich in natural oryzanol, phytosterol and vitamin E, but it is difficult to produce high-quality, large-scale industrial production. By creating China's own rice bran oil, "Arawana" rice bran oil, we have shown the world the innovative development of China's food technology and our unrelenting pursuit of quality, and will promote the Chinese rice bran oil brand in global markets.



### Extraction and utilization of natural nutrients

The Company adopted green processing technology to extract natural vitamin E, phytosterols and other active plant substances from the by-products of oil processing. By strengthening technology and practical innovation, it has solved the problem of rice bran being difficult to develop and utilize, and executed the full utilization of rice bran resources. Rice bran contains a large amount of dietary fiber, protein, oil, etc., and has high nutritional value.



### Plant-based protein products

To produce high protein content in domestic non-GMO soybeans, the Company conducted R&D into the domestic soybean intensive processing industry, and developed a soybean intensive processing industry model with a world-class industrial chain, technical level and product categories, breaking through the main domestic limitations. The traditional model in the field of oil and grain, using soybean meal as raw material, through high-tech processing, produces soybean protein isolate powder, soybean baking protein powder, soybean tissue protein powder, soybean protein concentrate powder, and other plant protein products, which are widely used in meat products, surimi products, baked goods, baby food, frozen meals and snack foods, and have a taste and nutritional value similar to "real meat".





## Nutritional fortification

The Company is committed to preserving the original nutrition of food through various R&D processes and is engaged in the R&D of nutritionally fortified cereals and oils to provide consumers with healthy food with high nutrition retention.

### Retaining original nutrients

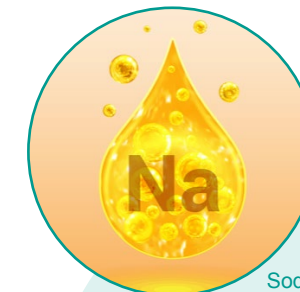
- Based on the Company's green precision minimal processing technology, we launched a series of single-product oils and blended oils with zero trans fat and high nutrient retention. These products meet the "zero trans fatty acid" standard, and also have a retention rate of trace components, such as vitamin E, phytosterols, and oryzanol, of more than 80%, which is 20% higher than that of oils produced by traditional processing techniques.
- Double 10,000 rice bran oil: The oryzanol and phytosterol content exceeds 10,000 PPM; it has won many international awards, such as the ICRBO2016 Quality Award.
- Corn oil rich in phytosterols: The naturally retained phytosterol content can be as high as 8,080 PPM.

### Nutrient fortification

- The Company is committed to the R&D of nutritionally enhanced grain and oil foods, including liquid milk and vegetable oil.
- In our vitamin- and calcium-fortified liquid milk, such as New Maifu Gold-packed Papao Niu high-calcium children's milk, the vitamin A and calcium content are 39% and 21% higher, respectively, than in conventional products.
- Vitamin A is fortified in soybean oil and rapeseed oil to supplement human needs. Vitamin A is a fat-soluble vitamin and is insoluble in water. Eating vegetable oil fortified with vitamin A is an effective ways to supplement vitamin A.

## Optimizing the dietary structure

### R&D of "triple reduction" products – sodium-, sugar- and fat-reduction products



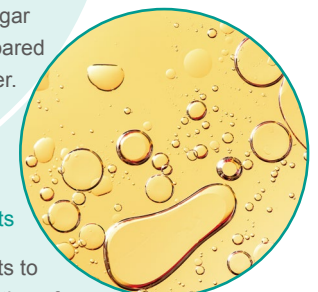
#### Sodium-reduction Products

- Owing to the product characteristics, no sodium is added to the Company's main oil, multigrain and wheat flour products.
- Among its other products, the Company promotes sodium reduction, including R&D in low-salt products, such as low-salt plain noodles, low-salt egg noodles, and low-salt soy sauce.
- In the current Arawana low-sodium dried noodles (multi-grain series), the sodium content is 80% lower than that in the original traditional dried noodles.



#### Sugar-reduction Products

- Owing to product characteristics, no sugar is added to the Company's main oil, multigrain and wheat flour products.
- In its rice and noodle products, the Company is committed to the R&D of products that help to control the glycemic index, including 51 buckwheat noodles, high-fiber noodles, and other whole grain and multigrain series.
- The Company also continues to promote the R&D of sugar-reduced products, such as Morning cup high-protein soy milk powder, in which the sugar content has been reduced by about 20% compared with ordinary catering sweet soy milk powder.




#### Fat-reduction Products

- The Company launched a series of products to produce healthier oil, including the introduction of zero-trans fatty acid edible oil.
- The Company has reduced trans fatty acids in baking oils and fats, and has developed low-saturated and low-trans fatty acid products for different types of bakery products through the selection of specific oil types and improved processing techniques.




Healthy food for special groups




Infants and young children

The Company has successfully developed high-quality breast milk fat substitutes that meet the needs of infant growth and independently developed structured lipid OPO to ensure that the lipid structure in infant formula powder is close to that in breast milk. In addition, the Company has participated in the formulation of OPO national standards and is one of the main drafting units.




The elderly

In response to the special needs of the elderly, the Company has developed a variety of nutritious meal plans, and has designed nearly 100 healthy recipes for nursing home nutrition meal programs.



Primary and secondary school students

The Company has taken the lead in the industry in using high-quality rice bran oil to cook delicious meals for children, and create a nutritious meal upgrade plan, including rice with rice bran oil suitable for primary and secondary school students, and milk with high-protein content, such as Pao Pao milk.



Pregnant woman

The Company selected imported raw materials to blend sunflower and flaxseed edible blended oil, in which the content of  $\alpha$ -linolenic acid is as high as 55,000 ppm, and the content of linoleic acid is as high as 44%, making them a good choice for household cooking.

Promoting green and organic products

Developing organic products

The Company strives to convey the concept of health to consumers by providing them with various organic oils and fats, organic rice and other organic products

Organic oils

- Through the selection of global organic resources, the Company provides customers with a variety of high-quality organic monomers and organic compound oil products.
- The Company's organic oils include organic soybean oil, organic high oleic sunflower oil, organic sunflower oil, organic canola oil, organic palm oil, organic coconut oil, and organic edible vegetable blended oil.
- In 2014, the Company began to select organic palm oil resources (one of the raw materials for organic OPO processing) globally, and carried out technical research and storage of organic OPO. Our Milkopas series of OPO products obtained dual certification of organic products in China and the EU in 2020.

Organic Rice

- The Company promotes the development and organic traceability of organic rice products, and marks the organic traceability source code on the packaging. Consumers can scan the code to enter the organic product enquiry page to read the product information.
- The products that have been launched so far include Arawana Rice Fresh North Country Organic Rice, Arawana Rice Fresh Snowland Organic Fragrant Rice, Arawana Jinyu Daoxiang Organic Rice, Arawana Milk Yuhuangfei Wuchang Organic Rice Flower Fragrance, Arawana Yatian Zhenggu Wuchang Organic Gift Box, and Chalanan Organic Thai Jasmine Rice.

Avoiding fertilizer use

Excessive use of fertilizers is the main reason for the serious excessive nitrite in food and drinking water, and excessive heavy metals, such as chromium, lead and arsenic, which directly harm human health. Therefore, we pay attention to the impact caused by chemical fertilizers in terms of soil environment, water pollution, and residual components of animals and plants, and realize the importance of reducing

the use of chemical fertilizers to protect the environmental, ecology and human health. Since our production process does not involve the use of chemical fertilizers, we work with raw material growers and farmers to optimize the use of chemical fertilizers in the process of growing and processing raw materials.



# Nutrition and health science promotion

The Company has carried out a series of activities such as public welfare courses, science lectures and knowledge promotion to popularize basic knowledge related to nutrition and health for the public and create a good social atmosphere of cherishing quality food and conservation.

## "Cherishing and conserving food, starting with me" activities

Case

During the National Science Day, to carry out the important instructions of the General Secretary on practicing conservation and reducing waste, the Arawana Nutrition and Health Experience Center carried out various activities on the theme "Cherishing and Conserving Food, Starting with Me" in Shanghai, Shenzhen and Zhangjiakou. Activities such as opening factories for consumers to visit, arranging lectures, and "finish your dish" activities were held to intuitively guide consumers to understand the hard work of producing food, establish correct consumption concepts, and create a good social atmosphere of food cherishing and conservation.

In addition, with the support of the Shanghai Municipal Education Commission and the Shanghai Municipal Food and Material Reserve Bureau, we added our self-designed food care and conservation curriculum, "Guarding the Heart to Cherish Food, Leaving No Grain Behind", to the Shanghai Summer School curriculum to promote food cherishing and conservation.



## Building an online science public platform

Case

The Company registered "Wilmar Science knowledge for the public" WeChat official account to spread scientific knowledge of a healthy diet. It has published more than 100 original scientific articles covering rice, noodles, oil, and other food science fields, which have been repeatedly reposted, shared and quoted on various platforms, with wide dissemination and great influence. The "Wilmar Science House" has gradually become a library of original scientific knowledge on cereals and oils, and has achieved good dissemination in the form of new media articles, helping to improve the scientific literacy of consumers.

Corporate Governance

Environment

Products

Employees

Industry Responsibility

Care for the community

# Excellent Customer Service

We continued to improve our customer service system and expand our services to provide thoughtful services for consumers to have a healthy life concept and pursue a quality lifestyle.

## Customer Service System

Always aiming to improve customer satisfaction, the Company established a fast, efficient and convenient customer service system, continuously improved the manual and service guide of our customer service standard system, upgraded the service software, and created a professional service team.





400 Consumer Service Hotline

- The Company has set up 400 consumer service hotlines and a customer complaint team composed of special officers. Consumers can provide feedback through the consumer service hotline information on the product label.
- In addition, the 400 hotline service staff conduct regular return visits and satisfaction surveys on the handling of customer complaints to continuously improve the Company's customer service quality.



Online quality reporting platform

- Company employees, distributors, and promoters report product quality problems through this platform. The reported problems are passed to the relevant parties through the platform for follow-up processing, analysis, correction and prevention.



Global Customer Management System (GCFS)

- We follow up on the progress of the whole process of complaint handling through the Global Customer Management System (GCFS).



Public opinion tracking

- We have established a sound public opinion tracking mechanism, and understand the opinions of the media and consumers through platforms such as WeChat and Weibo to actively communicate with consumers and handle problems, and provide early warning of potential customer service problems.



In 2021, we accessed the national 12315 platform to promote the online consumer dispute resolution (ODR) system, which allows us to communicate directly with consumers and achieve efficient processing of problems. For all kinds of customer complaints and opinions received, the Company protects the legitimate rights and interests of customers through active online and offline communication with customers, door-to-door visits, and other attentive services, enhances customer trust and satisfaction with the Company, and effectively fulfills the main responsibility of the enterprise.

The Company has regularly conducted continuous follow-ups and analyses of online and offline customer complaints. In 2021, the Company's complaint-handling rate reached 100%, and the satisfaction rate of customer complaint handling reached 98.37%.

Consumer Rights Protection

The Company strictly complies with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Law of the People's Republic of China on Electronic Commerce*, the *Law of the People's Republic of China on the Protection of Personal Information*, and other laws and regulations to protect consumers' personal information, following the law when customers purchase and use goods or receive services. We established a Privacy Policy to commit to consumers the Company's responsibility for the protection of their personal information and to provide consumers with the means to safeguard their personal information. The Company also uses information encryption, information access control, and other technologies to strictly

control the use of customers' personal information by staff and to protect customer information.

