



2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FOSHAN HAITIAN FLAVOURING & FOOD CO., LTD.

CONTENTS

01 About This Report

129 Conclusion

130 Appendix

About Haitian

- 03 Company profile
- 03 Haitian culture
- 05 Honor and recognition
- 08 "Speak with data" 2023

Sustainable Development Management

- 13 Practicing the UN sustainable development goals
- 15 Sustainable development concept
- 16 Working mechanism for sustainable development
- 17 Stakeholder communication
- 19 Analysis of important issues

Robust Operation Supports Sustainable Development

- 25 Corporate governance
- 27 Investor communication
- 28 Risk management and internal control
- 31 Business ethics

Being Quality-oriented to Deliver Healthy and Delicious Food

- 39 Nutrition and health opportunities
- 53 Product safety and quality
- 60 Intellectual property escorts technology innovation

Green Commitment to Protecting the Earth

- 65 Water resources management
- 69 Climate change response and energy conservation and emission reduction
- 79 Sustainable value chains and green products

Work Together to Build a Better Future

- 89 Employee development and growth
- 92 Occupational health and safety
- 96 Talent development system
- 100 Employee compensation and benefits
- 104 Develop together with partners
- 116 Delivering the promise of a responsible brand

Take Responsibility to Brew a Happy Life

- 123 Enabling rural revitalisation
- 125 Engaging in social welfare

About This Report

>> Introduction to the report

This report is the fourth Environmental, Social and Governance Report ("ESG report" or the "report") issued by Foshan Haitian Flavouring & Food Co., Ltd. and its subsidiaries (hereinafter referred to as "Haitian", the "Company", "we"). This report shows the positive actions and achievements of Haitian in implementing the sustainable development concept, mainly including the progress of sustainable development management in corporate governance, product healthy nutrition and quality, environmental protection, social responsibility and other aspects, as well as the fulfilment practices for stakeholders such as employees, customers, the industrial chain, and the industry.

>> Basic of preparation

This report has been prepared with reference to the Sustainability Reporting Standards issued by the Global Reporting Initiative ("GRI"), the Guidelines No. 1 for the Application of Self-Regulatory Rules of Companies Listed on the Shanghai Stock Exchange - Standardised Operations issued by the Shanghai Stock Exchange, the Guidelines for Corporate Action on the United Nations Sustainable Development Goals, and some of the indicators in Appendix C2 - Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, in an effort to comply with the ESG disclosure-related standards of industry counterparts.

>> Scope of the report

In principle, this report focuses on Foshan Haitian Flavouring & Food Co., Ltd. and its subsidiaries, and is consistent with the coverage of the Company's annual report. This report is an annual report, covering the period from 1 January 2023 to 31 December 2023 ("this year" or the "reporting period"). In order to improve the completeness and comparability of the report, it also includes some reports on the previous or recent related activities.

>> Data sources

The content and data disclosed in this report are quoted from the Company's statistics and public documents. The Company guarantees that there are no false records or misleading statements in the contents of the report. In case of any discrepancy between the relevant data disclosed in this report and the Company's 2023 annual report, the annual report shall prevail.

>> Approval of the report

This report was reviewed and confirmed by the Board of Directors and approved for publication on 26 April 2024.

>> Availability of the report

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Haitian official website: www.haitian-food.com

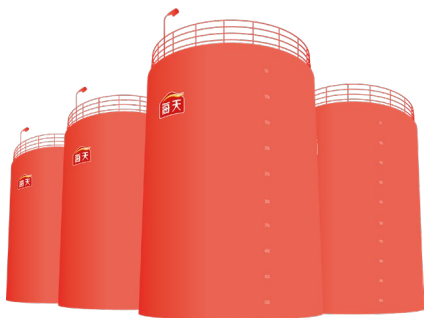
Website of Shanghai Stock Exchange: <http://www.sse.com.cn>.

>> Language version

This report is available in Chinese and English. In case of any inconsistency, the Chinese version shall prevail.

About Haitian

Company profile



As the leading company in the Chinese condiment & sauce industry, headquartered in Foshan, Guangdong, the main birthplace of Chinese food culture, the Company is a professional maker and seller of Flavouring products. The Company has a long history that it is one of "Chinese Time-honoured Brand" companies first to be honoured by the Ministry of Commerce of the People's Republic of China. On 11 February 2014, the Company was listed on the main board of Shanghai Stock Exchange, with the stock name of "Haitian Flavouring" (stock code 603288). The Company has long adhered to the development strategy of establishing an enterprise through the leverage of science and technology and quality-oriented, and constantly meets the diversified needs of consumers with excellent quality and service, which is deeply loved by consumers, and its production and sales volume ranks first in the industry for 26 consecutive years. The Company's product line is rich and diverse, covering more than 800 specifications in more than ten series, such as soy sauce, oyster sauce, paste, vinegar, cooking wine, seasoning sauce, chicken extract, chicken powder, fermented bean curd, hotpot condiment etc., with an annual value of production exceeding RMB20 billion.

In the "2023 Global Brand Footprint" China market report of the Kantar Consumer Index, Haitian ranks 4th on the top 10 preferred brands for Chinese consumers in the Chinese fast-moving consumer goods market. In the 2023 C-BPI list of China's brand power index, Haitian has consistently ranked first in the soy sauce (for 13 consecutive years), sauce (for four consecutive years), and oyster sauce (for four consecutive years) industry.

Haitian culture

The unique Haitian culture is the soft power of the Company's evergreen development, and it is also the spiritual belief and value pursuit of Haitian people from generation to generation, which embodies the progress of all employees. Haitian's mission, vision, values, and other core elements constitute Haitian's cultural system, which leads the Company to persist in taking consumers as the center, continuously create healthy and nutritious products that meet consumers' preferences, inherit delicious food and promote the Company's sustainable development.

Mission | Developing a career in Flavouring industry and creating a perfect life

Our mission is to inherit the traditional culture and craftsmanship of Chinese food, to continuously innovate and develop the "Chinese-style flavour", to provide Chinese people with rich and delicious seasonings every day, and to promote the Chinese food culture worldwide.

Vision | Providing Haitian's high-quality products to more people and building Haitian as a respected international food group

Our vision is to provide Haitian's high-quality delicious flavor and delicious food to consumers around the world by using our high-level manufacturing technology and sales network worldwide, so as to make the world a more joyful and healthy place with Haitian's delicious food.

Core value | Conscience, caring and responsibility

Conscience, caring and responsibility are Haitian's core values. Being conscientious, caring and responsible is Haitian's requirement for itself, as well as its requirement for products and commitment to society. Being plain to follow the good and keeping practically innovative.

Proposition | Filling life with more delicacies

As a maker of health delicacies and wonderful life, we hope that Haitian's rich, high-quality, innovative and overflow products will be always trusted by consumers when using them. And the consumers will always have fun of creating that they can discover, create, enjoy, share and feel the delicious in their life when using Haitian's products. That is to "fill life more delicacies".

Core competitiveness direction | Quality-oriented

Haitian's competitiveness is the essential for Haitian to survive. Our advantages of products, networks, R&D, and scale make us competitive in the industry. And we will maintain and strengthen these advantages in the future. The most important one among all advantages is quality undoubtedly. We became successful because of good quality and we will be more successful in the future also because of the enhancement of our quality advantage.

Honor and recognition

During the reporting period, Haitian has won many social honours and recognition in terms of brand value, enterprise strength and ESG practices.

Brand Value

As shown in the 2023 China's Brand Power Index (C-BPI), Haitian **ranked first in the list** of three sub-categories of soy sauce, oyster sauce and sauce, among which soy sauce topped **the list for 13 consecutive years**.

In the Brand Finance Food 100 ranking released by Brand Finance, the world's leading brand valuation consultancy, Haitian ranked **eighth** with a brand value of **USD6,235 million**, and its brand value was highly recognised.

In the Global Brand Footprint Report 2023 released by Kantar Consumer Index, Haitian **ranked fourth in the top 10 preferred brands for Chinese consumers** with a reach of **798 million** consumers and **83.9%** penetration rate.

Enterprise Strength

Awarded by the China Association for Quality Inspection the double honour of **"National Flavouring Industry Quality Leading Enterprise"** and **"National Flavouring Industry Quality Leading Brand"**.

Rated by the China National Light Industry Council as **"China's Top 50 Companies** in Light Industrial Food Industry" (ranking of **8th**), **"Top 100 Enterprises** by Science and Technology in China's Light" (ranking of **17th**), and **"Top 200 Enterprises** in China's Light Industry" (ranking of **25th**).

Awarded by the China Association for Quality Inspection the double honour of **"National Quality Inspection Stable Qualified Product"** and **"National Product and Service Quality Integrity Demonstration Enterprise"**.

Rated by the All-China Federation of Industry and Commerce as **"2023 China's Top 500 Private Manufacturing Enterprises** – ranking of **339"**.

