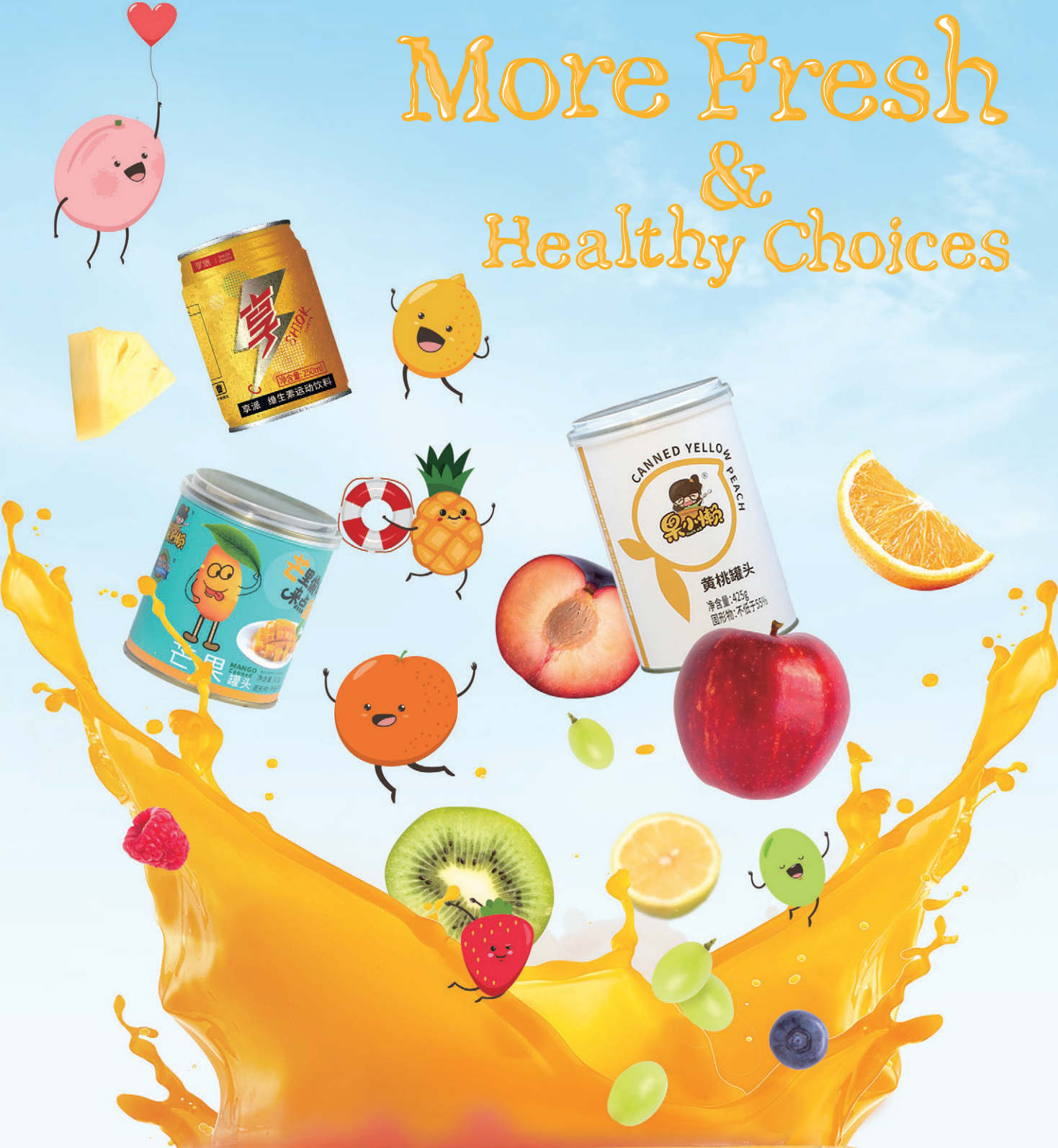


# Tianyun International Holdings Limited 天韵國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 6836.HK

## More Fresh & Healthy Choices







# Tianyun International Holdings Limited (6836.HK)



## ABOUT US

A leading Seller and Manufacturer of Processed Fruit and Beverage Products in China



## VISION

Create a Global Brand, Become a Centenary Enterprise



## MISSION

Produce Safe and Healthy Food, Create a Better and Prosperous Life



## 5th Anniversary of Listing on the Hong Kong Stock Exchange



## 2020 Results Highlights



## 2020 Revenue Proportion



### "享派Shiok Party" Energy Beverage

- Accelerate PRC national sales
- Suitable to all age groups
- Researches state that China Energy Beverage Market size has reached RMB 50 billion



## Type of Processed Fruit Product

Peach, Mandarin, Orange, Strawberry, Pear, Apple, Apricot, Loquat, Pineapple, Grape, Bayberry, Laichee, Mango and Mixed Fruit



## Own Brands



## Exclusive Regional Distributor Network

**300+** covering PRC

**27** Provincial-level administrative regions



## International Well-Known Brand OEM Products Exported Globally



## AWARDS AND RECOGNITIONS



Entered into The Most Valuable Chinese Brands List for the 4th consecutive year Brand Value exceeded RMB 1.5 billion

### Professional honors, qualifications and international certifications

- BRC(A), IFS Food (High), FDA, HALAL, SC, KOSHER, BSCI, ISO22000
- "Zero Added preservations" label

### China High and New Technology Enterprise

- Own a number of invention, design and technological types of patents

### A variety of proprietary invented food and beverage products

- Recognised as a Research Center for Smart Production Engineering of canned fruit
- Elected as 2020 Consumer Favourite Canned Fruit

According to China's processed fruits and vegetables market industry report published by Euromonitor International, Tianyun International is

**A Leading Enterprise**



Expected industry CAGR from 2019-2024

**8%** p.a.



Expected market size in 2024

RMB **17** billion

## Introduction

This Environmental, Social and Governance Report (the “ESG Report”) provides an overview of the environmental, social and governance (“ESG”) initiatives, plans, performance and various measures of Tianyun International Holdings Limited (the “Company” or “Tianyun International”), together with its subsidiaries (the “Group” or “we”), to demonstrate our commitment towards sustainable development. We are fully aware that our environmental, social and corporate governance policies have a profound impact on our sustainable development. At the same time, we recognize that our business strategies and models would also have a profound impact on society, the environment and all stakeholders. Therefore, this report will elaborate on our ESG philosophy, related initiatives and performance and future plans. Going forward, the Group intends to integrate ESG aspects into its comprehensive risk management system and internal control system, and to implement corresponding measures in daily operations and governance.

The Group is a leading seller and manufacturer of branded processed fruit products (including jellies) and beverages in the Peoples Republic of China (the “PRC”), primarily engaged in: (i) the research and development, production and sale of processed fruit products (including jellies) and beverages packaged in metal cans, plastic cups, glass bottles and aluminium foil bags; and (ii) the trading of fresh fruits. Processed fruit products (including jellies) are sold under its own brands “繽果時代(Bingo Time)”, “果小懶(fruit zz)”, “天同時代(Tiantong Times)” and on an Original Equipment Manufacturer (“OEM”) basis, while beverage products are sold under our own brand name “享派Shiok Party”. Since 2016, the Group’s premium processed fruit products (including jellies) under its own brand have continued to gain high recognition in the market and have been awarded the “China Canned Product Quality Certification Label” by a national institution, making it the first fruit processor in the processed fruit industry in the PRC to be able to label its products with the “Zero Preservatives Added” label.

The Group has always been committed in providing natural, healthy, safe, delicious and convenient products to consumers so that they can enjoy nutritious foods and beverages. At the same time, we also hope to promote a healthy food culture to the general public and deepen their awareness of healthy eating, hence fulfilling our corporate social responsibility. In 2020, the Group continued to carry out a series of measures to improve energy efficiency with the aim to reduce our emissions while improving our productivity. In addition, the Group’s corporate governance will continue to adhere to its employee-centric principle. The Group established a comprehensive and effective production safety guideline, and provides generous employee benefits and a pleasant and inclusive corporate culture, so as to improve employee retention, promote safety and ensure product quality.

## ESG Governance Structure

The Group applies a top-down management approach to oversee its ESG issues. The Board of Directors (the “Board”) has the general responsibility for monitoring and developing the Group’s ESG strategies, and is also responsible for ensuring the effectiveness of the Group’s risk management and internal control mechanisms. In order to develop a systematic management approach for ESG matters, the Group has arranged designated personnel from various departments to form a working group to manage ESG matters of the Group. The working group’s responsibility includes collecting relevant data on ESG aspects for the preparation of ESG reports. The working group periodically reports to the Board, and assists the Board in identifying and assessing ESG risks faced by the Group while evaluating the implementation and effectiveness of the Group’s internal control systems. The working group also reviews and examines the Group’s performances against its ESG targets and goals relating to the environment, labour practices, and other ESG aspects.



## Message from the Chairman

On behalf of Tianyun International Holdings Limited, I am pleased to announce the Group's ESG Report for the year ended 31 December 2020, which sets out the Group's ESG management strategies, performance and achievements in the areas of environmental protection, employee care, corporate operations and community involvement, demonstrating our continuous commitment towards sustainable development and fulfilling our corporate responsibility.