We value the standardized management of consumer information and data security, and we focus on establishing a clear awareness of privacy protection and information security among our employees. In our daily work, we monitor our employees to ensure they protect consumer privacy to create a harmonious and more reputable service team. We also provide training to our employees on consumer privacy protection and content related to the protection of consumer rights.

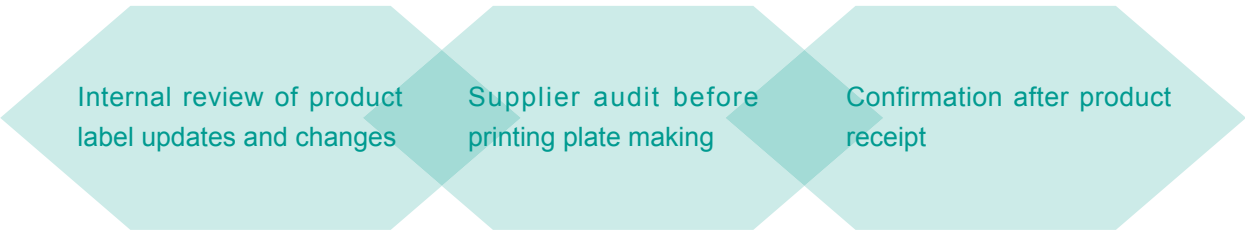
During the Reporting Period, the Group did not have any leakage of customer data or privacy.

Compliance Marketing

The Company strictly abides by the *Advertising Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other relevant laws and regulations, conducts honest and fair transactions with all customers, guides consumers to engage in reasonable consumption, and does not engage in any misleading or deceptive advertising or marketing activities.

The label is an important carrier for the Company to convey information about product quality characteristics to consumers. Hence, we established a management system

such as "New, Canceled and Changed Product Management Process" and "Product Packaging Management Process for Marketing Companies" to carry out compliance assessment of packaging materials and promotional scripts to ensure legal compliance of all projects. All packaging (labels, cartons and gift boxes) and promotional materials, media scripts, live scripts, etc. must undergo strict compliance audits by multiple departments of the Company and are released only after receiving compliance approval.



Three hurdles to control product labeling

The Company carries out compliance risk self-examination on e-commerce text descriptions and labels from time to time in conjunction with changes in regulations to ensure that the Company's label markings are compliant in delivering scientific, true and positive information to consumers, establishing a good corporate brand image. We also conduct training on advertising laws and other laws and regulations for marketing-related employees to establish their awareness of responsible marketing.

During the Reporting Period, the Company had no significant marketing violations.



# 04 Employees



|                                      |    |
|--------------------------------------|----|
| Employment and Rights .....          | 78 |
| Growth and Development .....         | 81 |
| Compensation and Benefits .....      | 85 |
| Communication and Care .....         | 86 |
| Occupational Health and Safety ..... | 89 |

The Company believes that caring for the well-being of employees and helping them fulfill their individual values are important for the Company to achieve sound, long-term development. We fully protect the rights and interests of our employees, build a fair and just employment management system, and create an open, inclusive and diversified cultural atmosphere. The Company pays attention to the self-development of employees, and provides competitive and reasonable compensation, benefits and promotion mechanisms to provide multi-dimensional support for employees in different career stages and positions; creates a healthy and efficient workplace environment; and cares about the physical and mental health and safety of its employees, to promote the mutual development of talent and the enterprises.

Institutional rules  
"Red Line" Constraints

Be a role model  
Implement the system



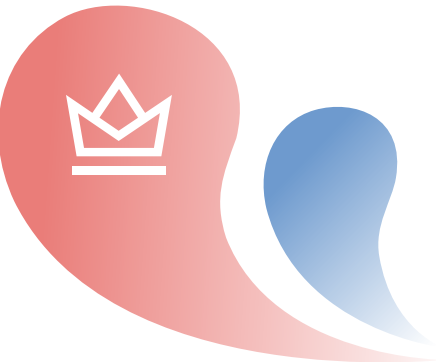




# Employment and Rights

We respect and protect the rights and interests of our employees and adopt a zero-tolerance attitude towards any employment of child labor or forced labor. During the Reporting Period, following the United Nations Declaration of Human Rights, the Core Convention on Labor Standards promulgated by the International Labor Organization, and the relevant provisions of the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Law of the People's Republic of China on the Protection of Women's Rights and Interests, and other laws, regulations and normative documents, we established The Human Rights Policy to build labor relations with our employees by following the principles of equality and consensus, resolutely resisting child labor and forced labor, respecting and safeguarding the rights and interests of female employees and the diversity of employees, and insisting on upholding the right of employees to collective bargaining.

As of December 31, 2021, the total number of employees in the Group was 34,389.



## Staff Recruitment

Our employees are a valuable resource for Yihai Kerry. The Group has formulated a Recruitment Management System, based on the principles of legality, openness and fairness, following the relevant laws and regulations.

In the recruitment process, we start from the job responsibilities and requirements, select the best qualified applicants, and resolutely eliminate discrimination in terms of gender, age, race, ethnicity, and place of birth, etc.

In terms of recruitment channel management, we use the combination of online and offline recruitment publicity channels, integrate internal and external recruitment resources, and actively hire talent recommended by industry professionals, headhunting recruiters, and campus recruiters to maximize the value of recruitment resources and embrace employees of different levels and backgrounds.



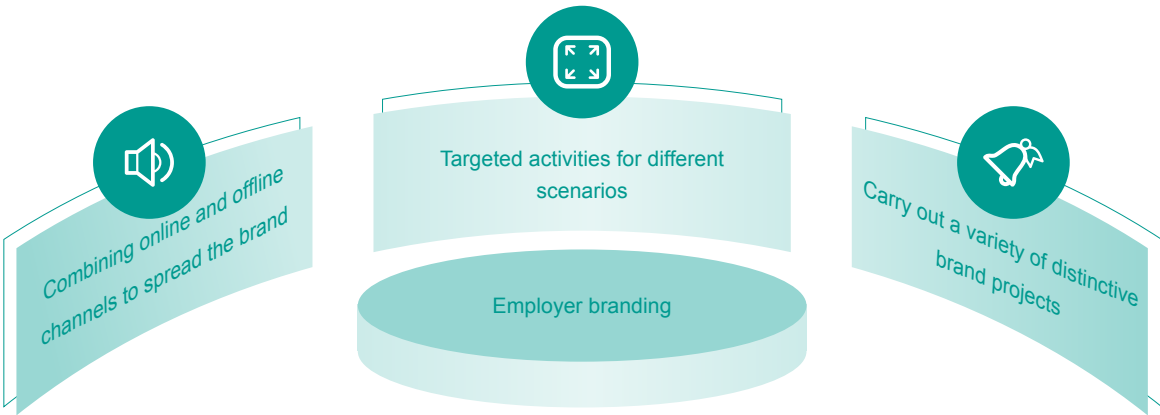
"I was lucky to join Yihai Kerry, to learn how to behave and work, to gain friends and family here, to develop a career, and to establish the right values - integrity and honesty, diligence and creativity, health and safety, and harmonious sharing."

—— Company Quality Control Department staff member



"From the perspective of the platform, growth and development, the corporate culture atmosphere, learning and research opportunities, and career development, Yihai Kerry is very attractive to me, and the positions are more in line with my professional field, so I have a greater opportunity to realize my potential."

—— Excellent university student in the Fangchenggang plant





## Summer Field Camp

## Case

A recruitment program with years of experience, the Summer Field Camp helps interns improve their career skills in all areas through subject research, technical training, debriefing and evaluation, and helps the Company identify outstanding talents.

### Project research of simulated business scenarios

Interns are invited to participate in project research in simulated business scenarios, and think innovatively to provide new ideas for solving practical problems.

### Technical training to adapt to the transition from school to workplace

To help interns complete their projects, we provide them with general technical training in the workplace to help them quickly integrate into the workplace and adapt to the transition from campus to workplace in advance.

### Report evaluation to select outstanding teams and individuals

Interns are invited to form "teams" by department to complete various project tasks and a graduation report, and conduct team evaluations. Outstanding students receive an invitation to attend autumn recruitment interviews.

At the end of the Reporting Period, the Company had developed nearly 30 topics for the summer camp, half of which were implemented in business activities or were in the process of implementation, successfully helping our departments solve practical problems in business scenarios. We have established a brand influence in university circles. The Company has won the "School Recruitment Case Award" several times and has successfully executed talent front-loading recruitment through the project.



# Growth and Development

## Staff Training

The Group's talent-development strategy involves focusing on internal training, emphasizing succession planning, gradually rejuvenating talent groups, introducing professional talent according to business needs, and strengthening the competition mechanism.

Relying on the Group's talent-development strategy, we have gradually established a resource system for staff growth and formed a talent training system that encompasses the full coverage of staff, directors, managers and employees. Through colorful programs and targeted training for each department and position, we enhance organizational and professional management capabilities and help the Group develop healthily.







2021



University student training system

In 2021, we focused on strengthening the operation and management of projects to effectively implement projects in the enterprise. In the process, a group of outstanding university students and mentors emerged. After layers of selection, we evaluated and awarded 10 outstanding university students and 10 outstanding mentors as "Post Star", "Innovative Execution Star", "Enjoyment Star", and 10 outstanding mentors through the "Cloud". As of the end of the Reporting Period, the project had covered more than 1,000 university students and more than 500 mentors. During the training period, 21% of the university students were promoted, and their work performance and potential were recognized by the Company.

covered more than

1,000 university students

covered more than

500 mentors



New Employee Training System 2.0

In 2021, we promoted New Employee Training System 2.0, and gradually built a foundation for a new project factory talent training system to meet the needs of factory project construction and development.

promoted New Employee Training System

2.0



Professional talent training series projects

In 2021, we continued to promote a series of professional talent training projects, including the training of flour making professionals, the training of Yipin engineers, the training of the inheritors of the ancient orchid flower method, the "five-step training method" for oil extraction engineers, and other professional talent training projects. At the end of the Reporting Period, there were 168 registered flour making professionals, 38 trainees in the Yipin Engineer Training Project, 32 trainees in the Orchid Flower Inheritor Training Project, and 30 trainees of the first phase of the "Five-step Training Method" oil extraction engineer training project.

registered flour making professionals

168

trainees in the Yipin Engineer Training Project

38

trainees in the Orchid Flower Inheritor Training Project

32

trainees of the first phase of the "Five-step Training Method" oil extraction engineer training project

30



Executive management skills improvement project

In 2021, the Company continued to work on the management skills improvement project for senior management, and further optimized and improved the project system. At the end of the Reporting Period, 30 new pilot projects had been added, and more adaptive courses and case-sharing activities were developed according to the needs of relevant personnel.

new pilot projects

30



Manager training

In 2021, to provide better manager training, the Company organized three U+ high-potential manager training courses. To improve the management skills of new managers and support the construction of leadership teams in various departments, the Company developed and organized three leadership courses with the characteristics of Yihai Kerry. In addition, various business divisions and departments organized courses independently; the training covered more than 200 managers. We invited outstanding managers from different departments to join the Group's leadership lecturer group to share their relevant management experience with other managers.

training programs were organized

6

covered more than

500 managers



General Manager training

In 2021, to comprehensively and accurately improve management's operational capabilities, the Company cooperated with universities such as Shanghai Jiaotong University and Fudan University to introduce excellent external experience, and promote various learning and training exchanges. To help the general marketing managers improve their operational capabilities and to benchmark their job responsibilities, we launched two phases of the "Together to Win the Future" project to improve the general managers' operational capabilities, empower the general marketing managers and professional directors of various channels and projects, etc. More than 100 management members participated in the project. Through onsite learning, co-creation seminars, reporting, oral defense and guidance, field visits, etc., they set goals, sought challenges, strengthened learning, engaged in transformation, had opportunities to practice, learned about different cultures, and comprehensively and accurately improved their operating ability.