ESG Practice

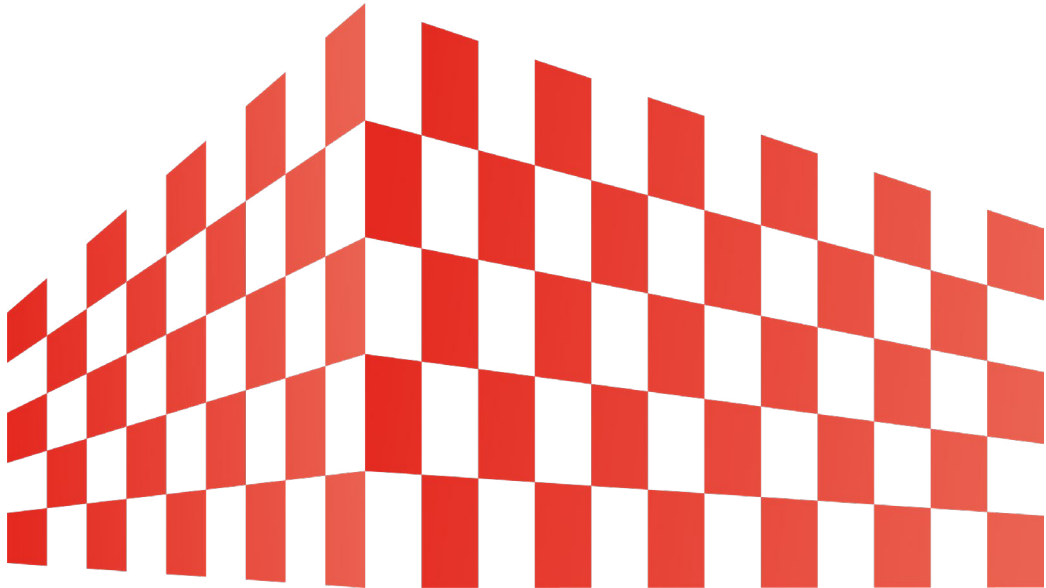
- Awarded the "2023 Excellent ESG Cases of Chinese Enterprises" by the **"2023 Boao Forum for Entrepreneurs"**.
- Awarded the **"ESG Benchmarking Enterprise of the Year"** by the "2023 Guangdong-Hong Kong-Macao Greater Bay Area Enterprise Summit on ESG Development".
- Awarded the **"Green Factory of Jiangsu Province"** by the Industry and Information Technology Department of Jiangsu.
- Awarded the **"Green Factory of Suqian 2023"** by the Suqian Municipal Bureau of Industry and Information Technology.
- Awarded the **"Green Development Brand Enterprise in 2023"** by the Publicity Department of Foshan Municipal Committee of the Communist Party of China and the Foshan Municipal Bureau of Ecology and Environment.
- Awarded the honour of **"2023 Advanced Private Enterprise for the Guangdong-Guizhou Cooperation 'Ten Thousand Enterprises Assist Ten Thousand Villages' Initiative"** by the Guangdong Federation of Industry and Commerce and the Guizhou Federation of Industry and Commerce.
- Awarded the **"Excellent Caring Enterprise of Chancheng District in 2023"** by the Civil Affairs Bureau of Chancheng District, Foshan City and the Chancheng Charity Society.
- Awarded the title of **"Enterprise with Outstanding Contributions to the 'High-quality Development Project for Guangdong Counties, Towns and Villages'"** by the CPC Gaoming District Committee and the People's Government of Gaoming District, Foshan City.
- Awarded the **"Benchmarking Enterprise of Harmonious Labor Relations in Foshan City in 2023"** by the Foshan Municipal Human Resources and Social Security Bureau, the Foshan Federation of Trade Unions and the Foshan City Federation of Industry and Commerce.
- Awarded the honours of **"Outstanding Employer"**, **"Favorite Employer of 2023"** and **"Innovation Practice Award of 2023 for Digital Intelligence Recruitment"** by many talent organisations.



"Speak with data" 2023

Robust Operation Supports Sustainable Development

- Steadily promote the Company's standardised governance and robust operation. This year, in accordance with the requirements of laws and regulations, the relevant provisions of the China Securities Regulatory Commission ("CSRC") and the Stock Exchange, and taking into account the actual situation of the Company, we timely revised **seven** company policies including the Rules of Procedure for the Audit Committee, and newly formulated the Foreign Exchange Derivatives Trading Business Management Policy, so as to continuously enrich and improve the management policies and system of the Company and ensure the compliance of the corporate governance system from the policy level.
- Insist on sharing the development results with investors, and issue a cash dividend of RMB**3.244** billion for the 2022 fiscal year in 2023.
- Adhered to creating a clean and transparent working environment, and conducted business ethics training for **all** new employees this year, covering a total of **2,415** person-times.
- Continue to consolidate the risk defence line, and constantly improve the ability to prevent and control business ethics hazard. **Four** audit projects related to anti-corruption and business ethics were carried out in 2023. In this year, we have completed the rectification of all the risks related to business ethics identified in the audit project. No confirmed major violations regarding business ethics occurred throughout the year.
- Promoted the construction of an honest and clean industrial chain, and the signing rate of the Anti-Corruption Agreement with suppliers was **100%** for Haitian and its wholly-owned subsidiaries.



Being Quality-oriented to Create a Better Life

- In order to meet the demand of consumers for nutrition and health products, Haitian has continued to expand the product matrix with health and nutrition features, and has launched more than **200** products with various nutrition and health features. In order to meet the diversified needs of consumers and advocate the concept of saving food and avoiding waste, we have launched more than **100** products with reducing portion size.
- In 2023, we launched more than **126** pieces of nutrition and health popular science content through various platforms, with a total of approximately **6.6** million views.
- Adhere to the strategy of establishing enterprises through science and technology and steadily improve the ability of scientific and technological innovation. The total R&D expenditure of Haitian in 2023 was RMB**715** million, continuing to maintain a leading position in the industry.
- Actively promote the international certification of nutritional and health products, and lay the foundation for mid-to-high end products to enter the international market. Haitian gluten-free soy sauce products have obtained **the global standard certification of the global gluten-free food certification from SGS**, and Haitian organic soybean paste products have obtained the **triple certification of organic products** in China, the European Union and the United States.
- Haitian's wholly-owned production base (which has been formally put into operation by the end of the reporting period) has **100%** obtained ISO 9001: Quality Management Systems Certification and ISO/FSSC 22000 Food Safety Management.
- Adhere to high standards and strict requirements, and strictly control product quality. In 2023, Haitian carried out **34** product quality and safety audits, covering all the production lines of wholly-owned production bases of Haitian.
- This year, Haitian had **no** food related incidents.
- In 2023, Haitian added **122** authorised patents to escort technological innovation.
- In 2023, we continued to carry out regular training and special training on intellectual property rights, covering all employees, in order to stimulate their enthusiasm for innovation and creation, and enhance their awareness of intellectual property protection.

Green Commitment to Protecting the Earth

- During the reporting period, the unit consumption of comprehensive water of Haitian was **2.18** m³/ton of products, of which the unit consumption of soy sauce was **1.80** m³/ton of products, reaching the leading level of the same industry (Guangdong Province Norm of Water Intake Part 2: Industry (DB44/T1461.2-2021)) water intake assessment index per unit product, the advanced quota value for soy sauce is 1.9m³).
- Haitian has made great efforts to optimise the energy mix and take various measures to increase the use of renewable energy to help reduce pollution and carbon emissions. During the period from 2021 to 2023, the annual compound growth rate of the total amount of renewable and clean energy to total standard coal equivalent reached **75%**.
- Haitian has been continuously expanding its photovoltaic (PV) power generation scale, resulting in a significant increase in both installed PV capacity and the PV power generation. By 2023, the installed PV capacity reached **14.47** MW, with an annual compound growth rate of **141%** from 2021 to 2023. In 2023, the PV power generation reached **11.95** million kWh, resulting in savings of **1,469** tons of standard coal and a reduction of **6,815** tons of carbon dioxide emissions (calculated at 0.5703 tCO₂/MWh). The annual compound growth rate for PV electricity generation during the period from 2021 to 2023 was **111%**.
- Haitian continues to carry out biogas reuse. From 2021 to 2023, the compound annual growth rate of biogas recovery and utilisation was **25%**. In 2023, **4.642** million Nm³ of biogas was recycled, saving tons of standard coal **4,253** tons and reducing carbon dioxide emissions by **58,534** tons.
- Haitian has made great efforts to promote green packaging. In 2023, the consumption of plastic raw materials was reduced by more than **1,000** tons, the consumption of base paper was reduced by more than **1,600** tons, and the consumption of thermoplastics was reduced by more than **17** tons. The consumption of glass bottles was reduced by about **7,000** tons.
- Haitian actively practices the concept of recycling economy. The Company encourages suppliers to improve the utilisation rate of packaging, and has established a recycling mechanism for reusable packaging. During the reporting period, **22** million packages of products were recycled.
- Haitian's achievements in energy conservation and emission reduction have been widely recognised. During the reporting period, Haitian Vinegar Group Co., Ltd. won the honour of **"Green Factory of Jiangsu Province"**, Haitian Suqian won the honour of **"Green Factory of Suqian 2023"**, and Haitian won the honour of **"Green Development Brand Enterprise in 2023"**.

Work Together to Build a Better Future

- Haitian is committed to creating a safe, healthy and reassuring working environment for its employees. We continue to optimise the employee health insurance policy and gradually expand the scope of employees who enjoy relevant benefits. In 2023, we provided physical examination benefit for more than **6,500** employees, representing a year-on-year increase of approximately **18%**; and offered extra physical examination items for over **2,600** front-line production employees, representing a year-on-year increase of approximately **18%**.
- Haitian attaches great importance to listening to the voices of employees and improving the Company's ability to serve employees. In 2023, "Haitian Happy Talk" service employee theme monthly meeting has been held **nine** times, collecting and promoting more than **70** proposals.
- The Company attaches great importance to creating good conditions for the improvement of employees' abilities. In 2023, the Company conducted talent assessment and inventory of **792** reserve talents at different levels, covering managers, supervisors, business backbone and other talents at different stages of development, pointing out the direction for their development in the Company.
- Haitian strives to promote the shaping of safety awareness and ability of the whole employees. During the reporting period, a total of **302** sessions of special safety training were held, with a total number of **12,503**; **154** sessions of emergency drills were conducted for all employees in the production sector, with a total number of **2,571**, to effectively improve their ability to prevent safety risks in daily work.
- During the reporting period, **no** administrative penalties related to production safety have been imposed.
- Haitian actively exerts its influence and driving force, formulates relevant policies and systems such as Haitian Supplier Code of Conduct around sustainable supply chain, and incorporates the Code into procurement contracts to drive suppliers to practice the sustainable development concept.
- Continuously implements the principle of sustainable procurement, cooperates with suppliers to improve the traceability system to ensure the traceability of raw materials and accessories.
- Haitian places great emphasis on enhancing the capacity for responsible marketing, with over **3,500** participants involved in training on related topics during the reporting period.