The year 2020 was undoubtedly a very meaningful yet challenging year for us, as the Group celebrated the fifth anniversary of its listing on the Stock Exchange of Hong Kong. During the year, the Group faced the tremendous challenges caused by different external factors, and was able to rise to the challenge, with our overall business operating steadily and making good progress, our brand value has exceeded RMB1.5 billion for the first time. We will continue to improve product quality, develop and improve our products, promote efficient and precise marketing and strategic cooperation, and strive to integrate corporate social responsibility into business operations. While pursuing operational benefits, we are determined to minimize our environmental impacts and generate positive value to the community and the society. This allows us to fulfill our commitments in promoting business growth and fulfilling corporate social responsibility.

As a leading manufacturer and seller of branded processed fruit products (including jellies) and beverages in the PRC, we constantly look for room for improvement and have continuously invested resources in product research and market development, stay abreast of stringent international production standards and strive to provide safe and high-quality fruit products and beverages to our customers. Due to globalization, consumers are becoming increasingly health conscious. We seized market opportunities and took sports health as the concept. During the year, we launched the first own brand beverage product, "享派Shiok Party" juice vitamin sports drink series. It is a refreshing healthy drink that replenishes hydration, energy and electrolytes, with the purpose of replenishing our energy, supporting the fast pace of lifestyle of modern society and responding to the market's demand for healthy food.

On the other hand, we continue to improve our independent research and development capabilities, explore new areas of business growth, and build a new development direction. We strive to launch more health-related products and to introduce new packaging that is more environmentally friendly and easy to recycle. Our Group has also been highly recognized and supported at the national level for our food processing technology and independent innovation capabilities, and has been awarded the national "High Technology Expertise Certificate", officially becoming a high-tech enterprise. With our efficient R&D team and strict quality control, we believe that we can open up new markets and capture new waves of business opportunities, constantly introducing new products to meet market demand.

Looking ahead, Tianyun International is determined to fulfill its corporate social responsibility and enhance its business and sustainable development. We plan on capitalizing on the opportunities presented by the new normal in the post-pandemic era and strive to provide consumers with more healthy and delicious products. I would like to extend our appreciation to all stakeholders and pledge to continue to find opportunities in the midst of change and to seek improvements in our ESG performance in the future. We look forward to working with our employees, customers and communities, taking into account the interests of all stakeholders, and to continue to achieve stable and sustainable growth.

**Yang Ziyuan**

*Chairman and Chief Executive Officer*

30 March 2021



## About the Report

### REPORTING SCOPE

This Report covers the environmental and social data of the Group's production base in Linyi City in the Shandong Province of the PRC (the "Linyi Production Base"). Yet, disclosures on system, policies and laws and regulations compliances are disclosed on the basis of the Group as a whole. The Group has collected ESG key performance indicators ("Key Performance Indicators"), which are disclosed in this report and supplemented with notes to establish benchmarks. The Group will continue to evaluate the main ESG aspects of different businesses to determine whether they should be included in the ESG Report.

### REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 16 to 23 of the Company's annual report 2020.




### REPORTING PERIOD

The ESG Report describes the ESG activities, challenges, and measures taken by the Group in the year ended 31 December 2020 ("the Year").




# Stakeholder Engagement

The Group deeply values its stakeholders and their feedback related to its business and ESG performance, and endeavours to create value for our stakeholders. In order to address their main concerns, the Group has maintained close communication with its major stakeholders, including but not limited to investors and shareholders, clients and customers, distributors, suppliers, employees, communities, and non-governmental organizations (“NGOs”) and the media.

In formulating ESG strategies and its operations, the Group considers stakeholders’ expectations through a diverse range of engagement methods and communication channels, as shown below:

Stakeholders	Communication Channels	Expectations
 <p>Investors and shareholders</p>	<ul style="list-style-type: none"> <li>• Annual general meeting and other general meetings</li> <li>• Annual report and interim report</li> <li>• Group announcements and circulars</li> <li>• ESG report</li> <li>• Corporate communications and press releases</li> <li>• Company website</li> <li>• Opinion survey and questionnaire</li> <li>• Field trip</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with relevant laws and regulations, including the Listing Rules</li> <li>• Return on investment</li> <li>• Enterprise development</li> </ul>
 <p>Clients and Customers</p>	<ul style="list-style-type: none"> <li>• Hotline and email</li> <li>• Customer satisfaction survey</li> <li>• Official account and company website</li> </ul>	<ul style="list-style-type: none"> <li>• Stable relationship</li> <li>• Product quality</li> <li>• Protect customer privacy</li> <li>• Business integrity and ethics</li> </ul>
 <p>Employees</p>	<ul style="list-style-type: none"> <li>• Training and seminars</li> <li>• Employee performance appraisal</li> <li>• Cultural and sports activities</li> <li>• Staff meeting</li> <li>• Internal communication hotline and email</li> </ul>	<ul style="list-style-type: none"> <li>• Career development opportunities</li> <li>• Health and safety</li> <li>• Salary and benefits</li> <li>• Work environment</li> </ul>

# Stakeholder Engagement

Stakeholders	Communication Channels	Expectations
Suppliers 	<ul style="list-style-type: none"> <li>• Business meetings, emails and phone calls</li> <li>• Regular meetings</li> <li>• Supplier code</li> <li>• Bidding and procurement process</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term cooperative relationship</li> <li>• Business ethics and reputation</li> <li>• Fair bidding</li> </ul>
Government and regulatory authorities 	<ul style="list-style-type: none"> <li>• Group authorized representative</li> <li>• Field trip</li> <li>• Company website</li> <li>• Legal counsel</li> <li>• Meetings, emails and phone calls</li> </ul>	<ul style="list-style-type: none"> <li>• Law and regulation compliance</li> <li>• Implementation of the policy</li> <li>• Pay taxes</li> </ul>
Community, NGOs and media 	<ul style="list-style-type: none"> <li>• Media interviews and communications</li> <li>• Press release</li> <li>• ESG report</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution to the society</li> <li>• Environmental protection</li> <li>• Social welfare</li> <li>• Health and safety</li> </ul>

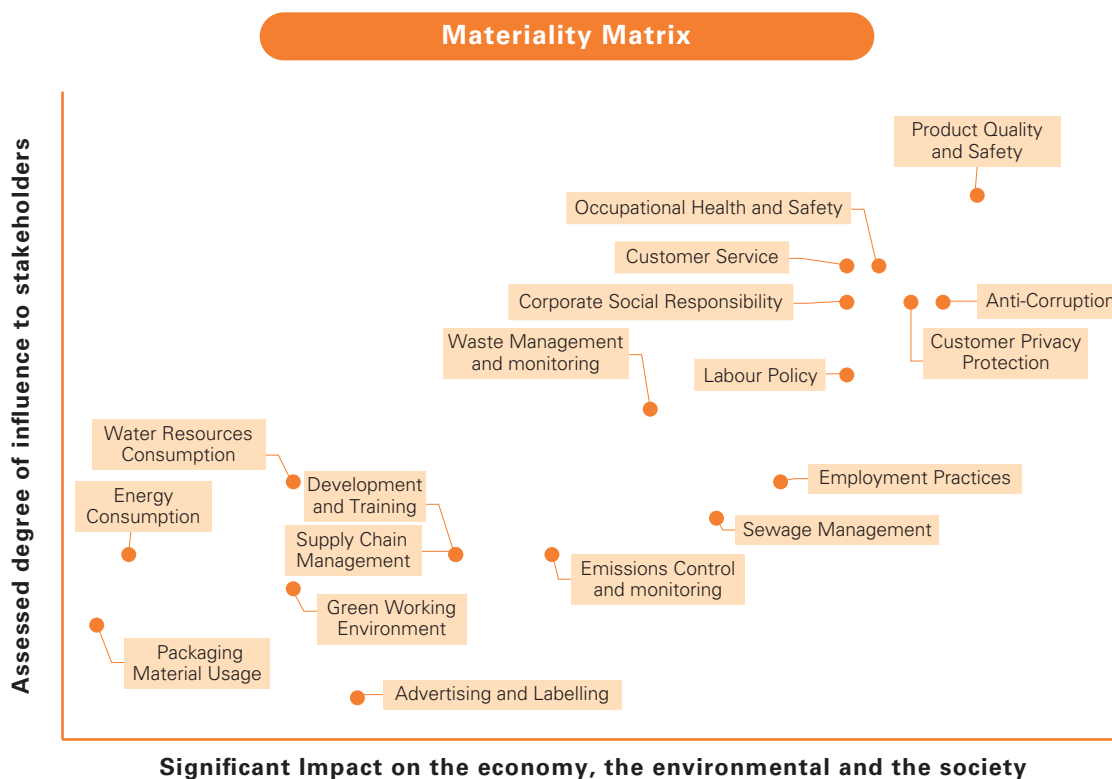
The Group aims to work together with its stakeholders to improve its ESG performance, and continue to create greater value for the community.



# Materiality Assessment

In order to effectively understand the opinions and expectations of stakeholders on the ESG performance of the Group, we adopt a systematic method to conduct the annual materiality assessment. We have invited stakeholders related to the Group to participate in the materiality survey, rating potential major issues with reference to the Group’s business development strategies and industry practices. We analyze the results of the materiality survey into a materiality matrix. The identified material issues and stakeholder concerns are reviewed by and discussed with management, and disclosed in this report.