The "New - Star Future" Student Training Program

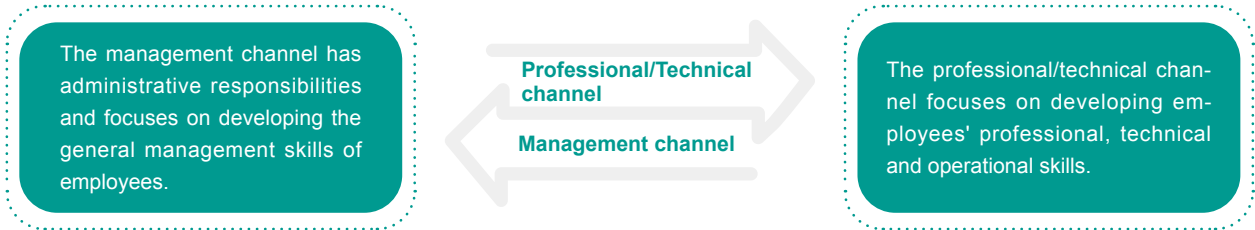
Case

In 2019, the Company launched the "New - Star Future" university student training program, which provides three and a half years of systematic training for fresh university graduates. The overall training cycle of the project is carried out in three stages: (1) the "professional backbone", (2) "high potential talent", and (3) "echelon talent". This ensures that the graduates have a clear training orientation when they join the Company. By matching graduates with corresponding mentors and leveraging systematic operations, the graduates receive systematic training. Each stage has a clear training goal, and the trinity of "learning, doing and enjoying" is combined with management training, project practice, and mentor communication to help the graduates achieve the goal of "knowledge, action and change".



# Employee Promotion

Yihai Kerry has an excellent promotion management system and incentive mechanism. We established a ranking system with job value as the core, set up management promotion channels and technical/professional promotion channels for different types of employees, and set up a scientific job salary system to provide employees with attractive career-development opportunities.



We established the "Staff Promotion Management System", the "Promotion Assessment Management Specifications", and the "Organizational Development Work Guidelines Manual", which regulate the ranking system, promotion process, and qualification requirements. We also established a clear performance management system, supplemented by a comprehensive assessment mechanism. For example, for the promotion of managers and senior managers, we set up a centralized reporting and evaluation model, which makes the selection of key talent more accurate and the dimensions of evaluation more comprehensive, and allows the internal sharing of talent information.

In our promotion work, we use scientific talent assessment tools to identify the performance and potential of talent, and through a comprehensive assessment of employees' ability and development potential, we select outstanding employees with great moral values, talent and performance, and promote them to higher levels or ranks.



## Compensation and Benefits

The Company provides competitive salaries and benefits for employees. We pay all social insurance on time following the relevant national regulations, continuously improve the welfare protection system, and standardize labor management. We established a Compensation Management System to provide diverse compensation packages and incentives, such as annual salary increases and year-end bonuses for employees in different positions. In the future, the Company will also consider setting up a bonus and dividend refund and clawbacks for executives to protect the rights and interests of shareholders.

The Company follows the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other laws and regulations to ensure that employees enjoy legal holidays, paid annual leave, and other leave stipulated by national laws and regulations and the Group's system, so that employees can enjoy the right for reasonable rest and leave. The Company also provides employees with benefits such as annual festival benefits, birthday benefits, wedding gifts, maternity gifts, and annual health checkups, so that employees can feel the care of the Company.

### "Sending Coolness" In Summer

Case

In addition to paying of a high-temperature allowance, the Company provides summer labor welfare packages, including "honeysuckle tea", "mosquito repellent liquid", "cooling oil", "Chinese herb medicine Ageratum Liquid", and "essential balm", and prepares green bean soup in the canteen to send to front-line employees to convey the care and concern to employees through the summer heat prevention and cooling package and provide help to them on hot summer days.





## Communication and Care

### Employee Care

We are committed to creating a comfortable office environment and a warm working atmosphere for our employees, and we value humanistic care for their physical and mental health, work balance and work experience. We have established a sound employee care system, encourage our employees to develop hobbies and enhance their physical fitness, organize various employee activities, and respond to the needs of our employees to strengthen the construction of facilities in the working environment.

Corporate Governance

Environment

Products

Employees

Industry Responsibility

Care for the community



Events on "International Women's Day"

We prepared souvenirs for female employees and made beautiful desserts for them. We also organized various courses and game activities, such as fragrance lectures, succulents planting, soap making, and treasure hunts, to enrich the lives of our female employees after work.



Room for the mums

The Company has a lactation room, which provides a warm and comfortable environment. A partition is set up to protect the privacy of breastfeeding employees.



Awarding outstanding female employees during the fight against the COVID-19 pandemic

During the COVID-19 pandemic, many employees remained on the front line to continue work and production. Many outstanding female employees showed a spirit of courage in the fight against the pandemic, and contributed to the fundraising for pandemic prevention materials and the protection of corporate materials and capital turnover. We recorded the actions of outstanding female employees during the pandemic and awarded them for their outstanding contributions.



Mother and baby room

The Company set up a help fund for the concern about the financial situation of employees in difficulty and with serious illnesses. During the Reporting Period, a sudden flood disaster occurred in Henan Province, which affected several of our employees and their families. The Company invited employees from all departments to make donations and applied for subsidies for each affected employee through the labor union to help tide them over through the difficulties.



# Employee Communication

"Respecting employees' demands" is one of the main ways to protect employees' rights and interests. We maintain good and effective communication with our employees, open up and continuously improve our communication system and channels, listen to their suggestions and requests, and set up regular communication and other flexible, long-term communication channels.

We conduct regular employee meetings, seminars, and departmental meetings, and an annual satisfaction engagement survey to collect employee feedback and respond to the issues.

We set up channels to receive employees' opinions on a continual, long-term basis, such as suggestion boxes and online channels.

We organize trade union meetings on a regular basis.



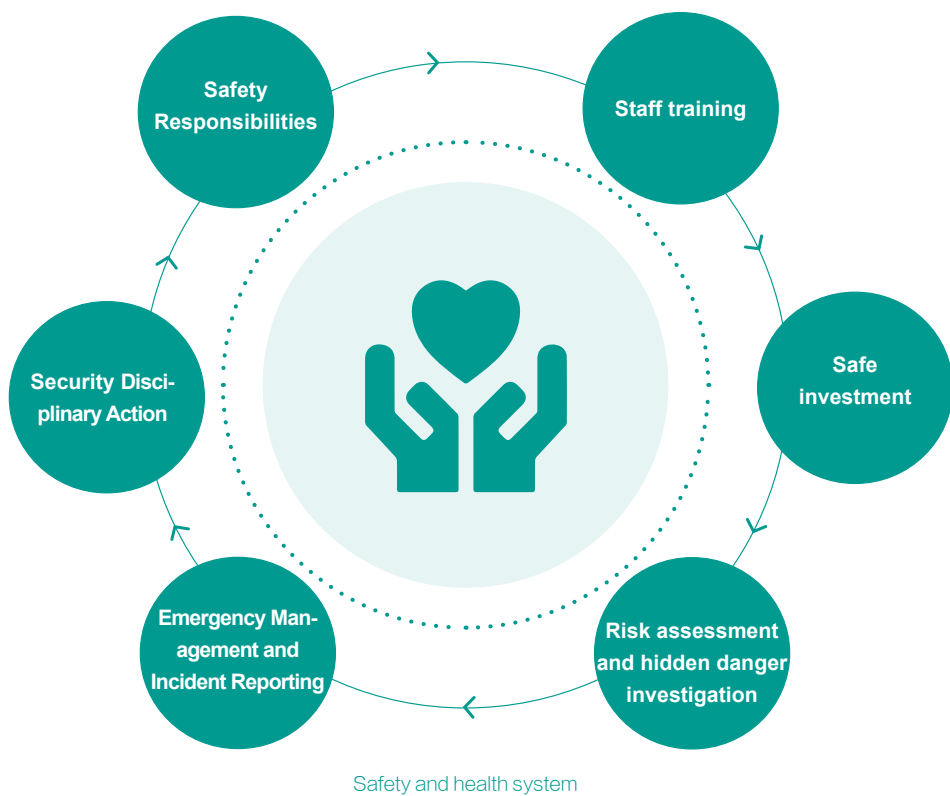
# Management Team and Management System

The core values of the Company clearly define the management concept of "Health and Safety and Harmonious Sharing". We established a production safety responsibility system for all employees, and a comprehensive occupational health and safety management system supported by a comprehensive safety process of production, with the overall framework of "Safety and Health Policy", "Safety and Health Guidelines", and "Safety and Health Standards". In addition, with the update of national laws and regulations, we will review and improve our safety and health management system regularly.

The Group Safety Committee is composed of the core management of the Group and the corresponding professional and technical leaders. Based on the operation and management status of the Company's plants, the Group Safety Work Objective and Work Plan are formulated to guide the plants to implement safety management in a standardized and efficient manner.

The Company has established a two-tier coordinated EHS management organizational structure from the group to plant level. The Group EHS plans the overall management of production safety, and the plant sets up a special EHS department with full-time and part-time production safety management personnel, which clarifies the safety responsibilities at all levels of the plants and works on standardized and refined management of production safety.





The Company guides its plants to manage systematically according to the ISO 45001 occupational health and safety management system standard; 64.6% of the Company's plants obtained ISO45001 system certification during the Reporting Period. The Company will continue to encourage more of its plants to obtain the relevant system certification.

## Safety and Health Production

Based on the "Safety and Health Code", "Safety and Health Standard", and other systems, the Group has built a comprehensive emergency management system, formulated comprehensive plans, special plans and on-site processing plans to deal with various emergencies, established a full-time and part-time emergency handling team, and is equipped with sufficient emergency equipment and materials to ensure a rapid response in case of emergency. In addition, the Company has provided emergency capability training for all employees and has taken the initiative to establish good communication with neighboring enterprises and relevant functional departments of local governments, and regularly conducts targeted joint drills.

During the Reporting Period, to create a good production safety environment, we formulated the Safety and Occupational Health Improvement Plan for Special Projects,

configured dust-removal facilities for areas where dust hazards exist, and set up gas monitoring and abatement facilities for areas where toxic substances may exist. We conduct regular monitoring for various occupational disease hazards that may exist at the production site and remind and inform employees through bulletin boards, information cards, warning signs, etc. The Company strictly complies with the requirements of the relevant laws and regulations, implements effective health monitoring measures for employees in positions exposed to occupational disease hazards, implements pre-job, in-job and off-job/transfer occupational health monitoring and screening, continuously monitors the physical health condition of operators, and establishes a one-person, one-file employee occupational health monitoring file, which effectively prevents the occurrence of occupational diseases.