Take Responsibility to Brew a Happy Life

- The Haitian and Kangze Foundation conducted diversified charitable activities in the form of material donations, educational support, and relief of disaster and poverty. In 2023, the total donation of funds and materials by the Haitian and Kangze Foundation exceeded RMB**20** million, benefiting approximately **810,000** people.
- By 2023, the Haitian and Kangze Foundation has participated in the Guangdong Poverty Alleviation Day activities for over ten years, with cumulative donations (including pledged) exceeding RMB**25** million.
- By 2023, Haitian and Kangze Foundation has achieved results in promoting rural revitalisation that have benefited over **115,000** people.
- By 2023, the Haitian and Kangze Foundation has donated over RMB**21.5** million to educational causes, benefiting more than **653,000** teachers and students.
- Haitian organically combines public welfare with its own professional advantages in food nutrition and health to contribute to the improvement of iron deficiency anemia in children:

- In 2023, Haitian donated about RMB**8** million worth of iron-fortified soy sauce to the "Add a Touch of 'Iron' to Nutrition – Public Welfare Programme for Improving the Nutrition of Rural Compulsory Education Students", aiming at improving the iron deficiency anemia of more than **650,000** students in **25** counties and districts across the country and helping the healthy growth of students in economically underdeveloped areas.
- In the same year, to further extend its support to children in need of nutritional assistance, the "Little Pink Cap" product series was launched. The sales proceeds from this product line will be entirely donated to projects aiding children with iron deficiency anemia in China.

Sustainable Development Management

Practicing the UN sustainable development goals

The United Nations Sustainable Development Goals ("SDGs") serve as the sole guiding opinion of the United Nations on the issue of sustainable development at present, advocates that enterprises should contribute to the sustainable development of society while realizing their own sustainable development. The SDGs includes 17 main targets and 169 specific targets, covering the global challenges faced at present, including those related to poverty, health, sustainable production and consumption, climate change, resource use, environmental protection, peace and justice and other related topics.

Haitian actively implement the SDGs. Based on comprehensive understanding of the expectations and demands of stakeholders, we have identified the SDGs that are highly relevant to the Company's operations and development:

SDGs	Contents	Correlation with Haitian
	End poverty in all its forms everywhere.	While developing steadily, Haitian is also committed to contributing to the goal of common prosperity through charitable donations and rural revitalisation.
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	Haitian wants to deliver high-quality and tasty food to consumers around the world to help them improve their diets and promote the goal of zero hunger.
	Ensure healthy lives and promote well-being for all at all ages.	A healthy diet is an effective measure to reduce the health risks faced by our customers. We have a responsibility to provide healthy condiments to help reduce their risks.
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Over the years, Haitian has helped students with difficulties improve their educational conditions and broaden their horizons of life by providing financial support and organizing research activities.
	Achieve gender equality and empower all women and girls.	Haitian adheres to the policy of gender equality and ensures that male and female employees enjoy equal opportunities in recruitment, salary and promotion.
	Ensure availability and sustainable management of water and sanitation for all.	In the production process, we actively carry out risk assessment of water resources, improve management capacity, reduce water consumption and avoid water pollution.
	Ensure access to affordable, reliable, sustainable and modern energy for all.	By upgrading equipment and investing in production technology, we improve energy efficiency, promote the transformation of energy mix, reduce energy consumption in the production process and reduce greenhouse gas emissions.

SDGs	Contents	Correlation with Haitian
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	We provide a certain number of jobs and make efforts to solve employment problems, promote sustained economic growth, create decent jobs and improve their living standards.
	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	We have a strong scientific research team and industry-leading R&D investment to promote product innovation and enhance the sustainability of the production process through technological innovation and intellectual property protection.
	Reduce inequality within and among countries.	We devote ourselves to social welfare, help rural revitalisation, help economically underdeveloped areas improve living conditions and promote inclusive development of the society.
	Make cities and human settlements inclusive, safe, resilient and sustainable.	We actively participate in community co-construction and sharing, support regional development projects, and promote community sustainability.
	Ensure sustainable consumption and production patterns.	To achieve sustainable consumption and production, we are committed to doing more and better with less. By improving resource efficiency and promoting sustainable production and business practices, we can help the Company transition to a low-carbon and green economy.
	Take urgent action to combat climate change and its impacts.	Global climate change is affecting every country and region. Weather patterns are changing, sea levels are rising, and weather events are becoming more extreme and unpredictable. We have the responsibility to reduce carbon emissions in our daily operations and production, ensure that emissions meet the standards, and make efforts to slow the process of global warming.
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	We reduce the pressure on marine resources through sustainable procurement practices, using sustainably harvested seafood as raw materials and emphasizing responsible supply chains.
	Protect, restore and promote sustainable use of terrestrial ecosystems.	We support sustainable agricultural practices, reduce dependence on chemical fertilisers and pesticides, protect the health of terrestrial ecosystems, and practice the responsible principles for raw materials.
	Provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	We ensure that our business operations comply with all relevant laws and regulations and promote sound corporate governance practices. We support a more peaceful and just society by strengthening business ethics internally and in our supply chains.
	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.	We work in partnership with governments, NGOs, suppliers and other stakeholders to collectively advance the achievement of sustainable development goals.

Sustainable development concept

Haitian has long adhered to the core principles of robust operation and sustainable development, and actively assumes social responsibility while promoting the development and growth of enterprises. We actively respond to the United Nations' SDGs and promote sustainable development practices in five major areas to enhance the effectiveness of corporate governance, and work hand in hand with all stakeholders for mutual benefit and a more prosperous future.

Area	Practice
Regulatory governance and robust operation	Haitian is committed to practicing the concept of "regulatory governance and robust operation" through building a transparent and standardised governance structure, smooth communication channels for investors, strengthened risk management and internal control, strict business ethics control and information security protection, and responsible marketing.
Healthy nutrition and excellent quality	As a leading company in the flavouring products industry, Haitian undertakes the important responsibility of providing consumers with healthy nutrition, high-quality products and services. We will continue to expand and optimise the health and nutrition product portfolio, continue to promote relevant research and development work, actively popularise food health and nutrition knowledge through diversified channels, and work together with consumers to build a healthy lifestyle. In order to ensure the high standards of products and services, we have established a strict quality control system and built a customer-oriented service system to continuously pursue excellent quality and consumers' recognition.
Green operation and environmental action	While promoting the development and growth of the enterprise, Haitian is committed to fulfil its corporate responsibility of energy saving and emission reduction and climate warming mitigation by building and optimizing the environmental protection system and enhancing the green operation level of the enterprise, so as to achieve the long-term goal of sustainable development.
Employee development & industrial win-win	Haitian regards employees as the most valuable asset of the enterprise, so we strive to provide every employee with opportunities for growth and development to help them make continuous progress in their career. We are committed to creating an ideal working environment for our employees through our efforts in career development planning, welfare security system and occupational health and safety. At the same time, Haitian attaches great importance to using its own development influence and driving force to promote the progress of the entire industrial chain and industry, so as to achieve the goal of "win-win" and fulfil our responsibility to promote the progress of the industry.
Social responsibility and Haitian undertakings	Haitian adheres to the goal of win-win economic and social benefits, and is committed to contributing to society through various ways. Through initiating charitable foundations and donations of money and goods, we actively assist in rural revitalisation and social welfare undertakings, providing as much assistance as possible to groups facing difficulties, and contributing to the ultimate realisation of the ideal of common prosperity.



Working mechanism for sustainable development

Haitian has established a sustainable development working mechanism of "Green Development Office-ESG Execution Team", which carries out relevant work under the direct leadership of the Company's directors and senior management. The Green Development Office is responsible for coordinating the daily ESG work of all relevant business segments and promoting the implementation of the Company's ESG strategy. Each relevant production base and functional department has appointed an ESG Development Officer and an ESG Liaison Officer to form the ESG Execution Team, which is mainly responsible for collecting ESG-related data and information within its jurisdiction and implementing the routine execution work of the Company's ESG strategy.

Directors and senior management of the Company

- Directly lead the Green Development Office and the ESG Execution Team
- Develop and approve ESG strategy and related policies

Green Development Office

- Take charge of coordinating ESG daily work of each business segment
- Promote the implementation of the Company's ESG strategy

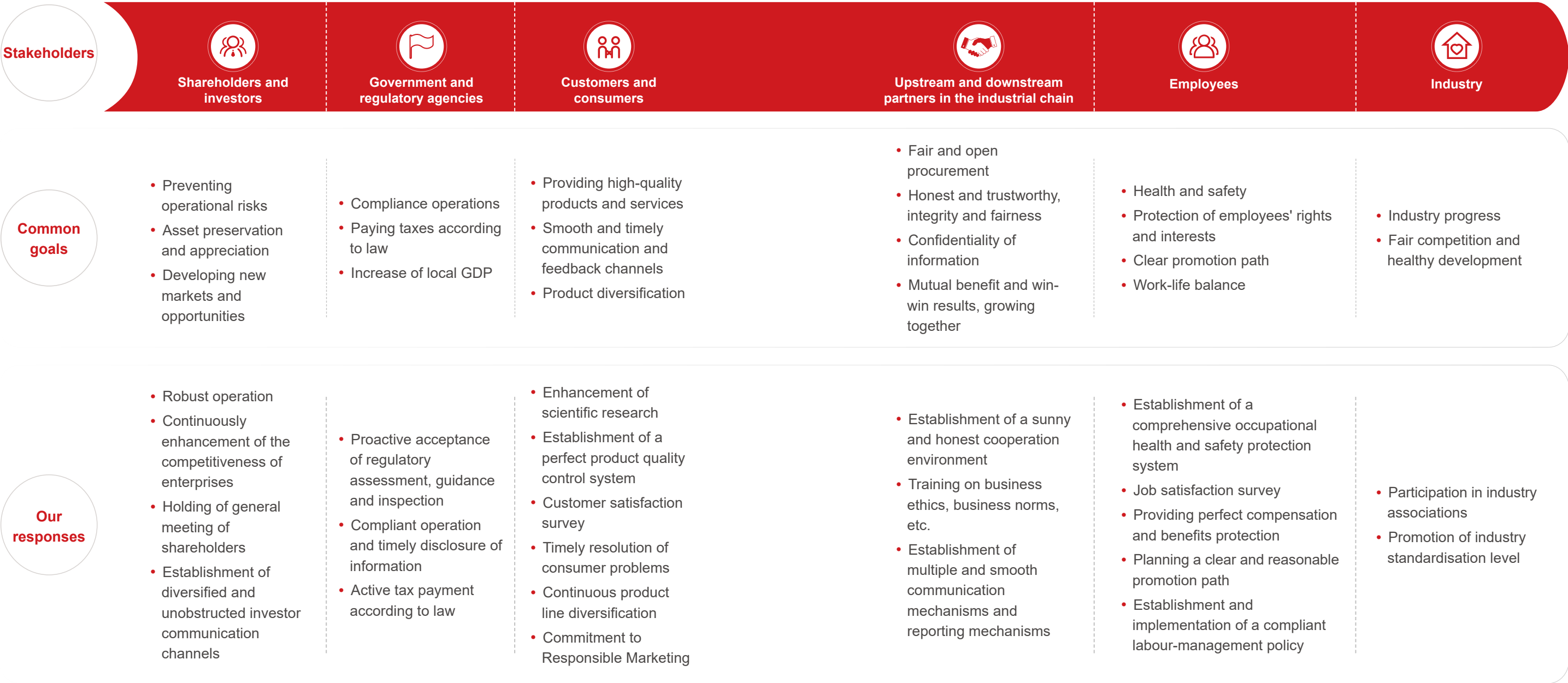
ESG Execution Team

- Composed of the ESG Development Officer and the ESG Liaison Officer for all relevant production bases and functional departments
- Take charge of collecting ESG-related data and information within its jurisdiction
- Implement the routine execution work of the Company's ESG strategy

Stakeholder communication

Haitian is committed to protecting the legitimate rights and interests of all stakeholders, including shareholders and investors, government and regulatory agencies, suppliers, distributors and consumers, etc. Through the establishment of diversified communication channels, we can maintain efficient and close communication with stakeholders to identify the demands of different stakeholders, listen to the opinions of all parties and give timely feedback.