The materiality matrix of the Group during the Year is as follow:



## CONTACT US

We attach great importance to the feedback and opinions of our stakeholders on our sustainability performance. You can provide valuable opinions on the ESG Report or the performance of the Group in terms of sustainable development in the following ways:

Email: [info@tianyuninternational.com](mailto:info@tianyuninternational.com)  
 Hotline: +852 2873 6836  
 Fax: +852 2873 6580

## Emissions

The Group recognizes the importance of the relationship between long-term development of the industrial ecosystem and a stable and favorable climate. Therefore, the Group implements environmental protection measures in its business operations, strictly abides by environmental-related laws and regulations, and is committed to introducing environmental protection business practice. Also, the Group provides guidance to its employees to raise their awareness on environmental protection and energy efficiency. We strive to build a more stable industrial ecosystem to fulfill its social responsibility.

In order to mitigate the negative impacts on the environment due to our operation and to strengthen the governance on environmental protection, the Group is committed to implementing various measures to reduce greenhouse gas (“GHG”) and other emissions, and has adopted and implemented environmental-related policies and communicated these policies to the employees. The Group adopts the waste management principles and emission reduction policies of “reduce, reuse, recycle and replace”. It aims to ensure the sustainability of our business, and to avoid the irreversible effects on the nature and environment, thereby reducing operational risks caused by environmental changes.

Within its policy framework, the Group is constantly seeking different opportunities to implement environmental protection initiatives. The Group has focused on improving environmental performance by reducing energy consumption and using recyclable materials as an alternative resource. The Group is also committed to cultivating and strengthening the environmental awareness of its employees, and have actively implemented a series of environmental protection measures, such as encouraging employees to develop green living habits, energy conservation, utilize video conferencing systems to replace unnecessary business travels, reduce wastes and recycle waste materials, thereby reducing energy consumption, GHG and exhaust emissions, and non-hazardous waste generation.

During the Year, the Group did not violate any relevant local environmental laws and regulations regarding GHG and waste gas emissions, emissions, water and land pollution, and the generation of hazardous and non-hazardous wastes that have a significant impact on the Group. We strictly comply with Environmental Protection Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Law of the PRC on the Prevention and Control of Atmospheric Pollution, Law of the PRC on Prevention and Control of Pollution from Environmental Noise, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, and other laws and regulations related to environmental protection, and actively adopted environmental protection measures. In addition, the Group pays environmental protection taxes in accordance with the Environmental Protection Tax Law of the PRC.

## Emissions

### EXHAUST GAS EMISSIONS

The Group is committed to minimizing exhaust gas emissions from its operations and ensuring compliance with the relevant laws and regulations. The main emission sources of the Group include vehicle emissions. In order to enhance employees' awareness on emission reduction, the Group actively adopts emission reduction measures, and the relevant measures are disclosed in the section "GHG Emissions". As the Group has optimized the data collection system during the Year, we expanded the scope of data disclosure to include exhaust gas emissions. The exhaust gas emission performance of the Group's Linyi Production Base is as follows:

Emission category	Unit	2020
Nitrogen oxides (NO <sub>x</sub> )	kg	14.59
Sulphur dioxides (SO <sub>x</sub> )	kg	0.11
Particulate matter (PM)	kg	1.07

### GHG EMISSIONS

The Group's GHG emissions are mainly derived from direct GHG emissions and energy indirect GHG emissions. Emission sources include fuel used in transportation, natural gas and refrigerant used in cooking (Scope 1) and purchased electricity (Scope 2). The Group actively adopts energy-saving measures to reduce GHG emissions. Relevant measures are disclosed in the section A2 "Energy Management" and "Water Management and Sewage Treatment". In addition, we regularly distribute newsletters to employees to increase their environmental awareness. The GHG emission performance of the Group's Linyi Production Base is as follows:

Indicator <sup>1</sup>	Unit	Emissions	
		2020	2019
Direct GHG emissions (Scope 1)	tonnes CO <sub>2</sub> e	<b>3,894.55</b>	4,907.60
Energy indirect GHG emissions (Scope 2)	tonnes CO <sub>2</sub> e	<b>5,624.46</b>	6,231.20
Total GHG emissions	tonnes CO <sub>2</sub> e	<b>9,519.01</b>	11,138.80
GHG emissions intensity <sup>2</sup>	tonnes CO <sub>2</sub> e/ million revenue	<b>14.17</b>	13.36

Notes:

1. Greenhouse gas emissions data are presented in terms of carbon dioxide equivalent, with reference to, inter alia, the "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the "Global Warming Potential Value" of Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) (2014).
2. The Group will use the total revenue of the factories mentioned in the scope of the report as the data for calculating the intensity.

## Emissions

During the Year, the Group's total GHG emissions has decreased by approximately 1,619.79 tons of carbon dioxide equivalent, but the emission intensity and resource use intensity increased slightly. This is due to the impacts of COVID-19 on the Group's operations in the first quarter of 2020. However, the Group actively responded and the overall business fundamentals remained stable. Production and sales have gradually resumed in the second quarter of 2020. Business operations have been steadily advancing, and good results have been achieved. At the same time, the Group has strengthened and improved the data collection system and disclosure scope of GHG emissions, waste volume, and total amount of packaging materials. We are committed to pursuing emission reductions from the source and resources utilization. The Group will continue to make positive contributions on environmental protection and the community, and insist on building a sustainable business and reducing the impact on the environment in order to fulfil its corporate social responsibility.

### WASTE MANAGEMENT

The Group adheres to the principles of waste management and is committed to waste reduction at the source, striving to properly manage and dispose of all wastes generated by its business activities. As we believe that healthy, nutritious and high-quality products can only be produced in a healthy natural environment, we have always attached great importance to the impact of our business on the environment and natural resources, and we continue to strengthen environmental protection to reduce the potential impact on the environment from our operation. The Group's waste management practices comply with the relevant environmental protection laws and regulations.

### HAZARDOUS WASTES

In view of the nature of the Group's business, the Group's Linyi Production Base did not generate a significant amount of hazardous wastes during the Year. Despite this, the Group has established hazardous wastes management and disposal guidelines. If any hazardous wastes are generated, the Group will hand over to qualified chemical waste collectors for processing and disposal. The Group aims to continuously reduce its potential adverse effects caused by the generation of hazardous wastes and to comply with the relevant laws and regulations.

### NON-HAZARDOUS WASTES

The Group adheres to the principle of "reduce, reuse, recycle and replace", and emphasizes on carbon reduction and waste reduction in order to promote better utilization of environmental resources. The Group is committed to promoting the concept of environmental protection to employees.

As a company mainly engaged in the production of processed fruits products and beverages, the non-hazardous wastes generated by the Group mainly includes but not limited to, kitchen waste, employee household waste and other waste derived from business production, and employees' domestic wastes and other business waste. The Group has formulated various stringent measures and procedures for the management of food waste. During the fruit processing process, the Group has educated its employees to make good use of raw materials so as to reduce wastes, and adheres to the principles of sustainable development and are committed to reducing, reusing, recycling and replacing the waste generated by our business processes.



## Emissions

### FOOD WASTE

The Group formulates strict food waste management policies and procedures, and engages qualified professional services providers to collect and process the food waste generated. The Group also placed a number of designated trash bins in each area of the kitchen at the Linyi production base so that employees can place food waste in a centralized manner. Qualified waste collectors collect these garbage bins every day to ensure the sanitation of the factory. In addition to appointing qualified services providers to handle food waste, the Group also adopts various measures to reduce food waste, such as making the best use of food materials. During the Year, all food waste generated from the Group's production base in Linyi, Shandong was collected and processed by qualified third-party waste collectors.

### OTHER WASTES

Other wastes generated by the Group mainly includes waste cans, employee household waste, production waste, sludge, paper, etc. The Group has adopted various measures to minimize such waste, including but not limited to:

- Promote double-sided printing to enhance paper usage;
- Promote environmental awareness and energy conservation;
- Encourage employees to classify and dispose of garbage to enhance recycling;
- Eliminate the habit of using disposable tableware;
- Use electronic communication and teleconferencing systems where appropriate; and
- Distribute office memos to remind employees to print only necessary materials and try to use electronic documents.

Through the adoption of the above-mentioned waste reduction measures, employees' environmental awareness has been continuously improved. In addition, as the Group's data collection system has become more mature during the Year, it has been enhanced to collect data on non-hazardous waste classification. The performance of non-hazardous waste disposal at the Group's production base in Linyi, Shandong Province is as follows:

Types of non-hazardous wastes	Unit	Amount of Disposal	
		2020	2019
Food wastes	tonnes	2.0	N/A
Waste cans	tonnes	112.79	N/A
Employee household waste	tonnes	24.00	N/A
Production waste	tonnes	1,309.50	N/A
Sludge	tonnes	900.00	N/A
Paper	tonnes	0.58	N/A
Total non-hazardous waste	tonnes	2,348.87	2,851.00
Non-hazardous waste intensity	tonnes/million revenue	3.50	3.42

## Use of Resources

The Group insists on and advocates the effective use of resources and strives to optimize the use of resources in all its business operations. We promote a green working environment and adopt various measures to continuously introduce resource efficiency and environmental protection measures in the business operations of the Group. The Group has formulated relevant policies and procedures for the use of energy, water and packaging materials with the goal of achieving efficient use of raw materials and reducing unnecessary use.