## Occupational Health and Safety Training

To increase awareness of personnel safety, the Group formulated the Safety Training System and conducts occupational health and production safety training regularly for everyone, including employees of subsidiaries and related parties (such as workers, construction parties and visitors), achieving full coverage of safety training for employees. During the Reporting Period, the Company conducted health and safety training for a total of 820,000 hours, covering 100% of plant employees and all related parties (such as contract workers, construction subcontractors, and visitors).

### Health and Safety Training Highlights Program

Activity "Hand Dictation"

Through the operation activity "Hand dictation", employees are encouraged to strictly abide by the posted safety regulations, integrated their knowledge with action and behavior, and avoid accidents caused by unsafe operations.

Management Performance Training

We organize duty performance ability training for management, establish a duty performance checklist and action plan, and guide management to perform statutory safety production responsibilities in accordance with laws and regulations.

Special Activities to Promote Storage and Transportation Logistics Safety

We focus on the difficulties and limitations of the Company's storage, transportation and logistics segments. The Company has effectively improved the safety management and accident prevention capabilities of the storage and transportation logistics sector by carrying out special safety activities to identify hidden dangers, control risks, and increase awareness.

External Expert Visits

We hire external senior experts to carry out risk inspection, comprehensively deepen the dual prevention mechanism of risk inspection and hidden danger inspection and management, and focus on resolving major risks related to the safety management of hazardous chemicals and explosion-related dust management and control.

Safety Experience Room

We set up a safety experience room, design "experiential, immersing" training, instead of traditional classroom lecture-style safety education, effectively increasing employees' self-safety awareness, and significantly enhancing the effectiveness of safety training and education and the experience of safety training.



# Employee Health

## Healthy diet

The Company pays close attention to the health of its employees, and at the same time takes advantage of its own food business to develop nutritional programs for employees through multiple channels and conduct regular recipe and menu development. For example, the Company uses the corporate Chinese restaurant as a pilot site to research various kinds of seasonal and signature dishes to ensure the taste of food while taking into account nutrition and health. It uses the bakery and cafe as an R&D site to provide employees with meals such as healthy light meals and fat reduction meals to provide a safe and healthy diet for people with special health and fitness needs.



### Healthy diet communication

Collect employee feedback from time to time, help the canteen to continuously improve food quality, and ensure that employees eat healthily.



### Food Control Committee

Establish a special inspection team to monitor the three meals in the canteen, and give advice to the canteen in terms of the combination of meat and vegetables in the weekly dishes, the freshness of raw materials, and a healthy production process.

Providing a healthy diet for employees



## Employee medical checkups

The Company organizes annual physical examinations for all employees and provides 24-hour accidental injury and accidental medical insurance protection for them. In addition to regular health checkups, we make humane adjustments in consideration of the COVID-19 pandemic, such as adding CT lung examinations and helping employees to get regular

health checkups. To care for the physical and mental health of female employees, we arrange several medical checkups to screen for common female diseases. After the annual health checkup, we arrange for experts to give health lectures and explanations to provide professional health guidance to employees.

## Outbreak Prevention and Control

To cope with possible local outbreaks of COVID-19 pandemic, we established a sound outbreak prevention and control mechanism. We maintain close communication with the government and the community and formed an outbreak communication group to share timely information related to any outbreaks and vaccinations. In the workplace, in

addition to daily pandemic prevention measures, such as site disinfection and wearing masks, we established a management response mechanism for regional outbreak situations and close contact with personnel to manage employees and organize home vaccination services for employees to protect their health.

## Health Activities

The Company organizes various sports clubs for employees, including basketball, soccer, badminton, table tennis, swimming, dancing, and yoga. The employees established a management body and formulated a management system and check-in system. Every year, the Company organizes fellowships or tournaments with external companies to enrich the life of our employees.

### Sports Activities

### Case

#### Walking Activity

The Company held a launch ceremony for the "Sailing and New Journey" walking and cycling activity in the building and organized the employees to engage in sports activities on the walking path along the Huangpu River. The employees either walked along the Huangpu River or rode their bikes on the boulevard, completing various tasks along the route as a team. The joy of completing the tasks as a team helped enhance team cohesion and promoted healthy activities for our employees.





# 05

## Industry Responsibility

|                            |     |
|----------------------------|-----|
| Supplier Management .....  | 96  |
| Sustainable Sourcing ..... | 101 |
| Win-Win Cooperation .....  | 104 |

The Company is always upholding a responsible attitude toward consumers, customers, suppliers and society, actively exploring and employing efficient supply chain tracking and management from the supply side to the demand side, and continuing to work closely with industry chain partners to help suppliers and the industry achieve green and sustainable growth.





# Supplier Management



## Management Team and Management System

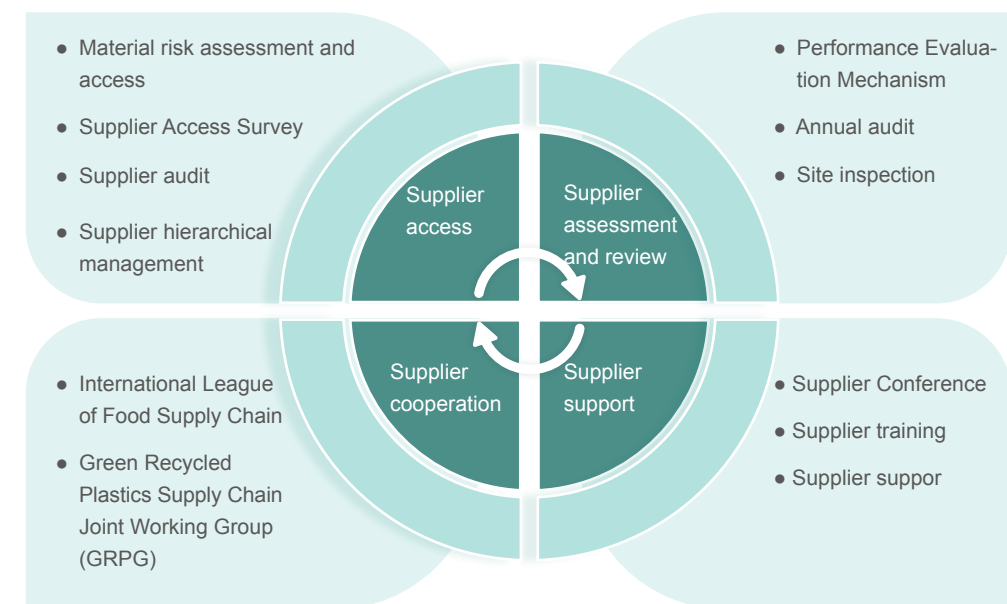
The Company's supplier management team consists of people from relevant business units of various business division and functional departments, aiming to achieve an efficient supplier management through joint supervision. In 2021, Yihai Kerry publicly released the Supplier Code of Conduct, and Human Rights Policy, which improved the Company's supplier ESG management guideline and set out requirements for suppliers on compliance management, environmental management, product quality and safety, labor rights, information security, intellectual property protection and business ethics,etc.

### Supplier Management Policy and System:

- Supplier Code of Conduct
- Human Rights Policy
- Sustainable Sourcing Policy
- Responsible Palm Oil Sourcing Policy
- Responsible Soybean Sourcing Policy
- The Group's Non-Trade Supplier Management Procedure
- Supplier Food Safety and Quality Commitment
- Group IT Supplier Management Procedure

## Full-process ESG Management for Suppliers

Yihai Kerry has adhered to the concept and management planning of "concept integration", "green procurement" and "mutual assistance", and adopted online platforms, such as "ARIBA Supplier Management Platform", "SAP", "MDG" and "Non-trade Procurement Performance Management System" to carry out systematic management covering suppliers' whole life cycle. Through supplier access assessment, online supplier classifications, evaluation and review management, we aim to effectively evaluate and control the key ESG risks at key points within the supplier's life cycle.



The Company implements a triage management mechanism for bulk commodity and other non-trade procurement, and implements appropriate management approaches for different types of purchases.

### Targets



By 2022, to achieve an increase by 5% in the percentage of ISO 14001 certifications obtained by Class A non-trade suppliers.

5%

### Targets



This year, we promoted the proportion of ISO 14001 system certified by Class A suppliers as a pilot. Once mature, we will extend it to other social-related system certification improvement work.





Non-trade Sourcing

The Company adopts three-level access assessment for non-trade suppliers and conducts level-by-level audits of suppliers' compliance and legality, financial performance, social responsibility and system certifications.



The qualified suppliers who meet the audit requirements are classified into three levels, which are Class A (food contact suppliers), Class B (production safety suppliers) and Class C (general suppliers). Based on the supplier classification results, corresponding management approaches are implemented.



Supply Chain Risk Management

Environmental and Social Risk Management

Yihai Kerry adheres to the concept of pre-positioned and full life cycle risk management:

- During the audit phase for registered suppliers, a preliminary and comprehensive assessment is conducted, covering suppliers' labor management, including hiring and dismissal, training, labor rights protection, employee health and safety, environment management and product quality and safety management, etc.
- For qualified suppliers, Yihai Kerry uses digital tools to monitor the suppliers' management system certification status in time, so as to achieve an early warning before the expiration of the relevant certificates for suppliers, and request them to renew the certificates on time to ensure the effectiveness of suppliers' ESG management.
- During the cooperation with suppliers, Yihai Kerry takes suppliers' ESG performance, including product quality and safety, compliance, and environmental performance, as one of the criteria for supplier evaluation and review, and continuously promotes the improvement of suppliers' ESG performance through quarterly performance evaluations, site inspections of key suppliers, and annual audits, covering all bulk commodity and non-trade suppliers.

As at December 31, 2021

The percentage of Class A non-trade suppliers with ISO 14001 environmental management system certification was

19.52 %

The percentage of Class A non-trade suppliers with HACCP food safety assurance system certification was

6.32 %

The percentage of Class A non-trade suppliers with ISO 9001 quality management system certification was

42.06 %

The percentage of Class A non-trade suppliers with ISO 45001 occupational health and safety management system certification was

13.37 %

The percentage of Class A non-trade suppliers with ISO 22000 food safety management system certification was

18.80 %





## Supply Chain Governance Risk Management

In 2021, Yihai Kerry issued a Supplier Code of Conduct and a Human Rights Policy to clarify the requirements on business ethics and anti-corruption behaviors for all suppliers, including raw material procurement and non-trade procurement. Adhering to Yihai Kerry's core values of "integrity and honesty, diligence and innovation, health and safety, and harmony

and sharing", the Company signed the "Supplier Anti-Bribery Agreement" with its cooperating suppliers and will blacklist suppliers who break contracts, violate business ethics, or engage in corruption to against any corrupt or improper competition behaviour.

### Supplier Anti-Corruption Training

In 2021, the Company newly included anti-corruption communication activities during on-site visits to suppliers. During cost studies, site audits, product demand studies, performance communications and other daily visits, we also presented a "Letter to Suppliers" which contains the Company's business ethics and anti-corruption information to suppliers, and requested them to sign and seal the letter to ensure that suppliers meet the national and corporate business ethics and anti-corruption regulations and rules.