Through a series of specific improvement measures, we respond to the demands of stakeholders, strengthen the corporate governance structure, and constantly improve the level of corporate governance. Haitian aims to build a more stable and harmonious stakeholder relationship network, promote the long-term sustainable development of the Company, and create greater value for all stakeholders.

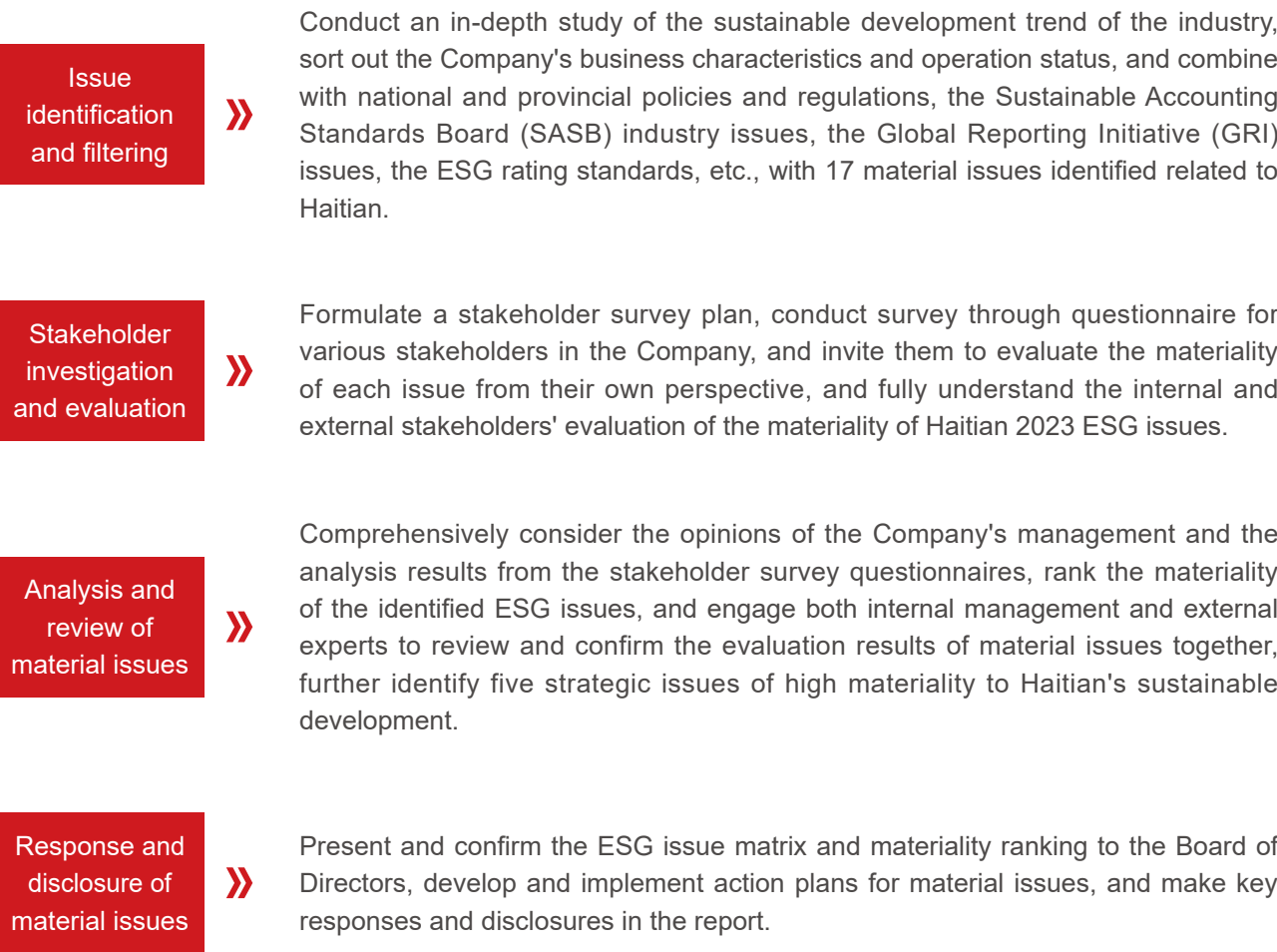


Analysis of material issues

Starting from the continuous optimisation of ESG risk management and opportunity identification, based on the analysis results of ESG material issues in previous years, combined with the latest global reporting disclosure principles and standards, Haitian carries out the dual materiality assessment of ESG issues from the two dimensions of "financial materiality" and "impact materiality".

Through this analysis method, Haitian can identify material ESG issues affecting the Company and improve the comprehensiveness and accuracy of report disclosure. We will also comprehensively evaluate the medium and long-term impact of each issue on the Company's business development strategy based on the results of the dual materiality analysis, so as to optimise the future business strategic decisions of Haitian and further promote the improvement of the ESG governance level of Haitian.

In 2023, Haitian's ESG issue materiality assessment process is as follows:



Based on the newly introduced dual materiality mechanism and the results of the stakeholder questionnaire survey, we identified the following 17 material issues:

ESG issues	Connotation of issues
Energy management and greenhouse gas emission	Carbon emissions from the use of energy and resources by the Company and its value chain, as well as other gas emissions that contribute to the greenhouse effect.
Water resources management	Continuing to improve water utilisation and preventing water pollution through technological improvements and management optimisation and other water conservation measures.
Packaging material management	Managing the whole life cycle of product packaging, from demand, planning, design, production, distribution, operation, use, to recycling and disposal.
Raw material procurement	When selecting suppliers or evaluating supplier relationships, taking into account not only economic considerations but also environmental sustainability factors.
Employee benefits	The treatment of employees in terms of salary, benefits and working hours, as well as the recruitment and hiring process.
Employee development and training	The vocational training of employees and the Company's career development support for employees.
Human rights and labour rights and interests	Protection of the basic human rights of the employees, such as the prevention of child labour and forced labour, as well as labour union organisation and a living wage (a wage level sufficient to cover the basic expenses of living) and other rights and interests of employees.
Diversity and inclusion	No discrimination against any job applicant on the basis of ethnicity, race, gender, religion, etc. and providing equal employment opportunities and an inclusive work environment with open channels for employee communication.
Health and safety	Ensuring the occupational safety of employees, providing a suitable working environment, and promoting employees' physical and mental health.
Product quality and safety	Strengthening quality management and improving product safety and health to provide consumers with high-quality products.
Nutrition and health opportunities	A healthy diet is an effective measure to reduce the health risks faced by our customers. We have a responsibility to provide healthy condiments to help reduce their health risks.
Supply chain management	Strengthening supply chain management, promoting responsible supply chain building, actively managing social and environmental risks in the supply chain (such as supply chain labour management, etc.), and building a mutually trusting and win-win supply chain.
Responsible brands	Building a responsible brand to help consumers understand the nutritional content of products and the role of daily diet, so that they can make appropriate consumer choices and promote healthy and active lifestyles. Building the Company's responsible brand image through commercial marketing that are consistent with the principles of quality nutrition, balanced diet and personal choice.
Social devotion	While promoting production and operation, we actively participate in community building and contribute to building a harmonious society through diversified community activities. We also focus on the development of public works for poverty alleviation and encourage our employees to actively participate in public welfare activities and jointly fulfil our corporate social responsibility.
Intellectual property management	Fully protecting and safeguarding our own intellectual property rights on the one hand, and fully respecting the intellectual property rights of others, including trademarks, patents, copyrights and trade secrets, etc. on the other hand.
Corporate governance	Establishing a high standard and efficient corporate governance structure to promote the sustainable development of the Company
Business ethics	The development and compliance of our values, principles, standards and code of conduct, and the feedback mechanism on business ethics issues.

Materiality Matrix of ESG-Related Issues of Haitian in 2023



Issues	Sorting	Category	Materiality
Product quality and safety	1	Society	Highly material issues
Energy management and greenhouse gas emission	2	Environmental	
Packaging material management	3	Environmental	
Water resources management	4	Environmental	
Raw material procurement	5	Environmental	
Health and safety	6	Society	Moderately material issues
Nutrition and health opportunities	7	Society	
Employee benefits	8	Society	
Corporate governance	9	Governance	
Supply chain management	10	Society	
Human rights and labour rights and interests	11	Society	
Responsible brands	12	Society	
Employee development and training	13	Society	
Intellectual property management	14	Society	Generally material issues
Diversity and inclusion	15	Society	
Business ethics	16	Governance	
Social devotion	17	Society	



Robust Operation Supports Sustainable Development

Haitian adheres to the high-standard governance principle and takes regulatory governance and robust operation as its foundation. The Company continuously improves its corporate governance structure and internal control system in strict compliance with the requirements of laws and regulations as well as the relevant provisions stipulated by the CSRC and the Shanghai Stock Exchange. Meanwhile, the Company is committed to enhancing its operational efficiency with a view to creating long-term value for its shareholders.