### ENERGY MANAGEMENT

The Group continues to strictly comply with the Energy Conservation Law of the PRC, and fully implements energy conservation policies, regulations and standards. We also regularly review the Company's various energy consumption indicators and energy-saving indicators. The Group is committed to promoting energy conservation and emission reduction, and continuously improve energy use efficiency to achieve energy conservation and emission reduction. Employees must take relevant measures and initiatives and be responsible for the overall energy efficiency of the Group.

Through the establishment of an energy management system, the Group sets out and regularly reviews energy-saving targets to continuously improve the Group's energy performance. The Group will identify the area of additional high energy consumption to find the root cause and take corresponding preventive measures when necessary.

The main energy consumption of the Group is electricity and natural gas consumed in business operations, and petrol and diesel consumed in transportation. The Group has introduced various measures and initiatives to achieve the goal of power saving and efficient consumption. Such measures and initiatives include but are not limited to:

- Actively increase the proportion of solar photovoltaic power generation;
- Use boilers that have energy-saving and environmental protection functions and can reduce heat loss and exhaust gas temperature, etc.;
- Use solar water heater for bathing water in employee dormitories;
- Regulate the use of air conditioners to prevent waste of electricity;
- Develop a good habit of turning off the lights after use;
- Unplug the electrical equipment that is not used for a long time to save power consumption during standby; and
- Strictly control the temperature of the air conditioner when it is in use, avoid excessive energy consumption, extend the life of the air conditioner, and reduce the generation of electrical waste.

## Use of Resources

Through the above energy-saving measures, the employees' awareness on energy-saving have increased accordingly. The energy consumption performance of the Group's production base in Linyi, Shandong Province is as follows:

Types of energy	Unit	Consumption	
		2020	2019
Direct energy consumption	MWh	<b>18,874.80</b>	23,464.09
Natural gas	MWh	<b>18,800.90</b>	23,260.57
Petrol	MWh	<b>72.83</b>	203.52
Diesel	MWh	<b>1.07</b>	0
Indirect energy consumption	MWh	<b>5,971.39</b>	6,437.22
Purchased electricity	MWh	<b>5,971.39</b>	6,437.22
Total energy consumption	MWh	<b>24,846.19</b>	29,901.31
Energy consumption intensity	MWh/million revenue	<b>36.99</b>	35.82

### WATER MANAGEMENT AND SEWAGE TREATMENT

The business activities of the Group do not consume a significant amount of water in the daily operation process, and therefore, we do not discharge a large amount of sewage. Since the sewage generated by the Group is discharged to the water purification plant in the district through the municipal waterway network, the consumption of water by the Group is regarded as a type of sewage discharge. Taking into consideration that the Group does not use any directly accessible natural water sources during its operations, but rather fully uses government water supplies, it has not encountered any problems in sourcing suitable water sources.

Given the nature of the Group's business, the use of water is inevitable in maintaining its business operations. In order to improve the efficiency of the use of resource, the Group arranges production activities reasonably to avoid low efficiency of water consumption and high energy consumption, and introduces various measures and initiatives to reduce water consumption. Such measures and initiatives include but are not limited to:

- Operate activities to save water;
- Check water pipes and faucets to prevent water leakage regularly;
- By improving the work process, large amount of water can be recycled during the sterilization and pre-cooking stages;
- Construct effective leak-proof drainage system;
- Adopt the principle of convection, lower the rollers of the cooling pools of all sterilization machines in the first and second workshops to improve the cooling effect; and
- Acquire a flap machine.

## Use of Resources

Through the above water-saving measures, employees' awareness on water-saving has been improved. The water consumption performance of the Group's production base in Linyi, Shandong Province is as follows:

Indicator	Unit	Consumption	
		2020	2019
Water consumption	m <sup>3</sup>	<b>866,170.00</b>	1,085,000.00
Water consumption intensity	m <sup>3</sup> /million revenue	<b>1,289.44</b>	1,299.70

### USE OF PACKAGING MATERIALS

The Group mainly uses tinplate, plastic and glass as packaging materials based on customer requirements. We understand that the packaging of products may cause an impact on the environment, but we will strengthen the communication with customers, in the hope of increasing the proportion of environmentally friendly materials to be used as packaging materials. The Group is committed to researching on a new type of Tetra Pak packaging that is lighter, saves storage space and is more suitable for the Chinese market, so as to potentially reduce product transportation costs and carbon emissions in the future. The Group strives to achieve a high level of sustainable development.

As the Group's data collection system has become more mature during the Year, the Group has expanded the scope of data disclosure on packaging materials. The performance of packaging materials used by the Group's Linyi Production Base is as follows:

Indicator	Unit	Consumption	
		2020	2019
Tinplate	tonnes	<b>3,758.94</b>	N/A
Plastic	tonnes	<b>835.22</b>	N/A
Glass	tonnes	<b>14,285.80</b>	N/A
Carton	tonnes	<b>2,552.66</b>	N/A
Cardboard Box	tonnes	<b>3,766.39</b>	4,773.05
Total packaging material consumption	tonnes	<b>25,199.01</b>	N/A
Total packaging material consumption intensity	tonnes/million revenue	<b>37.51</b>	N/A



## The Environment and Natural Resources

The Group pursues best practices in business and environmental matters, focusing on the impact of business on the environment and natural resources. In addition to compliance with environmental regulations and international standards, and appropriately protecting the natural environment, the Group has also adopted a number of measures to reduce the impact on the environment. On the other hand, the Group also provides environmental protection education to all employees in order to increase their environmental awareness. We encourage employees to actively participate in environmental protection public welfare activities, take part in protecting the ecosystem, and fulfill corporate responsibilities.

### **CLEAN PRODUCTION**

The Group pays attention to the management of the production process and recognizes that the standardized production process is of great importance to the employees, the development of the Group and the protection of resources and environment. The Group has formulated strict procedures for indoor air quality and raw material management to achieve clean production standards.

### **INDOOR AIR QUALITY**

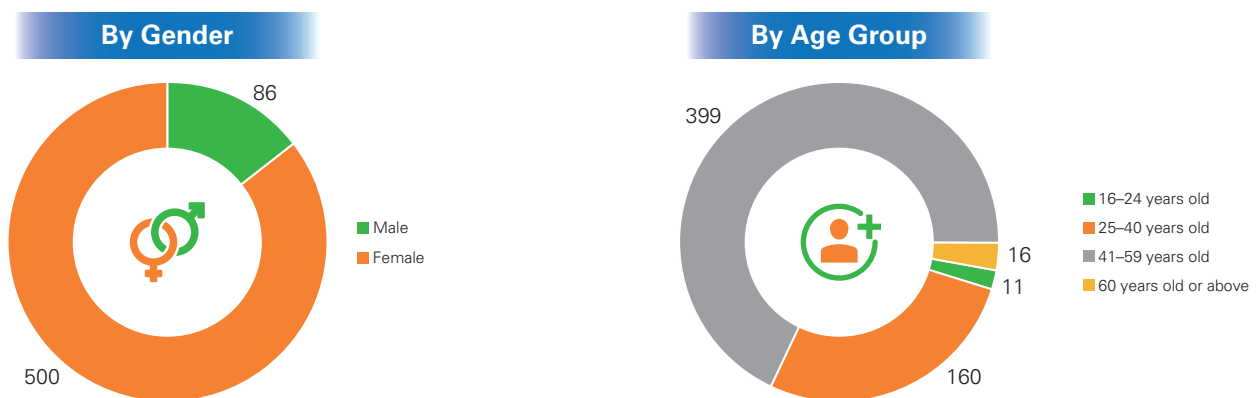
The Group attaches great importance to our indoor air quality. In order to maintain air quality and ensure hygiene, the Group strictly controls air quality management matters. The Group regularly inspects and cleans the air-conditioning system, and test and adjust the performance of the same so as to maintain high indoor air quality.

## Employment

The Group is committed to promoting an excellent corporate culture, thus making employees feel valued and enhancing their sense of belonging to the Company. The Group regards employees as the most valuable asset and human resources as the most important corporate wealth. Therefore, in order to protect the rights and interests of employees, the Group has formulated a number of internal reference documents such as “Employee Handbook”, “Social Responsibility Management Manual” and “Social Responsibility Procedure Document”, which include recruitment, salary, promotion, various employee benefits, training as well as promotion opportunities and equal opportunities, etc., so that employees can have a system to follow and to protect their rights. Also, the Group has formulated guidelines for the recruitment and staffing to ensure that all aspects are in compliance with national laws and regulations. The Group reviews regularly, and revises and updates the “Employee Handbook” and related policies when necessary to ensure that the content of the Code keeps up with the times.