## Supply Chain Stability Risk Management

To ensure the continuity of the supply chain and reduce the impact of external forces on the supply chain, especially with the outbreak and spread of the Covid-19 pandemic and the impact on the stability of the supply chain caused by the frequent occurrence of extreme climate change, the Company implemented a proactive risk response strategy by setting up a primary, secondary and back-up supplier library for materials to prevent the stability risk of supply chain caused by regional interruptions.

## Supplier Classification

The Company uses a hierarchical management method for suppliers. The company conducts an annual comprehensive capability assessment of suppliers through regular registration and qualification approval, on-site audits, site inspections, on-site visits, and the introduction of external third-party testing review and supervision activities, combined with annual performance assessments and category strategy evaluations. Based on the assessment results, we adopt incentive and punishment mechanisms for excellent suppliers, qualified suppliers, suppliers in need of improvement and unqualified suppliers to continuously promote the improvement of supplier management.

Corporate Governance

Environment

Products

Employees

Industry Responsibility

Care for the community

## Sustainable Sourcing

The Company is committed to ensuring our sustainable and long-term products supply capability, reducing product supply risk, and working with our stakeholders to co-achieve sustainability goals in environmental, social and corporate governance aspects by continuously promoting sustainable sourcing.

The Company strictly comply with the group's relevant procedures to manage the access, the assessment and annual audit of bulk material suppliers. In 2021, Yihai Kerry issued a Sustainable Sourcing Policy, supporting by a Responsible Palm Oil Sourcing Policy and a Responsible Soybean Sourcing Policy, depending on the type of the raw material. The Company will give preference to palm oil suppliers with a strong commitment to "No Deforestation, No Peat and No Exploitation" and soy suppliers with a commitment to "No Illegal Sourcing, No Deforestation and No Exploitation".



In line with our responsible sourcing policies, we are committed to promoting sustainability and traceability in the sourcing of palm oil and soybean.

## Sustainable Palm Oil Sourcing

By sharing information on sustainable palm oil management of Wilmar International, Yihai Kerry has mastered the overall palm oil supply chain and achieved traceability management in line with our current situation. Wilmar has achieved 100% deforestation-free through the following three-pronged supplier compliance management approach:

**Satellite Surveillance:**  
Supplier Group Compliance Program (SGCP) and Radar Alerts for Detecting Deforestation (RADD): Proactive monitoring of deforestation and fire alerts to take effective actions against non-compliance behaviours

**Supplier Compliance Review:**  
Supplier traceability and NDPE (No Deforestation, No Peatland, No Labor Exploitation) implementation monitoring

**Complaint Mechanism:**  
Supplier Complaint and Supplier Re-entry Criteria

Achieved **100%** deforestation-free

In 2021, Yihai Kerry officially launched a palm oil traceability initiative and worked closely with Wilmar International. Based on the existing sustainable supply chain monitoring mechanism of Wilmar International, we enhanced the monitoring of the supply between Wilmar International and Yihai Kerry to establish our own sustainable palm oil monitoring mechanism.

During the Reporting Period, the Company traced all volumes of the palm oil handled by our refineries, 82% of which were traceable to mill level.

Based on the management improvement of sustainable palm oil in Yihai Kerry and Wilmar International, the Company will further extend the initiatives to all suppliers and completed the palm oil supply chain traceability and certifications.

## Sustainable Soybean Sourcing

Yihai Kerry actively carries out the tracking and certification of sustainable soybeans and conducts SGS IP certification for some domestic non-GMO soybeans.

The management of IP soybeans requires monitoring and managing the entire process, including seed selection, planting, the growing environment, harvesting, transportation and storage, processing to delivery, and final testing.



During the Reporting Period, the Company obtained RSPO (Roundtable on Sustainable Palm Oil) certification for palm oil and lauric acid oil purchases of 285,383 tons. Soybean purchases traceable to farms and certified by SGS IP amounted to 6,039 tons.

In 2022, Yaihai Kerry plans to deepen its cooperation with palm oil and soybean suppliers to carry out more traceability and certification of sustainable palm oil and sustainable soybeans.

**82 %**  
Palm oil traceability to mill

**100 %**  
Yihai Kerry's palm oil refineries obtained RSPO certification





# Win-Win Cooperation

Knowing the importance of cooperating with various stakeholders on the road to sustainable development, Yihai Kerry took the initiative to unite the upstream and downstream industry chains to explore and deepen cooperation with all parties to build a sustainable future together.

Every year, the Company organizes a supplier conference to convey the Yihai Kerry sustainability concept to suppliers and provide appropriate trainings.



## Supplier Conference

Case

In 2021, the non-trade procurement of the Yihai Kerry Supply Chain Management Department held supplier conferences in Shanghai and Zhengzhou on June 29 and July 19, respectively. More than 100 suppliers participated in the conference on-site.

In addition to the recommendations of the Company's products and the introductions of the supplier management system, Yihai Kerry facilitated cooperations between suppliers through the conference, creating a supplier ecosystem by organizing supplier product promotion and co-creating a qualified and sustainable industry development by proposing topics such as joint achievement of sustainability during the conference.



Suppliers participated in the on-site conference are

more than **100**

With the rapid development of the market economy and fierce competition in the food and oil industry, along with the development of community group purchases, the development environment of traditional distributors has changed and the challenges have been intensifying. Therefore, in 2021, Yihai Kerry carried out several dealer excellence programs to empower its partners and continuously improve dealer capabilities.

## Distributor Excellence Training

Case

### Distributor Operational Excellence Program Benefit Live Broadcast

Since May 2021, Yihai Kerry has conducted a monthly distributor operational excellence Live Broadcast program. Through the two parts of the distributor excellence lecture and excellence distributor case analysis, using a combination of systematic knowledge and practical case analysis (shared by the owner of a benchmark dealer), theory is combined with practical reviews to improve dealer capability. After the live broadcast, the recorded courses are uploaded to the learning platform for continuous learning by distributor partners.





# Participation In Industry Alliances

The Company has joined many domestic and international industry associations in various fields, participated in related activities, and carried out various cooperation and research programs with government research institutes to contribute to the development of the industry.

## Government Research Institutes

- Chinese Center for Disease Control and Prevention
- Chinese Academy of Agricultural Sciences
- National Food and Strategic Reserves Administration
- Institute of Science
- .....



## Domestic Industry Associations

- China Grain and Oil Association
- China Food Industry Association
- China Nutrition Society
- China Cuisine Association
- China Spices Association
- China Chamber of Commerce of Foodstuffs and Native Produce
- China Cleaning Industry Association
- Shanghai International Logistics Chamber of Commerce
- China Environmental Protection Federation
- International Grain Modern Supply Chain Alliance
- Green Recycled Plastics Supply Chain Joint Working Group



## Foreign Industry Associations

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



Industry Partners

## R&D Cooperation

Case

Since the Yihai Kerry R&D Center has been established, it has worked closely and communicated with government research institutes, industry associations and renowned universities to promote the development and progress of China's grain and oil industry through a series of initiatives such as setting up a food and nutrition innovation platform and a nutrition innovation fund.

In 2021, Yihai Kerry officially became the first member of the "Shanghai Nutrition Innovation Platform", established by the Shanghai Municipal Health Commission. As an alliance of research institutions, social organizations and enterprises, the platform is an integrated alliance of industry, academia and research, which enhances nutrition innovation research and social service capabilities by uniting the strengths of all sectors of society.

Yihai Kerry also established the "The National Nutrition Science Research Grant", in cooperation with the Chinese Nutrition Society, with total funding of RMB 100 million from Yihai Kerry, which is dedicated to combining the latest food and nutrition research results in China and abroad with the dietary characteristics of Chinese residents, providing guidance for the development of food products suitable for Chinese residents and helping to achieve the major goal of "Healthy China 2030".

## Green and Sustainable Supply Chain Alliance

Case

### International League of Food Supply Chain

In September 2021, Yihai Kerry, as one of the initiating members, established International League of Food Supply Chain together with COFCO, Cargill China and Bunge (Shanghai) Management Co., Ltd. to discuss with industry supply chain partners the issues of synergy and resource sharing in the global grain supply chain and to promote the sustainable development of the global grain supply chain.

### Green Recycled Plastics Supply Chain Joint Working Group

In 2021, Yihai Kerry has become an observer of the Green Recycled Plastics Joint Working Group (GRPG), working with outstanding companies in various fields to promote the application of green recycled plastics and the construction of a green plastics supply chain.

The GRPG unites global brands, retailers, material suppliers, industry associations and other groups to connect all segments of the plastics industry chain and build a standard and evaluation system for the entire life cycle, which is commonly recognized by the entire recycled plastics industry chain, thereby increasing the use of recycled plastics, reducing the industry's environmental impact footprint, and protecting our ecological environment and the earth.



# 06

## Care for the community



|                             |     |
|-----------------------------|-----|
| Rural revitalization .....  | 110 |
| Corporate Citizenship ..... | 112 |
| Community Benefit .....     | 113 |

Yihai Kerry closely combines the company's development with social responsibility, serves the needs of people's livelihood, is enthusiastic about public welfare undertakings, and actively demonstrates the responsibility spirit of the enterprise. In 2013, Yihai Kerry established the Arawana Charity Foundation (Arawana Foundation) at the request of the Ministry of Civil Affairs to carry out charity work throughout the country, take action to help disadvantaged groups in society, support rural revitalization, and help individuals and society become better.







## Rural revitalization

In 2021, China began to make a strategic layout for rural revitalization, which is of great significance to solve the three problems related to agriculture: rural areas, farming and farmers. The Company responded to the policy of rural revitalization by setting up processing enterprises in the production areas of agricultural products, discovering special local agricultural products, helping to consolidate the achievements of poverty eradication, and comprehensively promoting rural revitalization through industrial assistance. The plants directly benefit farmers through the acquisition of agricultural products and help drive the development of local industry.

### Establishing the "leading enterprise + base + farmers" model of high-quality wheat orders

Case

In Shandong Province and Henan Province, the grain and oil processing enterprises under the Group established order-growing bases for high-quality wheat to reduce farmers' risk of growing high-quality wheat and promote agricultural efficiency and farmers' income through the model "leading enterprise + base + farmers".

The Company responded to the national policy of "superior grain production, superior grain purchasing, superior grain storage, superior grain processing, and superior grain marketing" and accelerated the synergistic development of grain "production, purchase, storage, processing and marketing". At the same time, it is driving the development of local logistics, commerce and other supporting industries, providing a large number of jobs.

### Establishing a modern agricultural industrial park

Case

In Qiqihar Fuyu County, Heilongjiang, the Company established a modern agricultural industrial park, relying on the rich local agricultural resources, engaged in the intensive processing of corn, soybeans and wheat, and plans to build intensive processing projects for rice, sugar beets, etc. With advanced technologies and production modes, such as intensive processing of agricultural products and a green circular economy, the Company aims to improve the added value of agricultural products and promote the integrated development of several industries.

In October 2021, the first phase of a corn starch project of Yihai Kerry (Fuyu) Modern Agricultural Industrial Park was officially opened and put into operation, providing a variety of jobs in Qiqihar Fuyu county.

Corporate Governance

Environment

Products

Employees

Industry Responsibility

Care for the community

### Establishing an industry poverty alleviation model featuring "plant ordering, whole chain integration, brand empowerment and profit return"

Case

In Zhangjiakou, Hebei Province, the Company explored with upstream and downstream partners establishing an industrial poverty alleviation model featuring "plant ordering, whole chain integration, brand empowerment and profit return", and invested in a modern millet processing plant, Yihai Kerry (Zhangjiakou) Foodstuffs Industries Co., Ltd.