Key Issues

- Corporate governance
- Business ethics

Response to SDGs



Corporate governance

Good corporate governance is an important foundation for implementing our sustainable development strategy and improving ESG management. Haitian is committed to achieving a high level of internal governance, focusing on improving the internal organisational structure and internal management policies to enhance the level of corporate governance.

Haitian continuously improves the corporate governance structure and internal control policies, such as the shareholders' meeting, the Board of Directors and the Board of Supervisors, in strict accordance with the requirements of the Company Law, the Securities Law, and other laws and regulations, as well as the regulatory documents issued by the CSRC and the Shanghai Stock Exchange regarding the governance of listed companies. The actual situation of our governance is in line with the relevant laws and regulations and regulatory documents.

Shareholders and General Meetings

The Company holds shareholders' meetings in strict accordance with the Company Law, the Articles of Incorporation, and the Rules of Procedure for General Meetings of Shareholders to deliberate on matters within the scope of the functions and powers of the general meeting of shareholders. The shareholders' meeting is held by means of on-site combined with online voting to ensure that all shareholders, especially the minority shareholders, fully exercise their voting rights. The controlling shareholder and the actual controller of the Company have conscientiously fulfilled their obligations of good faith and there have been no cases of harm to the company and the rights and interests of minority shareholders.

Directors and Board of Directors

Haitian's Board of Directors consists of nine directors, including three Independent Directors and two female directors. The appointment and composition of the Directors comply with the relevant laws and regulations and the Articles of Incorporation. In order to meet the needs of the Company's development, there are four specialized committees under the Board of Directors, including Audit, Nomination, Compensation and Appraisal and Strategy, in accordance with laws, regulations and relevant regulatory rules. The Board of Directors and each specialized committee have formulated corresponding rules of procedure.

The Company's Independent Directors constitute the majority in the audit, nomination, compensation and assessment committees, and serve as the conveners. The convener of the Audit Committee shall be an accounting professional. The Company attaches great importance to the effective function of Independent Directors in participating in decision-making, supervision and checks and balances, and professional consultation, and effectively safeguards the overall interests of the Company, especially the legitimate rights and interests of minority shareholders.

The directors of the Company have actively participated in relevant training, familiarised themselves with the relevant laws and regulations, understood their rights, obligations and responsibilities as Directors, and attended the board meetings, deliberated on the proposals of the board meetings and exercised their voting rights with a serious and responsible attitude.



Supervisors and Board of Supervisors

The Board of Supervisors of the Company consists of three supervisors, including one employee representative supervisor and one female supervisor. The appointment and composition of the supervisors are in compliance with the relevant laws and regulations and the Articles of Association. The supervisors of the Company perform their duties and hold meetings of the Supervisory Board in strict accordance with the Company Law, the Articles of Incorporation, and the Rules of Procedures for the Board of Supervisors. They supervise matters such as the Company's financial status, periodic reports and the legal compliance of the directors and senior management in performing their duties to safeguard the legitimate rights and interests of the Company and its shareholders.

This year, in accordance with the requirements of laws and regulations, the relevant provisions of the CSRC and the Stock Exchange, and taking into account the actual situation of the Company, we timely revised the Rules of Procedure for the Audit Committee, the Rules of Procedure of the Remuneration and Appraisal Committee, the Rules of Procedure of the Nomination Committee, the Rules of Procedure of the Strategy Committee, the Working Policy of the Secretary of the Board of Directors, the Measures for the Management of Investor Relations and the Management Policy of Entrusted Wealth Management and newly formulated the Foreign Exchange Derivatives Trading Business Management System based on the Company's business needs and relevant provisions, so as to continuously enrich and improve the Company's management policies and ensure the compliance of the corporate governance system from the policy level.

Investor communication

Haitian attaches great importance to the diversification and smoothness of communication channels with investors, especially minority shareholders, and establishes a regular and diversified investor communication mechanism. We attach great importance to the research of investors and are responsible for the reception of investors' research; the Company's official website sets up an investor zone where investors can make online appointments to visit and research; we make full use of the interactive platform of the SSE to give timely answers and replies to investors' questions; and we serve investors by telephone, email and other means to deliver the latest developments, business performance and policies of the Company to investors in a timely manner.

The Company attaches importance to returning to investors and has established a stable profit distribution policy to share the development results of corporate development with investors. The Company continues to maintain a high cash dividend rate and has a stable profit distribution policy, which is recognised by the majority of investors.

Key Performance

2023



3 shows

61 person-times

Conducted 3 performance roadshows through SSE Roadshow Center, responded to question from 61 person-times of investors in total



600 person-times

More than 600 person-times of investors were received through on-site research and telephone communication



3.244 billion

In 2023, RMB3.244 billion of cash dividends for 2022 were issued

Risk management and internal control

Risk management and internal control significantly guarantee the sustainable development of Haitian. The Company remains committed to its original intention of promoting robust and compliant operations while making steady progress. We adhere rigorously to the relevant requirements of national laws and regulations, as well as those set forth by the CSRC, and establish a holistic risk management system to prevent risks in advance, identify risks in a timely manner and effectively manage risks, so as to achieve dynamic risk management for all departments and business processes of the Company.

Risk management

>> Risk identification and control system

Haitian has formed a "three lines of defence" risk management mechanism to proficiently control and respond to potential risks:

First line of defence: The front-line management personnel of production and operation

The function of the first line of defence is undertaken by the front-line management personnel of production and operation who have daily management authority over risk and control, and improve the possibility of achieving organisational objectives through the implementation of corresponding control measures.

Second line of defence: Functional departments/Risk Control Department

The second line of defence provides professional support to the first line of defence to ensure that risks are managed and controlled properly. The second line of defence develops, implements and timely revises the internal control and risk process of the organisation, and through dynamic identification and regular assessment, according to the likelihood of risk occurrence and the degree of impact, to analyse and rank the identified risks, guiding the first line of defence to anticipate risks in advance in the process of carrying out relevant operations and adopt strategies to reduce, avoid, transfer and control risks, so as to transform early warning risks into active risk management, reasonably determining risk response strategies and taking corresponding control measures in conjunction with actual operations to control the risks within tolerable limits.

The second line of defence verifies the risk management measures and effects of the first line of defence, while also performing supervisory duties.

Third line of defence: Audit Department

The function of the third line of defence is assumed by the Internal Audit Department, whose responsibility is to assure the Board of Directors that the work of the first and second lines of defence is consistent with expectations. The third line of defence operates with a high degree of independence and objectivity, mainly in the form of audit projects. Utilizing systematic methods, it assesses risk control measures to enhance the Company's risk management capabilities and bolster the effectiveness of corporate control and governance processes.

>> Company-wide risk prevention and control

In order to ensure business continuity and stability, the Company has systematically identified and analysed the potential risk points in the business process, and constructed a comprehensive risk matrix in combination with each business policy. The internal control supervisor of each division/subsidiary and the person in charge of the first-line business department of production and operation shall conduct internal self-inspection based on the risk matrix and prepare the internal control report. In 2023, the Company incorporated risk control-related indicators into the performance appraisal system of various business departments, aiming to strengthen the function of business departments as the first line of defence for risk prevention and control, so as to minimise the negative impact of risks on business operations.

>> Full-employees risk prevention and control

The Company attaches great importance to enhancing employees' awareness of risk control. We regularly organise the study and examination for all employees on risk control. During the reporting period, the Company organised seven special training sessions on internal control empowerment, which further deepened the understanding of various risk types of the Company's operating entities and enhanced the risk management awareness and ability of employees through "theoretical lectures + compliance inspection practice exercises + on-site discussions and interactions + post-class self-correction + risk control matrix".

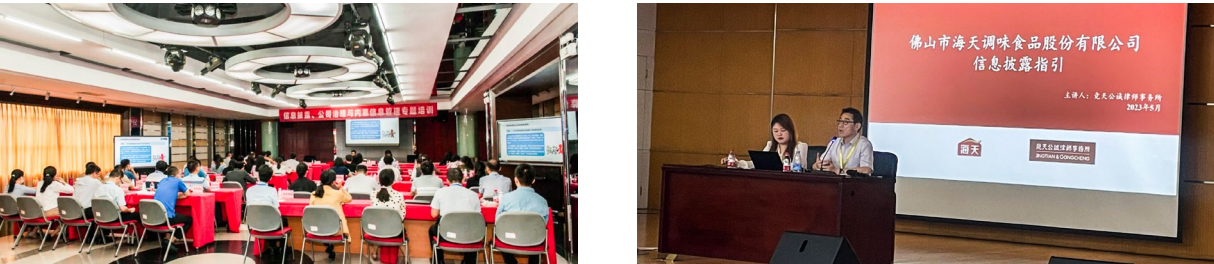
 **Case: Organise all employees to study and take the unified examination, keeping risk management in mind at all times**

Haitian regularly organise the annual study and examination on risk management for all employees, with examination being one of the important bases for the appraisal and promotion of employees. Through this mechanism, all employees are continuously reminded of common risks, cultivating the ability to identify and respond to them effectively. This process establishes a firm foundation for the Company's compliant and stable development.

 **Case: Special training activities on information disclosure, corporate governance and insider information management**

This year, the Company carried out training sessions on the relevant rules and precautions for information disclosure. These sessions were attended by responsible persons of the relevant business departments/divisions/subsidiaries of the Company, further enhancing the compliance awareness and ability of the key personnel of the Company;

At the same time, we have successfully held special training activities related to information disclosure, corporate governance and insider information management in collaboration with financial authorities and relevant industry associations. In addition to the Company's internal colleagues, the training also attracted nearly 60 senior executives and full-time information disclosure personnel from listed companies/companies to be listed around Foshan, which is conducive to strengthening compliance awareness among surrounding enterprises.



Training activity site

Internal control

The Company implements strict internal audit policies, complies with the management requirements such as the Basic Standard for Enterprise Internal Control and the Guidelines for Auditing Enterprise Internal Control, and has formulated the Internal Control Evaluation Workbook, the Management Policy for Insider Information and Informants and other internal control policies of the Company, taking into account the actual situation of the Company.