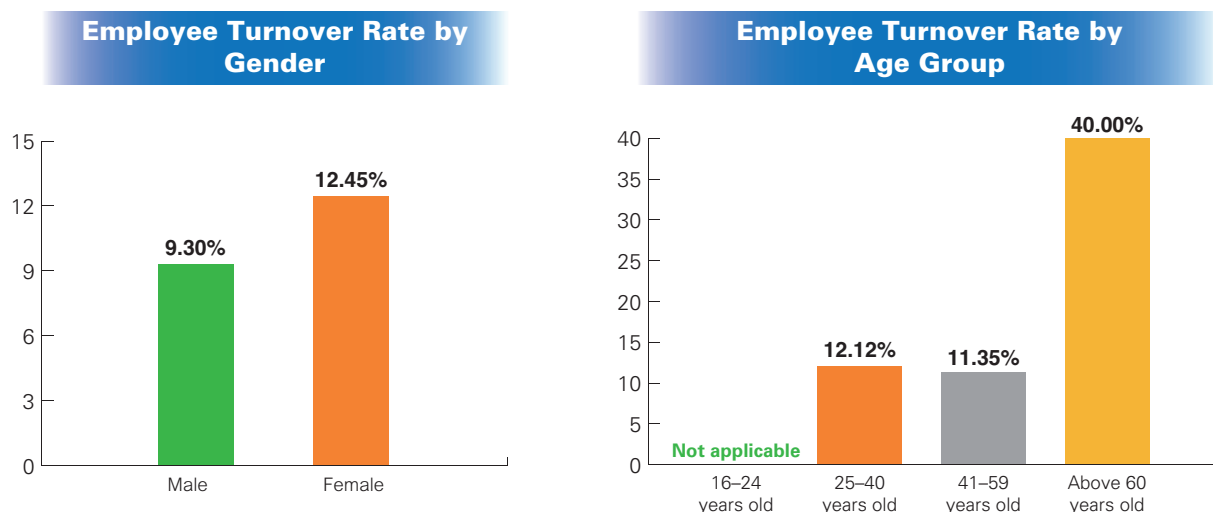
In addition, in order to ensure the effective implementation of rules and regulations and improve execution efficiency, we have standardized various management procedures in the “Social Responsibility Procedure Document”, such as “Working Time Management Procedures”, “Payroll Management Control Procedures”, “Health and Safety Management Procedures”, “Anti-Discrimination Management Procedures”, “Freedom of Association and Collective Bargaining Rights Management Procedures” and “Emergency Medical Assistance Management Procedures”, etc. The Group was not aware of any non-compliance with employment-related laws and regulations that would have a material impact on the Group, including but not limited to the Labour Law and Labour Contract Law of the PRC.

During the Year, the Group had a total of 586 employees at its Linyi Production Base, all of whom were full-time employees and were working in the PRC. The divisions are as follows:



## Employment

During the Year, the overall employee turnover rate of the Group's Linyi Production Base was approximately 12.01%. The distribution of different categories is as follows:



### RECRUITMENT, PROMOTION AND DISMISSAL

The Group has standardized its recruitment procedures based on the principles of openness, fairness and equality. In its well-established and transparent recruitment process, the Group selects employees based on their strengths and suitability for specific positions to meet the current and future needs of the Group. The Group ensures that every applicant is treated equally and will not be discriminated due to factors such as their religious beliefs, gender, age, and race.

The Group understands that a fair and effective promotion ladder can greatly increase employees' motivation. Therefore, the Group has standardised its management procedure in the "Social Responsibility Procedure Document". The Group conducts regular appraisals to assess the performance of its employees. The appraisals are based on objectives, plans, and responsibilities, and the appraisal results are directly linked to job promotion, remuneration and other benefits. During the working period, employees will be assessed by their immediate supervisors, department heads and the President's Office, and those with good performance will be considered for promotion or as reserve cadres; while those with poor performance may be considered for being transferred to other posts, demotion or dismissal.

For outgoing employees, we have fully complied with the employment-related laws and regulations in the place where we operate to provide reasonable resignation compensation based on the employee's reasons for resignation and the Group's human resources policies, and to ensure that they are treated with due respect.

# Employment

## REMUNERATION AND BENEFITS

The Group ensures that the rights and benefits of employees are determined mainly based on factors such as market standards, job responsibilities, personal performance and academic qualifications, and to ensure that employees are rewarded for their efforts. At the same time, the Group regularly reviews the promotion process.

In accordance with the Labour Contract Law of the PRC, the Group enters into and fulfils labour contracts with employees, and pays “Five Social Insurances and One Housing Fund” for employees, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund, to ensure that employees enjoy social insurance benefits. In addition, the Group will also fund annual medical check-ups for employees who are in direct contact with food products. The Group effectively protects the legitimate rights and interests of employees in accordance with the Labour Law of the PRC and other national and local laws and regulations, respects the rights of employees to rest and leave, and regulates the working hours of employees and their rights to various types of rest time and vacations. The Group provides personal leave, sick leave, marriage leave, maternity leave, bereavement leave, annual welfare leave, work-related injury leave, etc. The Group will make appropriate arrangements to take leave or leave work earlier according to the circumstances. The Group provides some of its factory employees with fully-equipped accommodation, subsidised meals, and a variety of benefits taking into account of their hard work. The Group will provide free labour protection supplies for certain positions that require specific labour protection.

## COMMUNICATION CHANNEL

In order to understand employees’ satisfaction with their work, the Group has established various forms of communication channels to collect feedback from employees. The Group encourages open communication and employees enjoy full personal freedom, freedom of speech, freedom of belief and freedom of association in the company as stipulated by the law, and allows employees to express concerns or areas for improvement to their immediate supervisors or senior management of the Group. Through regular meetings and discussions, the Group understands employees’ opinions on remuneration and benefits, responsibilities, working environment, organisation, and employee relations. The management will review the feedback from these communication channels and take corresponding improvement actions. The Group believes that the suggestions of employees are valuable to its continuous improvement.

## DIVERSITY AND ANTI-DISCRIMINATION

The Group recognizes the value of a diverse and skilled workforce, and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all people can flourish.

The Group is committed to providing equal opportunities in all aspects of employment, ensuring that employees are free from discrimination, any physical or verbal harassment in the workplace due to their race, religion, colour, gender, physical or mental disability, age, place of birth, marital status, sexual orientation. The Group also strives to ensure that complaints, grievances and concerns are dealt with in a timely and confidential manner. The Group emphasises a zero-tolerance approach to any form of sexual harassment or abuse in the workplace.



## Health and Safety

The Group regards our employees as our most valuable asset. Therefore, we have always complied with the "Production Safety Management Regulations", advocated the "safety first" work philosophy and implemented it in every process and detail, and insisted on providing safety education and a safe and healthy working environment for every employee. During the Year, the Group was not aware of any material non-compliance with health and safety related laws and regulations that would have a material impact on the Group, including but not limited to the Labour Law of the PRC and the Labour Contract Law of the PRC.

### EMPLOYEE SAFETY MANAGEMENT

The Group has formulated a series of safety and security codes in the "Employee Handbook". The Group requires all employees to wear the labour protective equipment provided by the Group before work and to pass safety inspections before operating the equipment. If their jobs require the handling of any flammable, explosive, highly toxic, radioactive or corrosive materials, they must be classified according to the regulations and supervised by designated staff. Among them, special operators must undergo professional training and assessment, and only those who are qualified with a license can do the relevant work.

The Group conducts regular inspections in Linyi Production Base to ensure that the equipment is thoroughly tested, hygienic and safe to use. In addition, the Group actively promotes and provide training on the rules and regulations and holds safety meetings from time to time as well as reviews and evaluates the effectiveness of the safety meetings. In addition, the Group regularly checks the performance of protective equipment in accordance with the established system and organizes annual health checks for employees.

In order to ensure compliance with applicable laws and regulations, the Group regularly reviews the aforementioned safety manuals to continuously improve the occupational health and safety system, and provide employees with comprehensive protective measures as much as possible to eliminate various potential health and safety risks. In order to prevent accidents, the Group regularly organizes fire safety drills for its employees and assigns relevant departments to conduct occupational health and environmental testing, and places great emphasis on organizing internal and external training to strengthen the safety training of employees. During the Year, there were no accidents that caused serious physical injury or death, or loss of working days and claims or compensation due to work-related injuries, and no violations of laws related to employee health and safety occurred in the Group's production bases.

The outbreak of COVID-19 has seriously threatened health of humanity. The Group attaches great importance to the potential health and safety impact of the COVID-19 on its employees and customers. In order to minimize the risk of cross-infection, the Group has closely monitored the pandemic situation from the beginning of the pandemic, and quickly established an emergency leadership team for pandemic prevention and control. A number of notices were issued, an emergency plan was formulated, the emergency prevention and control plan was detailed, and the prevention and control measures were strictly implemented. Detailed arrangements and measures were made in terms of pandemic control, production arrangements, wages, employee return, post-holiday safety and insurance, and resumption of work arrangement after the holiday.

During the outbreak of the pandemic, the Group has provided sufficient anti-pandemic and disinfection materials to each production base. Under the strict anti-pandemic measures, during the Year, all staff from the Group's production bases have achieved zero infection.

## Development and Training

The Group believes that its employees will continue to grow alongside with the expansion of the Group's business. The Group provides targeted, systematic and forward-looking training to its employees to explore their potential to match the Group's sustainable development.