The core business of Yihai Kerry (Zhangjiakou) Foodstuffs Industries Co., Ltd is millet processing. Through plant ordering, it acquires farmers' grain and connects upstream grain-ordering households with the company's e-commerce, distributor and distribution channels, such as JD, BHG and Walmart, integrating the resources of the whole industry chain. Currently, the Company is empowered by famous brands, such as "Arawana", "Neptune" and "Wonder Farm", to add value to the products. The net profit from product sales is invested in a poverty alleviation fund to improve the production and living conditions of poor villages and towns, improve infrastructure construction, and provide targeted assistance to special-needs families, thus achieving a positive cycle of sustainable poverty alleviation. During the Reporting Period, Yihai Kerry (Zhangjiakou) Foodstuffs Industries Co., Ltd signed a cereal order for planting an area of more than 50,000 acres, to help poor families increase their income through stable assistance.

The Company initiated the establishment of the "YuZhou Tribute Rice Association" in Yu County to promote the "Company + Cooperative + Farmers" model, improve the production, processing and sales industry chain, and enhance the level of technology, standardization, branding, marketization and industrialization of the Yu County millet industry. During the Reporting Period, the Company allocated RMB 2.5 million from the profits of Yihai Kerry (Zhangjiakou) Foodstuffs Industries Co., Ltd to set up the "Arawana-Yu County Rural Revitalization Fund" program in Yu County to make county-wide donations.

On February 25, 2021, the National Poverty Alleviation Conference was held in Beijing, and Yihai Kerry (Zhangjiakou) Foodstuffs Industries Co., Ltd was awarded the title "National Poverty Alleviation Advanced Group".







## Corporate Citizenship

To better fulfill the obligations of corporate citizenship, give back to society and establish a long-term, stable and standardized public welfare funding mechanism, in 2013, Yihai Kerry initiated the establishment of the Arawana Foundation. We adhere to the principle of "delivering charcoal in the snow, led by volunteers, low-key and pragmatic, continuous assistance, build a platform for common growth and focus on helping the project help them got the ability of sustainable development", base on Arawana Foundatoin carry out extensive and lasting public welfare projects. In October 2018, Mr. Kuok Khoon Hong, Chairman of Yihai Kerry, was awarded the National Poverty Alleviation Award by the Leading Group of Poverty Alleviation and Development in recognition of his and Yihai Kerry's continuous efforts in the cause of poverty alleviation. Yihai Kerry advocates the charity concept of "the rich will be asked to contribute money; the strong to contribute strength, contribute money is as important as contribute strength", We encourage our employees to participate in charity activities inside and outside the Company, and welcome social organizations and others to join our charity projects to promote the development.

In 2021, through the Arawana Foundation, Yihai Kerry continued to focus on the six modules "School Sponsorship Project, Arawana Cooking Class, University Education Donation, Arawana Restoration of Sight Project, Helping Orphans and Disabled People, and Disaster Relief" to carry out charity projects, with total donations of more than RMB 114 million in the year. The Arawana Foundation has also received donations from many others, so the total donation expenditure of the Foundation for the year exceeded RMB 130 million.



## Community Benefit

### School Sponsorship Project

#### Love helps growth

#### Case

Through the Arawana Foundation, Yihai Kerry continues to carry out diversified public welfare projects to help poor areas achieve the goal of balanced educational development, allowing rural children to enjoy city-like education, empowering low-income groups, and further consolidating the achievements of poverty eradication. As at December 31, 2021, 38 Yihai schools nationwide had received donations, benefiting more than 17,000 students and 1,300 teachers.



Heilongjiang Helen Changfa Yihai School was completed and put into use in 2021



## YI+ Sponsorship Program

Case

The "YI+ Sponsorship Program" is a derivative of the Sponsorship Project, a "one-to-one" employee-initiated sponsorship program that focuses on deeply impoverished students in Yihai schools. Under this program, Yihai Kerry and the Arawana Foundation set up a platform for employees to voluntarily adopt poor children to help them in elementary school, junior high school, high school and university, until they join the workforce. At the same time, the combination of the "YI+ School Sponsorship Program", the "Arawana Cooking Class", and the "School Sponsorship Project" constitutes the "whole chain" model of school support of Yihai Kerry and the Arawana Foundation. So far, the program has supported nearly 300 students.



Arawana volunteers visit poor students in the "YI+ Sponsorship Program"

## Yihai Student Support Center

### More warmth, more guard

Case

The "Yihai Student Support Center" is a philanthropic project of Yihai Kerry and the Arawana Foundation to explore a new model of orphan assistance. The project is funded by Mr. Kuok Khoo Hong, Chairman of Yihai Kerry, through the Arawana Foundation, and is centered on "mother's love" and creating a "family" atmosphere and a "nurturing" environment for children's growth, integrating the attention and support of the whole society to protect the "whole chain" of the orphans' psychological transformation, healthy growth, education and employment.

So far, we have helped more than 330 orphans and de facto orphans, 40 of whom have joined the workforce (four work in the Group) and two of whom joined the army. There are another 43 university students and 20 high school students who are studying abroad and have received continuous support.

In 2019, four orphans determined to engage in baking came to Yihai Kerry baking training center to study; on December 25, 2021, three orphans were sponsored by Mr. Kuok Khoo Hong to start a bakery named "Yi+ in Lianyungang". One orphan aspires to become a "baking master", and another orphan aspires to become a "baker's artisan" and continue his studies at the training center.



Opening Ceremony of "Y+1" Love Bakehouse

## Arawana Cooking Class

### Love opens a new chapter in life

Case

The "Arawana Cooking Class" is a project derived from the "School Sponsorship Project", which aims to help poor students who are about to enter society after nine years of compulsory education to learn cooking skills and strive to lift their families out of poverty through their new skills and practical work in the future.

In 2016, Yihai Kerry, the Arawana Foundation, and the China Cuisine Association jointly established the Arawana Cooking Class in Yangzhou, and have since opened programs in Kunming, Shanghai and Chengdu. So far, more than 400 poor students have been sponsored to study there, and nearly 100 students have graduated and entered the catering industry, among which 44 outstanding students have started a new chapter in their lives under the tutelage of executive chefs in five-star hotels.

In 2021, Fan Xianchao, Class of 2019 of the Yangzhou Project, won the "Gold Award of Jiangsu Province Cooking Competition" and became the third student of the Arawana Cooking Class who won a place at Yangzhou University for undergraduate studies.



2021 Chengdu Arawana Cooking Class Opening Ceremony



Fan Xianchao is practicing tofu carving

## University Education Donation

### Together, Love helps education

Case

The education donations to universities include projects such as the Arawana Scholarship and Education Award and infrastructure construction. The Arawana Scholarship is a philanthropic program designed to encourage outstanding undergraduate students, postgraduate students, and young teachers to work hard, be diligent and innovative, and develop in a balanced manner. Since 2011, the Arawana Foundation has donated funds to 21 universities and research institutes, including Jinan University, Peking University, Fudan University and the Chinese Academy of Agricultural Sciences, to set up scholarships. More than 5,000 outstanding students and young teachers have been awarded.

In 2021, Yihai Kerry donated RMB 25 million each to West Lake University and Xiamen University through the Arawana Foundation to fund the construction of hardware facilities at the two universities.



2021 Wuhan Light Industry University Arawana Scholarship Award Ceremony



2021 Xiamen University Project Signing Ceremony



## Arawana Restoration of Sight Project

### Love Lights Up Sight

In remote rural areas, because of lack of medical knowledge and financial difficulties, many elderly people are blind due to cataracts, causing them inconvenience and resulting in their inability to take care of themselves, which becomes a burden on their families. To help these patients overcome their difficulties, in 2008, Yihai Kerry launched the "Arawana Sight Restoration Project" to subsidize poor cataract patients to have surgery and regain their sight.

In 2021, Arawana volunteers and the Nanxiong Disabled Persons' Federation went to villages in Shaoguan City Lechang to carry out screening and rank the recipients. By the end of October, three towns and 33 villages had been screened, and more than 1,000 villagers were examined for eye health. Two hundred eligible villagers eventually regained their sight through surgery.

In 2021, Yihai Kerry funded 1,550 cataract surgeries nationwide through the Arawana Foundation.



General Manager of Dongguan Factory of Yihai Kerry removes the veil for the recipient patients

Case

## Helping orphans and disabled – Arawana Prosthetic Walking Aid

### Love helps people with disabilities walk and regain confidence

The "Arawana Prosthetics for Walking" program was started in 2010 to help poor people with physical disabilities regain their confidence by providing them with free prostheses. The program has been implemented in Quanzhou, Qinhuangdao, Guigang, Jiamusi, Chongqing, Kunming and other places, and more than 1,580 cases of prosthetic limbs have been funded.

In September 2021, the third phase of the Kunming "Arawana Prosthetic Limb Project" was launched. A total of 52 prosthetic lower limbs were provided for 52 poor people with physical disabilities. Arawana volunteers from Yihai Kerry (Kunming) Foodstuffs Industries Co., Ltd cooperated with the Disabled Persons' Federation to carry out screening, inspection and on-site assistance, practicing the Company's value of "harmonious sharing" through practical action.



Arawana volunteers visit households to screen the list of recipients



The General Manager of Yihai Kerry Kunming Factory talks to patients

Case

## Disaster Relief

### Caring Henan, rescue and disaster relief

In July 2021, severe flooding occurred in Henan province due to heavy rainfall. To support the relief work in Henan, Yihai Kerry donated RMB 9.5 million in cash and RMB 4.5 million in materials to Zhengzhou, Anyang, Kaifeng and Zhoukou through the Arawana Foundation.

At the end of July, after the disaster had eased, Yihai Kerry donated RMB 2.3 million for disinfection and antibacterial products to Henan through the Arawana Foundation to help the people in cleaning and hygiene protection and contribute to the post-disaster pandemic prevention work.



Yihai Kerry Donates to Henan through the Arawana Foundation

Case

### Pandemic prevention and control, rushing to the front line

At the beginning of 2020, the pandemic had a great impact on the social economy and people's lives. Yihai Kerry stabilized production and prices, kept supply stable, and made donations through the Arawana Foundation to contribute to the prevention and control of the pandemic.

In early 2021, following the outbreak in Hebei Province, Yihai Kerry donated RMB 30 million in cash and materials through the Arawana Foundation, including RMB 20 million for the prevention and control of the outbreak in Shijiazhuang City and RMB 10 million for the prevention and control of the outbreak in Qinhuangdao City, Langfang Economic and Technological Development Zone, and Bazhou City. In mid-September 2021, the pandemic broke out in Putian, Fujian Province, and spread to Quanzhou, Xiamen and other areas. Yihai Kerry donated RMB 2 million in food and oil supplies to Quanzhou City and Tongan District, Xiamen through the Arawana Foundation.