The Company has established an organisational structure for internal control management and set up the Audit Committee under the Board of Directors to review and supervise the effective operation of the Company's internal control policies. Besides, Company has established special Audit and Inspection Center under the Audit Committee as a daily auditing and supervising organisation. The Audit and Inspection Center supervises and inspects the Company's business activities and the implementation of internal controls in accordance with three stages, before, during and after the event. At the same time, the Audit and Inspection Center also supervises the performance of the Company's executives in order to ensure the smooth implementation of internal management measures and the smooth operation of business activities. Through daily and regular internal control combing and rectification, verification and audit of the authenticity and reliability of operating data, the Audit and Inspection Center can timely identify internal control loopholes and operating risks in the business and assist the business departments to further understand and implement the internal control management system and policies, and improve the overall operational efficiency of the Company.

Business ethics

Anti-fraud mechanism

Haitian continues to strictly adhere to the Anti-Monopoly Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations, and pays attention to the implementation within the enterprise. Haitian has formulated and implemented within the Company the Code of Conduct for Employees of Haitian Corporation, the Self-Discipline Code for Employees of Haitian Corporation, the Anti-Fraud Management Policy of Haitian Flavouring and other related policies. Meanwhile, the Company* signed 100% of the Integrity Agreements with suppliers to clarify various prohibited behaviours; suppliers are required to formulate anti-corruption policies and conduct internal business ethics and compliance reviews based on relevant policies. With the help of the above measures, we are committed to creating a clean and transparent working atmosphere inside and outside the Company.

Haitian has established an effective anti-corruption mechanism, set up the Audit and Inspection Center under the direct leadership of the members of the Board of Directors, and the Audit Department and Supervision Department under the Audit and Inspection Center, which are responsible for conducting special business ethics audits on the internal operation of the Company, supervising the implementation of disciplinary requirements, and investigating and handling fraud and violations of laws and regulations. The Company built a major risk warning system for key positions (such as the Procurement Department and the Sales Department), monitored internal non-compliance or impropriety in real time and incorporated relevant issues into the Company's internal business ethics and risk assessment in a timely manner. In 2023, the Company achieved dynamic monitoring of key monitoring businesses by locking in key links through the big data monitoring model, such as major contract signing, new customer access, and large expenditures, and by having supervisors track, review, investigate and dispose of abnormal situations that are not in line with business ethics.

* Note: It refers to Haitian and its wholly-owned subsidiaries



Case: Haitian · Kangze Foundation strengthens the supervision of charitable donation

In order to ensure that the charitable donations and subsidies (funds and in-kind) provided by Haitian to other organisations are reasonably and properly used, the Kangze Foundation (the full name of Kangze Foundation is "Foshan Kangze Foundation", which is initiated by Chairman Mr. Pang Kang and the Haitian Group and is a national non-public foundation established in December 2020) has taken a series of measures to ensure the transparency and compliance of charitable activities:

Policy standardisation

Relevant management systems such as the articles of association reviewed by the civil affairs department and the internally detailed Kangze Foundation Project Management System have been formulated to clarify the direction and requirements of the funded projects

Due diligence

Due diligence on the project partner is conducted to ensure that the partner meets the donation conditions

Internal approval

Internal approval and supervision of the direction and requirements of project cooperation units and funded projects

Project management and supervision

Sign relevant donation agreements with cooperation units to clarify the requirements for the use of funds; at the same time, organise regular follow-up on the implementation of the project to ensure that the use of funds meets the requirements

Information disclosure and external supervision

Establish the Kangze Foundation Information Disclosure Policy, disclose the information of funded projects through the official website, WeChat official account, Charity China and other channels, and accept the supervision of the masses; conduct the third-party annual audit, fill in the annual report and regularly participate in the evaluation of social organisations and other work as required, and supervise the charitable donations through a professional third party

During the reporting period, Haitian comprehensively used the combination of external audit and internal audit to carry out four audit projects related to anti-corruption and business ethics, covering key departments such as Channel Service Center, Engineering Equipment Center and Production Department. This year, we have completed the remediation of all the risks related to business ethics identified in the audit projects.

Whistleblowing management

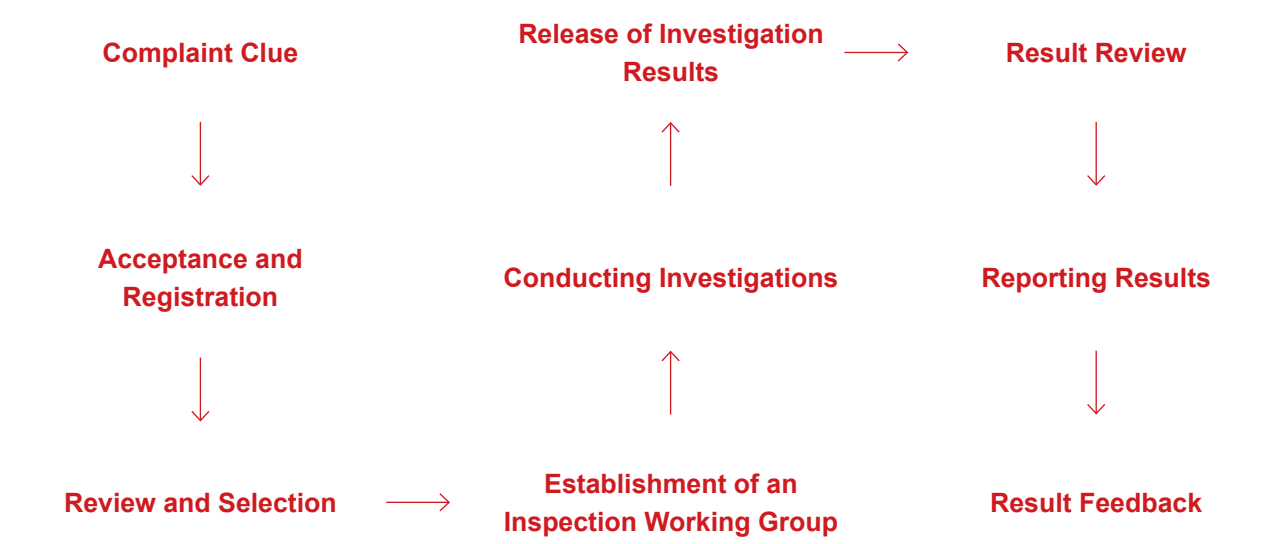
Haitian has built a systematic whistleblowing channel and whistleblowing process, and pays attention to whistleblower protection. The Company opens various complaint and whistleblowing channels for all employees, suppliers and distributors, including whistleblowing platform, telephone line, mailbox and letter box. The Company's discipline inspection committee regularly issues the Supervision and Reporting Announcement Letter, advocating supervision of violations of integrity and self-discipline, inaction and disorderly work, and damage to the Company and collective interests.

For reporting information, the company has designated internal full-time personnel to conduct pre-processing individually, and has established an inspection team to carry out special investigations. Once the reported violations are verified, they will be seriously prosecuted in accordance with the Company's relevant policies. If the circumstances are serious and suspected of violating laws and regulations, they will be transferred to the judicial authority for treatment. During the entire process of acceptance, investigation, and disposal, the Company keeps all the reported contents and whistleblowers strictly confidential and attaches importance to the protection of whistleblowers.

 Haitian's contact information for whistleblowing

Internal whistleblowing platform	Haitian Yummy information platform homepage - reporting desk
Dedicated whistleblowing line	0757-82832022
Dedicated whistleblowing mailbox	Haitian Discipline Inspection Office, No. 16, Wen Sha Road, Chancheng District, Foshan City, Guangdong Province 528000
Dedicated whistleblowing e-mail	HTJW@haday.cn

In the event of misconduct or reported incidents at the Company, the Company will initiate the appropriate investigation procedures in accordance with the following procedures:



During the reporting period, Haitian received a total of ten reports or feedbacks, all of which were answered. This year, no confirmed major violations regarding business ethics occurred in the Company*.

* "Confirmed major violations regarding business ethics" means a violation of business ethics as determined by the judicial authority.

Construction of integrity culture

Haitian attaches great importance to the integrity education of employees. In order to further strengthen the construction of the Company's integrity culture and improve the business ethics level of employees, we have formulated a periodic business ethics training plan for all employees (including employees in all forms of employment), covering case study, video learning, policy review, integrity and self-discipline knowledge contest and other diversified forms, and require all employees to participate in the training and obtain qualified scores in the examination. Meanwhile, the examination results will be used as one of the considerations for the promotion of employees. The Company has fully covered new employees with integrity and self-discipline trainings, focusing on strengthening the construction of an integrity culture from the source. During the reporting period, the Company conducted business ethics training for 100% of new recruits, covering a total of 2,415 people.

In addition, the Company carries out diversified publicity and education activities on integrity and self-discipline, aiming to instill a culture of integrity in the hearts of the people. We have launched cultural briefings to convey the voice of integrity with the latest information; organised a special publicity campaign on integrity to deeply analyse the importance of integrity and self-discipline; launched cultural pop-up activities on integrity culture to attract employees to participate in a lively and interesting way; and also created rich cultural related products to strengthen the integrity education for employees in a vivid manner. Through these initiatives, we not only make the culture of integrity visible, but also integrate it into the corporate culture, which exerts a subtle influence on every employee. In 2023, Haitian carried out all-round integrity and self-discipline trainings for employees through the Company's intranet, bulletin, propaganda board, learning platform, face-to-face teaching, salon, cultural flash and other forms, with the alarm bell ringing, a total of 10,380 people participated in the study of honesty and self-discipline, and 8,699 people participated in the relevant examinations.



Case: Study on the topic of integrity and self-discipline

Every year, Haitian regularly organised all employees to carry out training and examination on the topic of integrity and self-discipline of "integrity gives rise to power, corruption gives rise to disaster, and be a righteous Haitian people", so as to urge all employees to correct their thinking, adhere to the bottom line of integrity, no violating the corruption red line, and take practical action to maintain the image of "righteous Haitian people". Every Mid-Autumn Festival, National Day, Spring Festival and other important holidays, we will reiterate the requirements of integrity and self-discipline to all employees, reminding them to keep themselves clean and uphold integrity and self-discipline. In 2023, by organizing the cultural pop-up activities of "Integrity Sweep", we promoted a sense of integrity in daily cultural publicity activities in a way of teaching and enjoying.