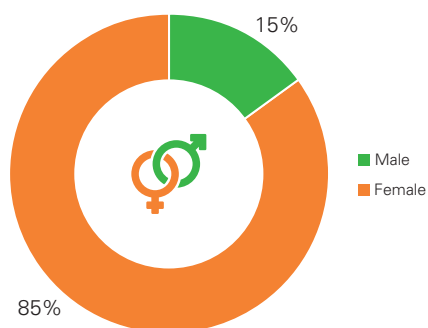
### EMPLOYEE TRAINING SCHEME

From the Group's top management to the junior new employees, the Group has established multi-level training methods and training courses in a targeted manner, forming a set of systematic training mechanisms, including internal departmental training, cross-departmental training, cross-discipline knowledge sharing, etc. For employees with longer years of service, the Group helps them to formulate career development plans and provide training on new skills; for new employees, the Group has established a complete induction training system to help them adapt to job requirements as soon as possible.

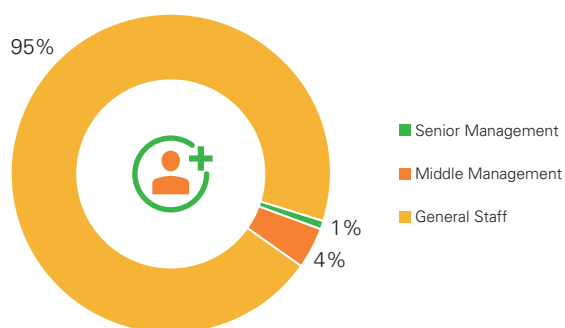
The Group effectively enhances team cohesion by integrating corporate culture and teamwork spirit into each employee's philosophy through shared goals and values. In order to ensure the continuous improvement of the team quality, the Group actively encourages employees to receive training and constantly reviews and improves training programmes to match the needs of business operations and employees.

During the Year, the Group had a total of 586 full-time employees at the Linyi production base who have received training, achieving a training rate of 100%. The distribution of different categories (the sum of the same category is calculated as 100%) is as follows:

Employees participated training session (gender)



Employees participated training session (Employee Categories)



## Labour Standards

### PREVENTION OF CHILD LABOUR AND FORCED LABOUR

The Group strictly complies with the national and local employment laws and regulations and prohibits any child labour and forced labour in its business operations. During the Year, the Group did not commit any material breach of laws and regulations relating to child labour and forced labour that would have a significant impact on the Group, including but not limited to the Labour Law of the PRC and the Prohibition of Child Labour of the PRC.

The Group requires all new employees to provide true and accurate personal information upon joining the Group and takes reasonable efforts to verify the accuracy and authenticity of such information by checking their academic certificates, identity documents and other official documents to prevent any accidental employment of child labour or potential malpractices. At the same time, the Group has established an “Anti-human trafficking Management Procedure” and has made it mandatory for all foreign workers to undergo identity verification and background checks before being employed, as well as formed a task force to implement and monitor the implementation of the policy. In case of any exceptions, we will follow the established management procedures to hold the relevant employees accountable and protect the personal safety of the forced employees. If there is any violation of the law, we will also report to the regulatory authorities to prevent similar problems from arising. The Group also conducts regular audits and inspections to prevent any child labour and forced labour in its operations.

In addition, the Group’s employees work overtime voluntarily only when necessary. The Group will never condone any negative acts such as verbal abuse, corporal punishment, physical abuse, oppression, sexual harassment, etc., against its employees for any reason.

## Supply Chain Management

The Group is committed to enhancing the quality of its products so that the Group's brands can be marketed internationally. Apart from operating its own brands, the Group also provides reliable and comprehensive OEM services. With the competitive advantages of consistent high quality, comprehensive international certifications in the industry and a wide range of product lines, the Group has been able to attract internationally-renowned customers from food industry and become one of the leading companies in the fruit processing industry in the PRC.

The Group's major suppliers mainly include packaging, fruit suppliers and processing companies that provide OEM services. The Group maintains long-term stable relationships with its major suppliers. All suppliers have undergone careful evaluation and subjected to regular monitoring and evaluation to ensure that the products produced meet our stringent standards and maintain our brand image.

### SUPPLY CHAIN MANAGEMENT

As the Group's products are preservative-free, green and healthy fruit products and beverages, we have put in place a series of measures in our "Food Safety Manual" and "Procurement Control Procedures" to regulate the responsibilities of each department in the purchasing process and the selection and management of suppliers respectively. The Group has established stringent supplier selection criteria to ensure the credibility of suppliers and to minimise risks in the supply chain so as to ensure that the quality of raw materials used is maintained at a high level.

The Group only selects suppliers that meet its internal requirements. Before confirming the registration of a new supplier, the Group will conduct background checks and qualification assessment on the supplier. After confirming that the supplier meets the Group's requirements, an assessment team, comprising the Procurement Department and relevant staff from the Production, Quality Control and Finance Departments, will be appointed to conduct a site visit to the new supplier's facilities and production processes to ensure that the food products supplied meet its internal quality standards. In addition, the Group regularly evaluates the performance of suppliers, including conducting on-site monitoring and inspections or removing suppliers that do not meet its standards from the list of approved suppliers when deemed appropriate by the Procurement Department.

### SUPPLIER'S ENVIRONMENTAL AND SOCIAL RISKS

The Group recognises the importance of managing environmental and social risks in its supply chain and has made requests to suppliers to manage environmental and social risks. The Group incorporates environmental and social considerations in its procurement processes and communications with suppliers. The Group will continue to monitor the environmental and social concerns of its supply chain. In addition to the quality of supply or service, to ensure that our suppliers are socially responsible, we deliberately formulate a "Supplier Code of Conduct", which clearly defines how suppliers should behave in different areas and states that no cases of forced or child labour will be tolerated. At the same time, suppliers must ensure that they provide a safe and fair working environment for all their employees to protect their rights.

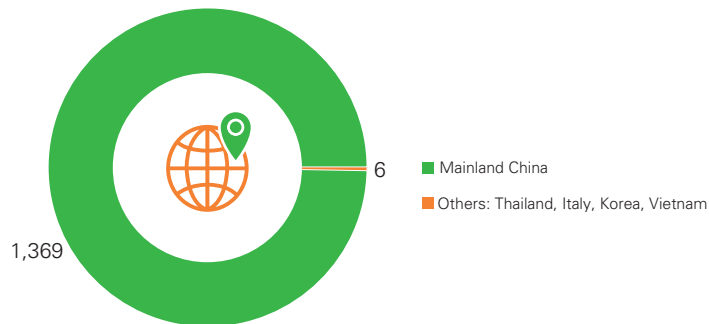
# Supply Chain Management

## FAIR AND OPEN PROCUREMENT

The Group's procurement process is conducted under open, fair and equitable conditions in compliance with the Law of the PRC on Tendering and Bidding and other relevant regulations. No discriminatory treatment will be given to any supplier, and employees and other individuals with an interest in the relevant supplier will not be allowed to participate in the relevant procurement activities. The Group is also concerned about the integrity of its suppliers and partners and has zero tolerance for bribery and corruption, and strictly prohibits suppliers and partners from obtaining procurement contracts or partnerships through any form of transfer of benefits.

During the Year, the Group had a total of 1,375 suppliers for its Linyi Production Base, with the following chart showing the number of suppliers by region.

Number of supplier (By geographical region)



## Product Responsibility

It has always been the Group's principle to place emphasis on food quality, corporate reputation and quality of service. Therefore, we have been strictly following the international standards of food safety and our products have been approved by international certification bodies. The Group conducts stringent inspections on the fruits supplied by our suppliers and purchases them only if they have passed quality check to ensure the quality of raw materials and is committed to producing and providing quality and safe products to all our customers.

The Group actively complies with the Product Quality Law of the PRC, the Consumer Rights Protection Law of the PRC and the Advertising Law of the PRC and other laws and regulations. During the Year, the Group was not aware of any non-compliance with the laws and regulations relating to health and safety, advertising, labelling and privacy matters in relation to products and services and remedies that would have a significant impact on the Group.

### QUALITY CONTROL OF RAW MATERIALS

Raw materials are the first factor in determining the quality of products. The Group has established strict "Procurement Control Procedures" and "Raw Material Inbound Inspection Control Procedures", and monitors raw materials as a key control point.