Yihai Kerry Donates to Shijiazhuang through Arawana Foundation



Yihai Kerry Donates Materials to Fujian through the Arawana Foundation

Case



# Appendix I: Key Performance Indicators

## Environment

|   | Unit                             | 2021       |
|---|----------------------------------|------------|
| Water Use   |                                  |            |
| Water withdrawal from taps/municipal water <sup>1</sup> | Tons                             | 19,776,069 |
| Water withdrawal from natural water bodies              | Tons                             | 11,217,691 |
| Total water withdrawal                                  | Tons                             | 30,993,760 |
| Intensity of water withdrawal                           | Tons/ 10 thousand revenue income | 1.37       |
| Water reuse   | Tons                             | 5,738,637  |
| Recyclable packaging <sup>2</sup>                       |                                  |            |
| Percentage of plastic packaging                         | %                                | 60.73      |
| Percentage of paper packaging                           | %                                | 30.90      |
| Percentage of other recyclable packaging <sup>3</sup>   | %                                | 1.91       |
| Total recyclable packaging                              | %                                | 93.54      |
| Non-recyclable packaging <sup>4</sup>                   |                                  |            |
| Percentage of non-recyclable packaging                  | %                                | 6.46       |
| Non-hazardous waste <sup>5</sup>                        |                                  |            |
| Total emissions   | Tons                             | 2,527,364  |
| Recycling volume  | Tons                             | 2,508,828  |
| Emissions intensity                                     | Tons/ 10 thousand revenue income | 0.0008     |
| Hazardous waste   |                                  |            |
| Total emissions   | Tons                             | 1,076      |
| Recycling volume  | Tons                             | 1,061      |
| Emissions intensity                                     | Kg/ 10 thousand revenue income   | 0.00065    |

<sup>1</sup>The water withdrawal statistics includes only the Group's subsidiaries in normal operation.

<sup>2</sup>The percentage of recyclable packaging is calculated based on the purchase volume of the smallest purchasing unit of packaging materials.

<sup>3</sup>Other recyclable packaging includes the use of glass, metal, bamboo and other materials made of recyclable product packaging.

<sup>4</sup> The calculation of the percentage of non-recyclable packaging is based on the purchase volume of the smallest purchasing unit of packaging materials.

<sup>5</sup> The non-hazardous waste and hazardous waste statistics include only the Group's subsidiaries in normal operation.

|   | Unit                              | 2021       |
|---|-----------------------------------|------------|
| Greenhouse gases                          |                                   |            |
| GHG reduction <sup>6</sup>                | Tons CO <sub>2</sub> e            | 783,006    |
| Exhaust gas                               |                                   |            |
| Total nitrogen oxide emissions            | Tons                              | 807        |
| Total sulfur oxide emissions              | Tons                              | 318        |
| Emissions intensity of exhaust pollutants | Kg/ 10 thousand revenue income    | 0.05       |
| Wastewater                                |                                   |            |
| Total wastewater discharge                | Tons                              | 14,460,682 |
| Wastewater discharge intensity            | Tons / 10 thousand revenue income | 0.64       |

## Social

|  | Unit    | 2021   |
|--|---------|--------|
| Employees  |         |        |
| Total number of employees                              | Persons | 34,389 |
| Employees who sign non-fixed term employment contracts | Persons | 15,304 |
| Employees who sign fixed-term employment contracts     | Persons | 19,085 |
| New employee rate                                      | %       | 17.34  |
| Full-time Employees                                    |         |        |
| Male employees   | Persons | 25,885 |
| Female employees                                       | Persons | 8,504  |

<sup>6</sup> 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 CO<sub>2</sub> Emission Factors for Regional Power Grids in China in 2011 and 2012".



|   | Unit                  | 2021  |
|---|-----------------------|-------|
| Percentage of employees by grade                    |                       |       |
| Management Level                                    | %                     | 1.04  |
| Manager Level                                       | %                     | 4.20  |
| Director Level                                      | %                     | 16.40 |
| Employee Level                                      | %                     | 78.36 |
| Percentage of employees by age                      |                       |       |
| < 30 years old                                      | %                     | 28.25 |
| 30-50 years old                                     | %                     | 68.40 |
| > 50 years old                                      | %                     | 3.35  |
| Employee Turnover                                   |                       |       |
| Turnover rate                                       | %                     | 14.09 |
| Staff Training                                      |                       |       |
| Average hours of training for male employees        | Hours                 | 31.72 |
| Average hours of training for female employees      | Hours                 | 32.15 |
| Total average hours                                 | Hours                 | 31.83 |
| Health and Safety                                   |                       |       |
| Production safety accidents resulting in fatalities | Persons               | 0     |
| Lost working hours accident rate                    | Per 200,000 man-hours | 0.11  |

## Appendix II: GRI Standards - Core Option

| Disclosure Issues/<br>Disclosures | Disclosure Item Title  | Chapter Index                                       | Page    |
|-----------------------------------|--|---|---------|
| GRI 101: Foundation 2016          |  |   |         |
| GRI 102: General Disclosures 2016 |  |   |         |
| Organization Overview             |  |   |         |
| 102-1                             | Name of the organization                                     | About this report                                   | 03      |
| 102-2                             | Activities, brands, products, and services                   | About Yihai Kerry – About Us                        | 06-07   |
| 102-3                             | Location of headquarters                                     | Shanghai, China                                     |         |
| 102-4                             | Location of operations                                       | About Yihai Kerry – About Us                        | 06-07   |
| 102-5                             | Ownership and legal form                                     | About Yihai Kerry – About Us                        | 06-07   |
| 102-6                             | Markets served   | About Yihai Kerry – About Us                        | 06-07   |
| 102-7                             | Scale of the organization                                    | Please refer to the annual report                   |         |
| 102-8                             | Information on employees and other workers                   | Employees   | 78-93   |
|                                   |  | Appendix I: Key Performance Indicators              | 118-120 |
| 102-9                             | Supply chain   | Appendix I: Key Performance Indicators              | 118-120 |
| 102-10                            | Significant changes to the organization and its supply chain | About Yihai Kerry – About Us                        | 06-07   |
| 102-11                            | Precautionary Principle or approach                          | Corporate Governance                                | 20-25   |
| 102-12                            | External initiatives   | Industry Responsibility – Win-win Cooperation       | 104-107 |
| 102-13                            | Membership of associations                                   | Industry Responsibility – Win-win Cooperation       | 104-107 |
| Strategy                          |  |   |         |
| 102-14                            | Statement from senior decision-maker                         | Message from the Chairman                           | 04-05   |
| Ethics and Integrity              |  |   |         |
| 102-16                            | Values, principles, standards and norms of behavior          | About Yihai Kerry – About Us                        | 06-07   |
| Governance                        |  |   |         |
| 102-18                            | Governance structure   | ESG Development Overview – ESG Governance Framework | 08-09   |
| Stakeholder Engagement            |  |   |         |
| 102-40                            | List of stakeholder groups                                   | ESG Development Overview – ESG Strategy             | 10-11   |
| 102-41                            | Collective bargaining agreements                             | Employees – Employment and Benefits                 | 78-80   |
| 102-42                            | Identifying and selecting stakeholders                       | ESG Development Overview – ESG Strategy             | 10-11   |
| 102-43                            | Approach to stakeholder engagement                           | ESG Development Overview – ESG Strategy             | 10-11   |
| 102-44                            | Key topics and concerns raised                               | ESG Development Overview – ESG Strategy             | 10-11   |



| Disclosure Issues/Dis-closures    | Disclosure Item Title   | Chapter Index  | Page    |
|-----------------------------------|---|--|---------|
| Reporting Practice                |   |  |         |
| 102-45                            | Entities included in the consolidated financial state-ments         | About this report                                    | 03      |
| 102-46                            | Defining report content and topic Boundaries                        | ESG Development Overview – ESG Strategy              | 10-11   |
| 102-47                            | List of material topics   | ESG Development Overview – ESG Strategy              | 10-11   |
| 102-48                            | Restatements of information   | No information restated                              |         |
| 102-49                            | Changes in reporting  | About this report                                    | 03      |
| 102-50                            | Reporting Period  | About this report                                    | 03      |
| 102-51                            | Date of most recent report  | About this report                                    | 03      |
| 102-52                            | Reporting cycle   | About this report                                    | 03      |
| 102-53                            | Contact point for questions regarding the report                    | About this report                                    | 03      |
| 102-54                            | Claims of reporting in accordance with the GRI Standards            | About this report                                    | 03      |
| 102-55                            | GRI content index   | Appendix II: GRI Standards - Core Option             | 121-125 |
| 102-56                            | External assurance  | No external attestation                              |         |
| Substantive topics                |   |  |         |
| GRI 205: Anti-Corruption 2016     |   |  |         |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary            | Corporate Governance – Business Ethics               | 23-25   |
|                                   | 103-2 The management approach and its compo-nents                   | Corporate Governance – Business Ethics               | 23-25   |
|                                   | 103-3 Evaluation of the management approach                         | Corporate Governance – Business Ethics               | 23-25   |
| 205-3                             | Confirmed incidents of corruption and actions taken                 | Corporate Governance – Business Ethics               | 23-25   |
| Environment                       |   |  |         |
| GRI 301: Materials 2016           |   |  |         |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary-boundaries | Environment – Green Productions and Green Operations | 44-51   |
|                                   | 103-2 The management approach and its components                    | Environment – Green Productions and Green Operations | 44-51   |
|                                   | 103-3 Evaluation of the management approach                         | Environment – Green Productions and Green Operations | 44-51   |
| 301-1                             | Materials used by weight or volume                                  | Environment – Green Productions and Green Operations | 44-51   |
|                                   |   | Appendix I: Key Performance Indicators               | 118-120 |
| 301-2                             | Recycled input materials used                                       | Environment – Green Productions and Green Operations | 44-51   |
|                                   |   | Appendix I: Key Performance Indicators               | 118-120 |
| GRI 302: Energy 2016              |   |  |         |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary            | Environment – Tackling Climate Change                | 32-43   |
|                                   | 103-2 The management approach and its compo-nents                   | Environment – Tackling Climate Change                | 32-43   |
|                                   | 103-3 Evaluation of the management approach                         | Environment – Tackling Climate Change                | 32-43   |
| 302-4                             | Reduction of energy consumption                                     | Environment – Tackling Climate Change                | 32-43   |