Haitian carried out learning and cultural publicity activities of integrity and self-discipline

Being Quality-oriented to Deliver Healthy and Delicious Food

Haitian deeply explores the grand blueprint of the "Healthy China 2030" blueprint, and is committed to strengthening its innovative strength in nutrition and health products. In business operations, Haitian has gained insight into the increasingly diversified and personalised expectations of consumers for healthy products. We continue to promote product innovation to meet consumers' pursuit of a healthy life and advocate the trend towards healthier products in the industry.

Key Issues

- Product quality and safety
- Nutrition and health opportunities
- Intellectual property management

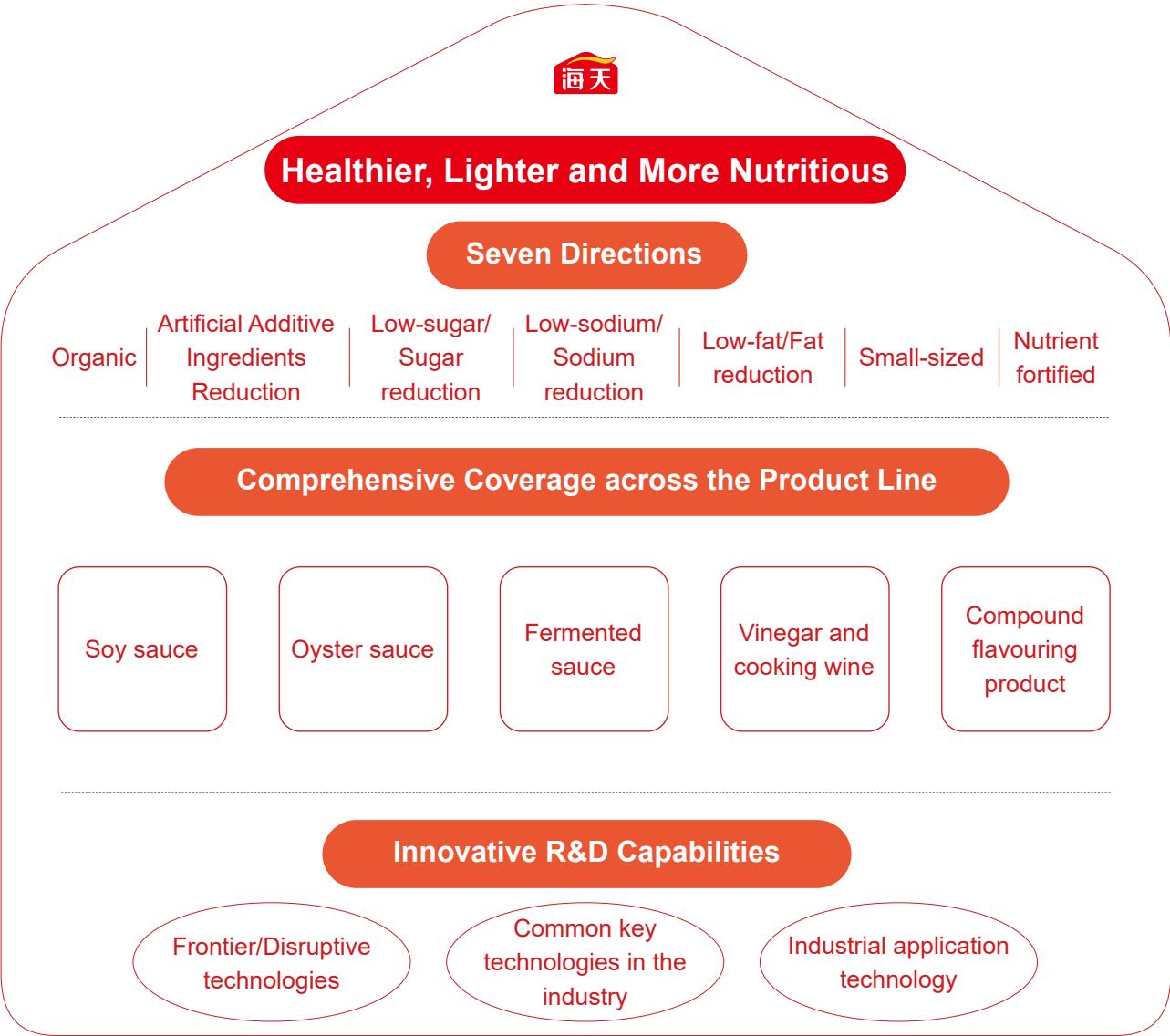
Response to SDGs



Nutrition and health opportunities

Comprehensive nutrition and health strategy

Following the guidance of the "Healthy China 2030" blueprint, Haitian has developed the nutrition and health strategy for Haitian products. Adhering to the strategic mission of bringing "healthier, lighter and more nutritious" products to the public, we focus on the seven directions of "being organic, artificial additive reduction, being low-sugar/sugar reduction, being low-sodium/sodium reduction, being low-fat/fat reduction, being small-sized, being nutrient fortified". Relying on our strong innovation and R&D strength, we transform our scientific research achievements into a series of products, thus achieving comprehensive coverage of the nutrition and health strategy across the product line.



Highlights



Haitian is committed to reducing the use of artificial additive ingredients through technological innovation and application. In 2023, the Company launched more than **80**^{*} new preservative-free products, further expanding the Company's preservative-free product portfolio and better meeting consumer demand for preservative-free, less-additive products.

Strong in-house innovation capability

>> Multi-level nutrition and health R&D system

The Company has set up a three-level R&D system, focusing on the development strategy to carry out research and transformation of frontier/disruptive technologies, common key technologies in the industry, and industrial application technology. In the field of nutrition and health, the Company's three R&D systems at different levels have corresponding specialized research teams to carry out extensive in-house research, which facilitates the Company's continuous innovation in core technologies and improvement of product value in the field of nutrition and health.

>> Using internal and external resources to promote the research of nutritious and healthy products

We have set up and continuously expanded the Company's R&D team. In 2023, Haitian boasted a technical R&D pool of more than 620 staffs and a total R&D investment of RMB715 million, continuing to maintain a leading position in the industry. Strong talent reserves and industry-leading R&D investment have provided robust support for our continuous innovation in the field of nutrition and health.



In 2023, Haitian boasted a technical R&D pool of more than

620 staffs

R&D investment of RMB

715 million

* Note: Calculated based on the market launch date in 2023; products with the same name but different specifications are counted as one product.

In addition to a professional R&D team, we also focus on stimulating the enthusiasm of all employees for product innovation and creativity. To promote product innovation and improve product quality, we have carried out innovation and creation activities within the Company to encourage employees to actively participate. At the same time, we have also actively carried out external cooperation, corporates with well-known universities and research institutes domestic and abroad to carry out research on nutritious and healthy products.

Case: New product creation competition for all employees

In 2023, the Company launched a new product creation competition for all employees, with project initiators forming teams freely, with ideas welcomed from any source. This initiative was aimed at encouraging cross-team and cross-department collaboration, providing a platform for all employees to participate in the creation of new products. Some of the award-winning products have already hit the shelves and garnered praise from consumers.

Case: Actively carry out external cooperation in health food

By the end of 2023, we have cooperated with 15 well-known universities and research institutes domestic and abroad, such as Tsinghua University and South China University of Technology. In this year, we established the "Healthy Prepared Food Co-creation Research Center" with the Guangdong Academy of Agricultural Sciences to research and develop special flavouring products and supporting application technologies for the prepared food industry. Our ultimate goal is to promote the development of prepared food towards a more healthy and nutritious direction.

>> **Nutrition and health research projects, achievements and honours (partial)**

Haitian possesses a strong innovation capability in nutrition and health. We have carried out a number of studies on nutrition and health, enriching our technical reserves of nutritious and healthy products. Some of our project achievements have been recognised as internationally leading/advanced, while some other project achievements and products have received prestigious accolades from authoritative institutions. This means that the technical level, research results and application value of related projects in the same field have been widely recognised and highly praised by the industry.

Some of project achievements have been recognised as internationally leading/advanced

Achievement Name	Project Overview	Level of Achievement
Development and Industrial Application of Key Technologies for Physical Modification of Starch by Heat Treatment Based on a Three-dimensional Molecular Architecture Analysis	By precisely controlling the synergistic effect of moisture and catalyst under high-temperature conditions, the innovative physically modified starch was produced. This starch maintains its natural properties while achieving granule stability comparable to that of chemically cross-linked starch, making it suitable for a variety of additive-free foods.	Recognized as internationally advanced by Guangdong Light Industrial Council

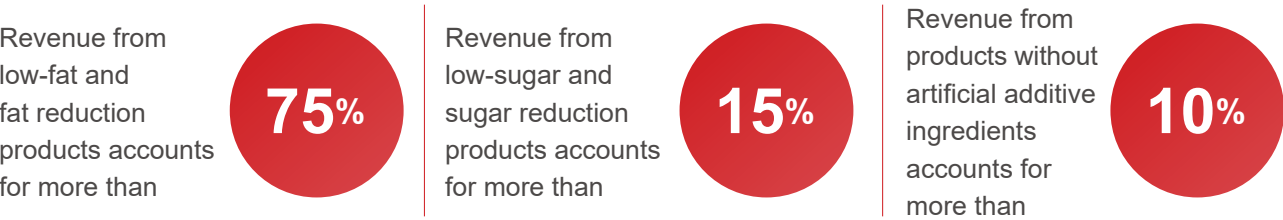
Development and Application of Dual Flavour-Enhancement Technology in Soybean Paste	By studying the mutual influence of different fermented sauces on umami taste perception, the composition model of umami taste perception was established, and the key substances affecting the umami taste were revealed. Relevant technologies have been applied to products, and good economic benefits and wide recognition of consumers have been achieved.	Recognised as internationally advanced by Guangdong Light Industrial Council.
Development and Industrial Application of Fermentation Technology for High-Umami and Salt-Reduction Soy Sauce	This project is based on the fermentation technology of Cantonese high-salt dilute soy sauce. Through a self-created R&D platform, high-yield salt-tolerant strains and salt-reduction fermentation flavour-enhancement yeast strains were bred, improving the original flavour of soy sauce while reducing salt and creating a high-umami and salt-reduction fermentation technology system. The related technologies have been industrialised and applied, resulting in notable economic and social benefits.	Recognised as internationally leading by the Guangdong Institute of Food Science and Technology.