#### Food safety

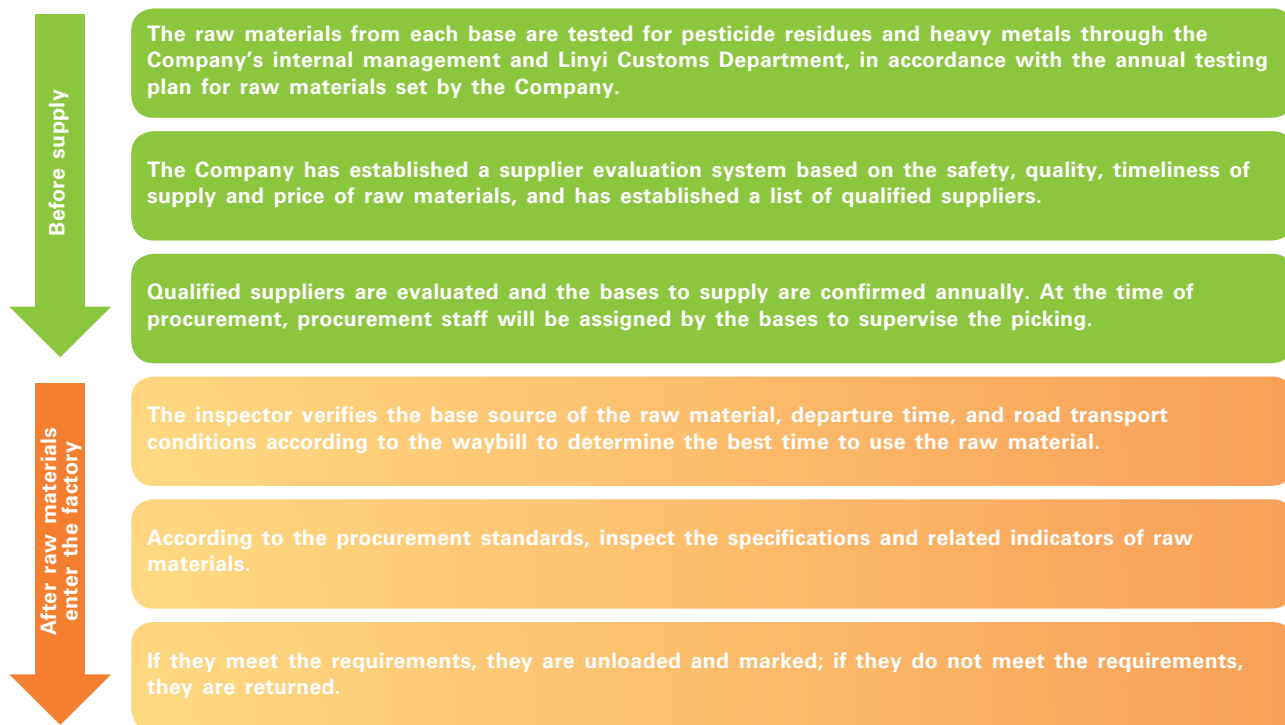
- Monitoring the management of the farm base
- Signing agreements with each farm base
- Planters are assigned to regulate the use of chemicals, fertilizers, irrigation and the environmental requirements of the orchards
- Ensuring that pesticide residues and heavy metals in fruits that affect human health meet product requirements

#### Product quality

- Setting procurement standards: specifying items such as variety, specification, colour and maturity of raw materials



## Product Responsibility



During the procurement of auxiliary materials and packaging materials, qualified suppliers are also selected according to the requirements and are reviewed annually. Inner packaging materials should be purchased from factories that are already filed by the Enter-Exit Inspection and Quarantine Authorities and should pass the supplier evaluation procedures.

### PRODUCTION PROCESS REGULATION

As we have a large number of production processes, the control of details is critical. To ensure that the quality of products meets the stringent factory requirements, the Group sets clear standards for each process and ensures that the relevant requirements are clearly communicated to the operating staff to ensure that they can complete the process in accordance with the established requirements and maintain the highest quality of products. In addition, we implement stringent quality control procedures such as hygienic inspection and verification of process, physical sensory testing of semi-finished products after sealing and sterilisation, etc., to ensure the hygiene and safety of products.

For customers from different countries and brands, we also ensure that all factory products are in compliance with their local and internal brand requirements. Therefore, we have detailed process flow charts for each type of product so that employees can clearly understand the characteristics and requirements of different products, maintain product quality, and avoid the risk of non-conforming products return by customers.

# Product Responsibility

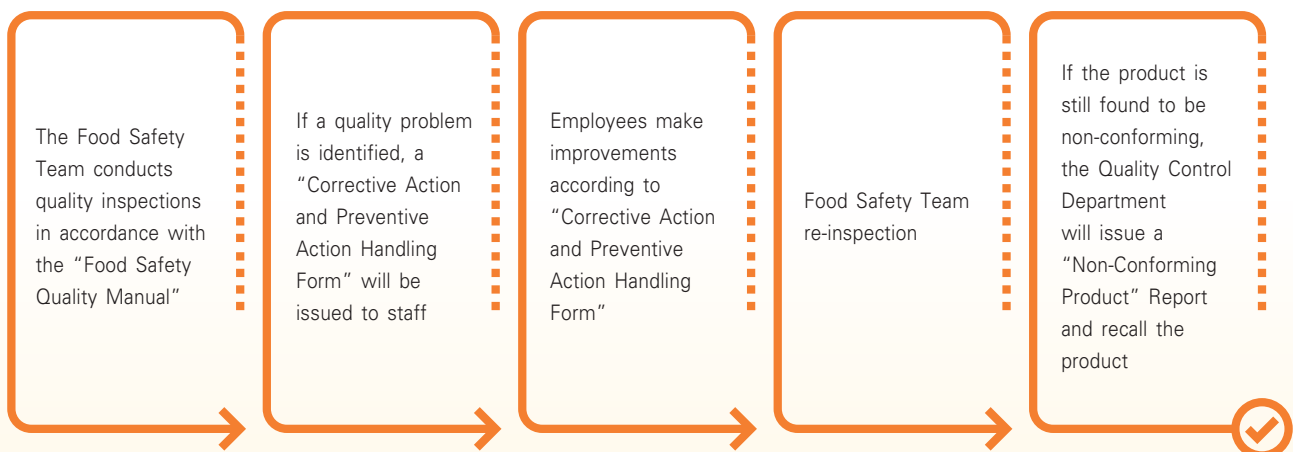
## EXTERNAL CERTIFICATION AND PRODUCT QUALITY

There are many well-known overseas brands that choose to cooperate with us because we are one of the most accredited food companies in the PRC and overseas which is able to operate in full compliance with international production standards. We can also apply different standards in the production process according to consumers' requirement so as to meet the preferences of our customers' markets. Our production facilities, quality control and management systems are certified with BRC(A), IFS Food (Advanced), FDA, SC, KOSHER, HALAL, ISO22000, HACCP and a number of European and US supermarket internal food production standards. In addition, we have successfully passed the Food Safety Modernization Act (FSMA — Food Safety Modernization Act) audit, which is an on-site review by FDA officials in the US.

## FOOD QUALITY AND SAFETY

The Group has established quality control policies and food safety management systems to ensure safe and high-quality food and beverages. Its food safety policies and procedures are continuously developed and improved in accordance with the guidelines set by the government authorities or industry best practices. The Group has adopted stringent quality monitoring and control measures throughout its production facilities. Strict inspection procedures are in place for purchase of materials, production, packaging processes and finished products to ensure that production processes and product standards are monitored.

In order to improve the quality of our services and to guarantee the quality of our products in the long term, the Group has established a Food Safety Team consisting of key operating staff from procurement, production, quality, technical development positions. Their responsibilities are to prepare the "Food Safety Quality Manual", to ensure that the processes required for the Food Safety Management System are established, implemented, maintained and updated, to report to the top management of the Company on the control of the Food Safety Quality Management System, its performance and any need for improvement, as well as to liaise with relevant parties on matters relating to the Food Safety Management System. If problems or potential risks are identified during quality inspections, the Food Safety Team will issue a "Corrective Action and Preventive Action Handling Form" in accordance with established procedures. If the product is still found to be non-conforming after re-inspection, the Quality Control Department will issue the "Non-Conforming Product Report" and make decision to isolate, dispose of and return the non-conforming product. The relevant process is as follows:



## Product Responsibility

The Group adopts a distribution rights system to assess and screen distributors through centralised management to ensure that only safe and healthy products can reach consumers. We have entered into distribution agreement with all distributors, which stipulates that they cannot sell products with their warranty period expired and must replace products whose warranty period expires within three months with new products. We will have the right to purchase any expired products from shops at retail price for proper disposal and charge our distributors for the cost.

### PRODUCT RECALL

When there is a safety issue in a factory product that requires a recall, the Group will identify and trace all affected products within 4 hours in accordance with the “Product Recall Control Procedure”. Thereafter, the Food Safety Team leader will immediately convene a meeting to conduct a recall review. Once the recall is confirmed to be initiated, the Trade Department will be responsible for implementing the procedures and overseeing the process of recalling the products. In addition, the Group conducts mock recalls at least twice a year and updates the procedures in due course to ensure the effectiveness, timeliness and compliance of the recall process.

### INTELLECTUAL PROPERTY

The Group believes that intellectual property rights such as trademarks, technical know-how, product formulations and processes are extremely valuable assets to its business. Therefore, the Group is committed to safeguarding its brands and protecting the Group’s rights and interests, and has fully patented our relevant intellectual property rights. Whenever a new product or technology is successfully developed, the Group will file a patent application with the patent application authority in a timely manner to prevent any infringement of our legitimate rights and interests due to pre-emption by others. At the same time, the Group enters into confidentiality agreements with its employees to set out the scope and means of confidentiality and liability for the breach of contract to prevent leakage of confidential information due to employee turnover.

### CUSTOMER SERVICE

The Group believes that its customers are the core of its business and that enhancing customer confidence in food and service satisfaction will help to strengthen the Group’s value, brand and reputation. Therefore, the Group strives to understand the needs of its customers and duly handle customer complaints by establishing a “Customer Complaint Control Procedure” and classifying and recording each complaint in accordance with various internal guidelines, such as the “Product Quality Information Feedback Handling Form”, “Health and Safety Complaint File” and “Complaint Classification Criteria”.