| Disclosure Issues/Dis-closures               | Disclosure Item Title                                    | Chapter Index  | Page    |
|--|--|--|---------|
| GRI 303: Water Resources and Wastewater 2018 |  |  |         |
| GRI 103: Management Approach 2016            | 103-1 Explanation of the material topic and its Boundary | Environment – Green Productions and Green Operations | 44-51   |
|  | 103-2 The management approach and its compo-nents        | Environment – Green Productions and Green Operations | 44-51   |
|  | 103-3 Evaluation of the management approach              | Environment – Green Productions and Green Operations | 44-51   |
| 303-1  | Interactions with water as a shared resource             | Environment – Green Productions and Green Operations | 44-51   |
| 303-2  | Management of water discharged-related impacts           | Environment – Green Productions and Green Operations | 44-51   |
| 303-3  | Water withdrawal   | Appendix I: Key Performance Indicators               | 118-120 |
| GRI 304: Biodiversity 2016                   |  |  |         |
| GRI 103: Management Approach 2016            | 103-1 Explanation of the material topic and its Boundary | Environment – Green Productions and Green Operations | 44-51   |
|  | 103-2 The management approach and its compo-nents        | Environment – Green Productions and Green Operations | 44-51   |
|  | 103-3 Evaluation of the management approach              | Environment – Green Productions and Green Operations | 44-51   |
| GRI 305: Emissions 2016                      |  |  |         |
| GRI 103: Management Approach 2016            | 103-1 Explanation of the material topic and its Boundary | Environment – Tackling Climate Change                | 32-43   |
|  | 103-2 The management approach and its compo-nents        | Environment – Tackling Climate Change                | 32-43   |
|  | 103-3 Evaluation of the management approach              | Environment – Tackling Climate Change                | 32-43   |
| 305-5  | Reduction of GHG emissions                               | Environment – Tackling Climate Change                | 32-43   |
| GRI 306: Waste 2020                          |  |  |         |
| GRI 103: Management Approach 2016            | 103-1 Explanation of the material topic and its Boundary | Environment – Green Productions and Green Operations | 44-51   |
|  | 103-2 The management approach and its compo-nents        | Environment – Green Productions and Green Operations | 44-51   |
|  | 103-3 Evaluation of the management approach              | Environment – Green Productions and Green Operations | 44-51   |
| 306-1  | Waste generation and significant waste-related impacts   | Environment – Green Productions and Green Operations | 44-51   |
| 306-2  | Management of significant waste-related impacts          | Environment – Green Productions and Green Operations | 44-51   |
| 306-3  | Waste generated  | Appendix I: Key Performance Indicators               | 118-120 |
| GRI 307: Environmental Compliance 2016       |  |  |         |
| GRI 103: Management Approach 2016            | 103-1 Explanation of the material topic and its Boundary | Environment – Environmental Management               | 28-31   |
|  | 103-2 The management approach and its compo-nents        | Environment – Environmental Management               | 28-31   |
|  | 103-3 Evaluation of the management approach              | Environment – Environmental Management               | 28-31   |
| 307-1  | Non-compliance with environmental laws and regu-lations  | Environment – Environmental Management               | 28-31   |



| Disclosure Issues/Dis-closures                  | Disclosure Item Title  | Chapter Index                                 | Page    |
|---|--|---|---------|
| GRI 308: Supplier Environmental Assessment 2016 |  |   |         |
| GRI 103: Management Approach 2016               | 103-1 Explanation of the material topic and its Boundary   | Industry Responsibility – Supplier Management | 96-100  |
|   | 103-2 The management approach and its compo-nents  | Industry Responsibility – Supplier Management | 96-100  |
|   | 103-3 Evaluation of the management approach  | Industry Responsibility – Supplier Management | 96-100  |
| 308-1   | New suppliers that were screened using environ-mental criteria   | Industry Responsibility – Supplier Management | 96-100  |
| Social  |  |   |         |
| GRI 401: Employment 2016                        |  |   |         |
| GRI 103: Management Approach 2016               | 103-1 Explanation of the material topic and its Boundary   | Employees – Employment and Rights             | 78-80   |
|   | 103-2 The management approach and its compo-nents  | Employees – Employment and Rights             | 78-80   |
|   | 103-3 Evaluation of the management approach  | Employees – Employment and Rights             | 78-80   |
| 401-1   | New employee hires and employee turnover   | Appendix I: Key Performance Indicators        | 118-120 |
| GRI 403: Occupational Health and Safety 2018    |  |   |         |
| GRI 103: Management Approach 2016               | 103-1 Explanation of the material topic and its Boundary   | Employees – Occupational Health and Safety    | 89-93   |
|   | 103-2 The management approach and its compo-nents  | Employees – Occupational Health and Safety    | 89-93   |
|   | 103-3 Evaluation of the management approach  | Employees – Occupational Health and Safety    | 89-93   |
| 403-1   | Occupational health and safety management sys-tem  | Employees – Occupational Health and Safety    | 89-93   |
| 403-2   | Hazard identification, risk assessment, and incident investigation   | Employees – Occupational Health and Safety    | 89-93   |
| 403-3   | Occupational health services   | Employees – Occupational Health and Safety    | 89-93   |
| 403-4   | Worker participation, consultation, and communica-tion on occupational health and safety                       | Employees – Occupational Health and Safety    | 89-93   |
| 403-5   | Worker training on occupational health and safety  | Employees – Occupational Health and Safety    | 89-93   |
| 403-6   | Promotion of worker health   | Employees – Occupational Health and Safety    | 89-93   |
| 403-7   | Prevention and mitigation of occupational health and safety impacts directly linked by business rela-tionships | Employees – Occupational Health and Safety    | 89-93   |
| 403-9   | Work-related injuries  | Appendix I: Key Performance Indicators        | 118-120 |
| GRI 404: Training and Education 2016            |  |   |         |
| GRI 103: Management Approach 2016               | 103-1 Explanation of the material topic and its Boundary   | Employees – Growth and Development            | 81-84   |
|   | 103-2 The management approach and its compo-nents  | Employees – Growth and Development            | 81-84   |
|   | 103-3 Evaluation of the management approach  | Employees – Growth and Development            | 81-84   |
| 404-1   | Average hours of training per yearper employee   | Appendix I: Key Performance Indicators        | 118-120 |

| Disclosure Issues/Dis-closures                | Disclosure Item Title   | Chapter Index  | Page    |
|---|---|--|---------|
| GRI 405: Diversity and Equal Opportunity 2016 |   |  |         |
| GRI 103: Management Approach 2016             | 103-1 Description of substantive topics and their bound-aries                                 | Employees – Employment and Benefits                      | 78-80   |
|   | 103-2 Management methods and their components   | Employees – Employment and Benefits                      | 78-80   |
|   | 103-3 Evaluation of the management approach   | Employees – Employment and Benefits                      | 78-80   |
| 405-1   | Diversity of governance bodies and employees  | Appendix I: Annual Report on Key Performance Indica-tors | 118-120 |
| GRI 413: Local Communities 2016               |   |  |         |
| GRI 103: Management Approach 2016             | 103-1 Explanation of the material topic and its Boundary                                      | Care for the Community – Community Chest                 | 113-117 |
|   | 103-2 The management approach and its compo-nents   | Care for the Community – Community Chest                 | 113-117 |
|   | 103-3 Evaluation of the management approach   | Care for the Community – Community Chest                 | 113-117 |
| 413-1   | Operations with local community engagement, impact assessments, and development programs      | Care for the Community – Community Chest                 | 113-117 |
| GRI 414: Social Assessment of Suppliers 2016  |   |  |         |
| GRI 103: Management Approach 2016             | 103-1 Explanation of the material topic and its Boundary                                      | Industry Responsibility – Supplier Management            | 96-100  |
|   | 103-2 The management approach and its compo-nents   | Industry Responsibility – Supplier Management            | 96-100  |
|   | 103-3 Evaluation of the management approach   | Industry Responsibility – Supplier Management            | 96-100  |
| 414-1   | New suppliers that were screened using social crite-ria                                       | Industry Responsibility – Supplier Management            | 96-100  |
| GRI 416: Customer Health and Safety 2016      |   |  |         |
| GRI 103: Management Approach 2016             | 103-1 Explanation of the material topic and its Boundary                                      | Products – Excellent Customer Service                    | 73-75   |
|   | 103-2 The management approach and its compo-nents   | Products – Excellent Customer Service                    | 73-75   |
|   | 103-3 Evaluation of the management approach   | Products – Excellent Customer Service                    | 73-75   |
| 416-2   | Incidents of non-compliance concerning the health and safety impacts of products and services | Products – Excellent Customer Service                    | 73-75   |
| GRI 417: Marketing and Signage 2016           |   |  |         |
| GRI 103: Management Approach 2016             | 103-1 Explanation of the material topic and its Boundary                                      | Products – Excellent Customer Service                    | 73-75   |
|   | 103-2 The management approach and its compo-nents   | Products – Excellent Customer Service                    | 73-75   |
|   | 103-3 Evaluation of the management approach   | Products – Excellent Customer Service                    | 73-75   |
| 417-3   | Incidents of non-compliance concerning marketing communications                               | Products – Excellent Customer Service                    | 73-75   |
| GRI 418: Customer Privacy 2016                |   |  |         |
| GRI 103: Management Approach 2016             | 103-1 Explanation of the material topic and its Boundary                                      | Products – Excellent Customer Service                    | 73-75   |
|   | 103-2 The management approach and its compo-nents   | Products – Excellent Customer Service                    | 73-75   |
|   | 103-3 Evaluation of the management approach   | Products – Excellent Customer Service                    | 73-75   |
| 418-1   | Substantiated complaints concerning breaches of customer privacy and losses of customer data  | Products – Excellent Customer Service                    | 73-75   |



# Appendix III: SASB Food Retailers and Distributors Content Index

| Disclosure Issues/Disclosures  | Disclosure Item Title  | Chapter Index                               | Page  |
|--------------------------------|--|---|-------|
| Data Security                  |  |   |       |
| FB-FR-230a.1                   | (1) Number of data breaches  | Products – Excellent Customer Service       | 73-75 |
|                                | (2) Percentage involving personally identifiable information (PII)   | Products – Excellent Customer Service       | 73-75 |
|                                | (3) Number of customers affected   | Products – Excellent Customer Service       | 73-75 |
| FB-FR-230a.2                   | Description of approach to identifying and addressing data security risks  | Products – Excellent Customer Service       | 73-75 |
|                                |  | Corporate Governance – Risk Management      | 20    |
| Food Safety                    |  |   |       |
| FB-FR-250a. 1                  | High-risk food safety violation rate   | No major violations                         |       |
| FB-FR-250a.2                   | (1) Number of recalls  | No product recalls due to health and safety |       |
|                                | (2) Number of units recalled   |   |       |
|                                | (3) Percentage of units recall that are private-label products   |   |       |
| Product Health & Nutrition     |  |   |       |
| FB-FR-260a.1                   | Revenue from products labeled and/or marketed to promote health and nutrition attributes   | Products – Nutrition & Health               | 64-72 |
| FB-FR-260a. 2                  | Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers | Products – Nutrition & Health               | 64-72 |
| Product labeling and marketing |  |   |       |
| FB-FR-270a.1                   | Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes                                    | Products – Excellent Customer Service       | 73-75 |
| FB-FR-270a. 2                  | Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices                 | Products – Excellent Customer Service       | 73-75 |
| Labor Practices                |  |   |       |
| FB-FR-310a. 2                  | Percentage of active workforce covered under collective bargaining agreements  | Employees – Employment and Benefits         | 78-80 |
| FB-FR-310a. 3                  | (1)Number of work stoppages  | No major downtime occurred                  |       |
|                                | (2)Total days idle   |   |       |

| Disclosure Issues/Disclosures                                    | Disclosure Item Title  | Chapter Index  | Page   |
|--|--|--|--------|
| 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 | Employees – Employment and Benefits                                      | 78-80  |
| Management of Environmental & Social Impacts in the Supply Chain |  |  |        |
| FB-FR-430a. 1  | Revenue from products third-party certified to environmental or social sustainability sourcing standard                                      | Industry Responsibility – Supply Chain Management & Sustainable Sourcing | 96-103 |
| FB-FR-430a.2   | Percentage of revenue from (1) eggs that originated from a cage-free environment and   | Not applicable   |        |
|  | (2) pork produced without the use of gestation crates  | Not applicable   |        |
| FB-FR-430a.3   | Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare                            | Industry Responsibility – Supply Chain Management & Sustainable Sourcing | 96-103 |
| FB-FR-430a. 4  | Discussion of strategies to reduce the environmental impact of packaging   | Environment – Green Productions and Green Operations                     | 44-51  |