## Product Responsibility

If customers wish to complain about the Group's products or services, they can report it through various channels such as telephone hotlines or emails. Upon receiving complaint, the Group will strictly follow the "Customer Complaint Control Procedure" in conjunction with a number of internal rules and regulations, such as the "Product Quality Information Feedback Form", "Health and Safety Complaint Manual" and "Complaint Classification Criteria" to handle the complaint. After confirming the validity of the complaint, the Group's Food Safety Team will conduct an investigation to determine whether a product recall should be initiated. If the same customer or the same type of complaint occurs twice or more, staff from Trading Department are required to report the results of the complaint to the Hazard Analysis Critical Control Point (HACCP) Team, which will review the relevant production process to identify the cause of the complaint and to ensure that it is properly addressed. The Group utilizes the HACCP system to identify, assess and control potential hazards at each step of the food processing and manufacturing process, from procurement to consumption, in a scientific and systematic manner to ensure product safety, enhance customer confidence and reputation of the Group.

During the Year, the Group has only received one complaint on the soft flesh of canned white peaches. The Group immediately investigated the complaint and explained to the customer that the soft flesh of that species of white peaches is caused by the sterilisation process after sealing, and that will not affect the quality. During the Year, the Group did not have any sold or delivered products that had to be recalled for safety and health reasons.

### CUSTOMER PRIVACY PROTECTION

The Group remains committed to protecting the privacy of its customers during its operations and strictly complies with customer and client privacy regulations. The Group has established a "Customer Information Privacy Policy", which is reviewed and evaluated from time to time to ensure that all data is strictly protected. The General Manager's Office also monitors all departments from time to time to ensure that the policies established are being implemented. To enhance security, the Group does not retain other physical copy of customer information except for necessary customer files. In exceptional circumstances, employees will be required to obtain approval from the head of department before printing, stamp the printout with "Controlled Documents" and the expiry date, and have it signed for by the recipient. Employees who have received approval to use the documents are not allowed to lend them to others or take them out of the office area.

### ADVERTISING AND LABELLING

The Group does not encourage the use of misleading advertisements and images. The Group's own brands have always complied with all laws and regulations related to food labelling and marking in the PRC, including but not limited to the Food Safety Law, the Advertising Law, the Trademark Law, the Regulation on the Implementation of the Food Safety Law, the Administrative Provisions on Food Labelling, the National Food Safety Standard General Rules for the Labelling of Pre-packaged Foods (GB 7718-2011) and National Food Safety Standard General Rules for the Nutrition Labelling of Pre-packaged Foods (GB 28050-2011), etc., to ensure that consumer-oriented data is correct and to protect their rights and interests.

## Anti-corruption

The Group values and upholds integrity, honesty and fairness in conducting its business. It values the importance of anti-corruption efforts and does not tolerate any corruption, fraud and all other unethical practices. During the Year, the Group was not aware of any significant breach of laws and regulations relating to bribery, extortion, fraud and money laundering that would have a material impact on the Group, nor was it involved in any activity relating to bribery, extortion, fraud and money laundering that have a material impact, nor was it convicted of violating the relevant laws and regulations.

### **CORPORATE GOVERNANCE**

The Group is committed to maintaining good corporate governance ethics. Good corporate governance is an important part of corporate success. The Group prohibits corrupt practices by its employees and has established anti-corruption complaint management practices to prevent corruption. The Group requires all functional units of the Group to have a clear understanding of and comply with the relevant anti-bribery laws, and must strictly adhere to its internal “Commercial Bribery Prevention and Corruption Control Procedures” and “Corporate Integrity Management System” to ensure that the Group adheres to the principles of credibility and trustworthiness in its business operations. At the same time, the management of the Group also conducts regular training for its staff on the relevant systems to enhance the integrity of the Group’s staff, thereby reducing operational risks and safeguarding the Group’s legitimate interests.

### **WHISTLE-BLOWING MECHANISM**

To further achieve and maintain the highest levels of openness, integrity and accountability, the Group has also established an internal whistle-blowing mechanism. This mechanism allows stakeholders to raise concerns about related matters in a confidential manner through a suggestion box and a whistle-blowing telephone number, and establishes an investigation process. The whistle-blowing mechanism applies to all stakeholders, including but not limited to employees, shareholders, customers and suppliers. Employees are encouraged to report any suspected financial corruption, management over-control, regulatory non-compliance, criminal activity, misconduct or unethical behaviour through the whistle-blowing mechanism and communication will be maintained with external parties. The Group will immediately report any verified acts of corruption or bribery to the local authorities.

## Community Investment

As part of its strategic development, the Group is committed to investing and participating in the local community, encouraging and supporting its employees through various plans and measures, volunteer services, public welfare and charitable activities, and upholding the belief that economic development should be accompanied by social contribution. The Group aims to give back to the society by actively participating in community activities to bring care and warmth to those in need and to fulfil its social responsibility.

### CORPORATE SOCIAL RESPONSIBILITY

As the Group continues to grow and develop, it actively participates in social charity actions and public welfare works, and has formulated a “Social Responsibility Procedures Document” and measures for poverty alleviation visits to proactively shoulder its corporate responsibility and mission.

The Group maintains open communication channels with charitable organisations to understand their community needs. The Company’s labour union regularly organises annual sponsorship for out-of-school children, assists families in need, visits elderly homes and nursing homes to help the elderly and the poor, and actively participates in various environmental protection and governance efforts, such as the joint construction and protection of the Mother River, reforestation and fish fry release for aquatic ecosystem protection. In addition, the Group donated more than RMB300,000 worth of supplies to help the community in the fight against the COVID-19 pandemic outbreak in the beginning of the year. By fulfilling its social responsibility, the Group is able to connect with the local community and build a mutually beneficial relationship with the community at large.

In the community, the Group has actively participated in a number of community sports events such as charity runs and health runs, and provided free supplies and services for the events. We have also joined hands with the Sports and Health Association of Linyi to support sports events, games, fitness coaching, public service competitions and other sports and fitness activities, contributing to the overall improvement of the physical fitness and health of the public.



# The ESG Reporting Guide Content Index of the Stock Exchange of Hong Kong Limited

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<b>Aspect A1: Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	9
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KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions	10
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management (Not applicable — explained)	11
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management	12
KPI A1.5 ("comply or explain")	Description of measures to mitigate emissions and results achieved.	Emissions	9–12
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KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources — Water Management and Sewage Treatment	15
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Management	13–14
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Management and Sewage Treatment	14
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Materials	15

# The ESG Reporting Guide Content Index of the Stock Exchange of Hong Kong Limited

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration	Page
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KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Clean Production, Indoor Air Quality	16
<b>Aspect B1: Employment</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	17–19
KPI B1.1 (Recommended disclosure)	Total workforce by gender, employment type, age group and geographical region.	Employment	17
<b>Aspect B2: Health and Safety</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	20–21
KPI B2.1 (Recommended disclosure)	Number and rate of work-related fatalities.	Health and Safety	20
KPI B2.2 (Recommended disclosure)	Lost days due to work injury.	Health and Safety	20
KPI B2.3 (Recommended disclosure)	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	20
<b>Aspect B3: Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	21
KPI B3.1 (Recommended disclosure)	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	21

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration	Page
<b>Aspect B4: Labour Standards</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	22
KPI B4.1 (Recommended disclosure)	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child Labour and Forced Labour	22
KPI B4.2 (Recommended disclosure)	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child and Forced Labour	22
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	23
KPI B5.1 (Recommended disclosure)	Number of suppliers by geographical region.	Supply Chain Management	24
KPI B5.2 (Recommended disclosure)	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	23–24
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	25–29
KPI B6.1 (Recommended disclosure)	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	28
KPI B6.2 (Recommended disclosure)	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility — Customer Service	28
KPI B6.3 (Recommended disclosure)	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property	28

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KPI B6.4 (Recommended disclosure)	Description of quality assurance process and recall procedures.	Product Responsibility — Food Quality and Safety	27
KPI B6.5 (Recommended disclosure)	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Customer Privacy Protection	29
<b>Aspect B7: Anti-corruption</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	30
KPI B7.1 (Recommended disclosure)	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	30
KPI B7.2 (Recommended disclosure)	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption — Whistle-blowing Mechanism	30
<b>Aspect B8: Community Investment</b>			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	31
KPI B8.1 (Recommended disclosure)	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment — Corporate Social Responsibility	31
KPI B8.2 (Recommended disclosure)	Resources contributed (e.g. money or time) to the focus area.	Community Investment — Corporate Social Responsibility	31



天韵國際控股有限公司  
**Tianyun International Holdings Limited**

(stock code: 6836.HK)

**CONTACT US**

TIANYUN INTERNATIONAL HOLDINGS LIMITED

General: +852 2873 6836

Fax: +852 2873 6580

E-mail: [info@tianyuninternational.com](mailto:info@tianyuninternational.com)

Address: Room 605, 6/F, Beautiful Group Tower, 74-77 Connaught Road Central, Central, Hong Kong