Some of project achievements and products have received prestigious accolades from authoritative institutions

Guangdong Light Industrial Association: First Prize of Science and Technology Progress Awards 2023 of Guangdong Light Industrial Council Foshan Hi-tech Industrial Association: First Prize of Foshan Hi-tech Progress Awards 2023 Development and Application of Dual Flavour-Enhancement Technology in Soybean Paste	Guangdong Light Industrial Association: Third Prize of Science and Technology Progress Awards 2023 of Guangdong Light Industrial Council Foshan Hi-tech Industrial Association: Second Prize of Foshan Hi-tech Progress Awards 2023 Development and Industrial Application of Key Technologies for Physical Modification of Starch by Heat Treatment Based on a Three-dimensional Molecular Architecture Analysis
China National Standardization Center of Food & Fermentation/Organising Committee of the Industrial Development Conference on Chinese Traditional Fermented Foods: Grand Gold Prize of the 2023 International Traditional Fermented Food Innovation Awards (ITFFIA) Haitian "It's Simple" soy sauce	China National Standardization Center of Food & Fermentation/Organising Committee of the Industrial Development Conference on Chinese Traditional Fermented Foods: Gold Prize of the 2023 ITFFIA "Zero-additive golden label soy sauce"

Nutritious and healthy Haitian products

>> Revenue Share of Nutrition and Health Products in 2023



After years of development, the Company's nutrition- and health-oriented products have reached a certain scale. Among them, the sales value of products without artificial additive ingredients, low-sugar and sugar reduction products, and low-fat and fat reduction products accounted for more than 10%, 15% and 75% of the Company's revenue in 2023, respectively.



- Notes:
- **Statistical standard for organic products:** Products that have passed the China Organic Product Certification.
 - **Statistical standard for low-sugar and sugar reduction, low-salt and salt reduction, and low-fat and fat reduction products:** Products that meet the relevant requirements of the National Food Safety Standard: General Rules for Nutrition Labelling of Prepackaged Foods (GB28050-2011).
 - **Statistical standard for reduced portion sized products:** Products with a volume or size of 250 g or 250 ml or less.
 - **Statistical standard for products without artificial additives ingredients:** Products without artificial additives such as artificial flavours and fragrances, synthetic colorings, and synthetic preservatives.
 - **Statistical standard for nutrient-fortified products:** Products that meet the relevant requirements of the National Food Safety Standard for the Use of Nutritional Fortification Substances in Foods (GB14880-2012).

>> Matrix of healthy products*

Organic series

14 products

The entire series of Haitian organic products has passed the China Organic Product Certification, and each bottle of products has a unique "identity card" to achieve organic traceability throughout the whole chain. We have actively laid out organic soy sauce, organic oyster sauce, organic flavoured sauce, organic cooking wine, organic vinegar and other product lines to provide consumers with a variety of options while helping to reduce the use of chemical fertilisers in the process of raw material cultivation.

As of the end of the reporting period, Haitian has launched a total of 14 organic certified products, including only organic soy sauce, only organic oyster liquid seasoning, only organic cooking wine and only organic soybean paste.

Organic soy sauce

Made from six ingredients only, truly additive-free, and the whole production process is organic and traceable.

Organic soybean paste

Fermented sauce with only six ingredients. It has passed the certification for organic products in China, the United States and the European Union.

Products without artificial additives

More than 100 products

Haitian is committed to introducing more products without artificial additives through technological progress and other means to continuously meet the upgraded consumer demand.

As of the end of the reporting period, Haitian has launched more than 100 products without artificial additives, including "It's Simple" soy sauce, zero-additive soybean paste, and zero-additive golden label oyster sauce.

"It's Simple" soy sauce

The ingredients are simple, maximising the original flavour. It adopts unique double-layer preservation technology to keep every drop of soy sauce fresh.

Zero-additive golden label oyster sauce

Rich and non-fishy oyster sauce guarantees a delightful flavour in every mouthful.

* Products with the same name but different sizes are counted as one item in the product matrix.

Low-sugar and sugar reduction series

Over 90 products

The Healthy China Initiative (2019-2030) explicitly provides that consumers are encouraged to reduce sucrose intake, and The Chinese Dietary Guidelines (2022) recommends that adults should not consume more than 50g of added sugar per day. Haitian has gained insights into consumers' demand for low-sugar products and has launched continuous exploration and innovation regarding low-sugar products.

As of the end of the reporting period, Haitian has launched more than 90 low-sugar and sugar reduction products, including Haitian premium Weijixian soy sauce, yellow wine and probiotic low-sugar soy milk.



Haitian premium Weijixian soy sauce

It has a "super grade" quality higher than the national standard of brewed soy sauce, and the amino acid nitrogen content is ≥ 1.3 g/100 ml. "Umami amplified" (sugar content: 4.0 g/100 ml).



Probiotic low-sugar soy milk

Infused with probiotics, made from premium non-GMO soybeans sourced from Northeast China, offering a light and low-sugar option, ideal for those with lactose intolerance (sugar content: 4.0 g/100 ml).

Low-sodium and sodium reduction series

24 products

Haitian has actively responded to the goal of reducing the national daily salt intake per capita by 20% by 2030 as set out in the Healthy China 2030 Blueprint, met the consumer demand trend for healthy diets, and provided lower-salt options to help consumers reduce their daily salt intake, thereby promoting a healthy lifestyle.

In 2023, Haitian continued to deepen its product salt reduction action. In addition to traditional salt reduction products such as Haitian lightly salted first extracted soy sauce, it launched low-salt and salt reduction products such as lightly salted oyster sauce and lightly salted light soy sauce, which reduced salt by 30%, providing consumers with more options.



Haitian Light Salt First Course Soy Sauce

30% less salt, fresh taste remains. (Salt content ≤ 12 g/100 ml)



Lightly salted oyster sauce

Reduce salt by 30% yet maintain the flavour. (salt content: ≤ 8.5 g/100 g)

Low-fat and fat reduction series

Over 230 products

Given the new trend of pursuing health management, Haitian has launched several top-selling products featuring "light fat, light calory and light burden" which can meet consumer demands in terms of both health and "taste".

As of the end of the reporting period, Haitian has launched more than 230 low-fat and fat reduction products, including Haitian Tomato Sauce, Blanching Sauce, Haitian Patriot Apple Vinegar and Fat-free Vinegar Sauce.



Tomato sauce

Fat-free, sweet and tangy, a perfect condiment for those watching their waistline.



Blanching sauce

Fat-free, a perfect partner for light eats, bursting with flavour, instantly elevates every dish.

Reduced portion sized products

Over 100 products

To meet the needs of consumers in different scenarios and avoid food waste caused by not being used up within the shelf life, we are committed to the development and design of small-sized products.

As of the end of the reporting period, Haitian launched more than 100 reducing portion size products, including mini golden label soy sauce, mini mushroom dark soy sauce, and Haixiaotian tomato sauce.



200ml mini mushroom dark soy sauce

Packaged in a small bottle with a unique large-cap lid for easy storage and use.



160g Haixiaotian tomato sauce

Use non-genetically modified ketchup, delightfully sweet and tangy, perfect for enjoying the joy of childhood.

45

46

Nutrient fortified series

4 products

In 2002, upon investigation by an expert group from Chinese Food Fortifying Committee, Haitian was identified as the experimental unit of fortified dark soy sauce. For years, Haitian has been constantly exploring nutrient fortified products to better meet health demands of consumers.

As at the end of the reporting period, Haitian had a total of four nutrient fortified products on sale, including iron fortified light soy sauce, iron fortified dark soy sauce, iron fortified golden label soy sauce, iron fortified mushroom dark soy sauce, etc.



Iron fortified light soy sauce

Certified by Chinese Center for Disease Control and Prevention, ferrum element content of 3.6 mg/15 ml. a cost-effective choice for fortifying ferrum absorption.



Iron fortified mushroom dark soy sauce

Certified by Chinese Center for Disease Control and Prevention, ferrum element content of 3.6 mg/15 ml. featuring easy colouring, an ideal choice for fortifying ferrum adsorption.

This year, to further meet the needs of different consumers and provide better products for different consumers, the Company has passed a range of important product certifications. The Company has developed gluten-free soy sauce to meet the health needs of people with a gluten allergy. The product meets the requirements of the global standard for gluten-free certification and has obtained the global gluten-free food certification from SGS. People with a gluten allergy can confidently choose this product.

Haitian's organic soybean paste has earned certifications for organic products from China, the European Union, and the United States. Related products such as soy sauce and oyster sauce developed by Haitian to meet halal requirements have successfully passed the HALAL Indonesia certification. This helps to further expand into international markets with equivalent certification standards, reinforce Haitian's global competitiveness and influence, and advance its strategic vision of "building a respected international food group".



47

Promote the healthy development of the industry

>> Participation in the formulation and revision of standards

As a leader of the industry, we take the responsibility of promoting the formulation of industry standards, work closely with experts and institutions, take into account market dynamics, consumer preferences and Haitian's experience, and jointly promote the establishment of industry nutrition and health standards to ensure the scientificity, rationality and operability of the standards. We believe that the implementation of the standards will significantly improve the nutrition and health of products in the industry and further promote technological and product innovation in the industry.

In 2023, Haitian participated in the formulation and revision of more than 30 standards, some of which have been officially released as follows:

Standard Name	Released by	Representative Product
Salt reduction soy sauce	China Condiment Association	Haitian Lightly Salted Light Soy Sauce
Vegetarian oyster sauce	China National Food Industry Association	Haitian Mushroom Vegetarian Oyster Sauce
General technical specification for quality control and management of food production	Standardization Administration of China and State Administration for Market Regulation	/

48

>> Actively carry out health and nutrition promotion

While promoting products, we also use product packaging, product advertising, media and other platforms to actively disseminate the knowledge of product nutrition and health among consumers. This ensures consumers can understand the importance of raw materials for flavouring product quality while choosing products, and form a healthy and nutritious diet concept.

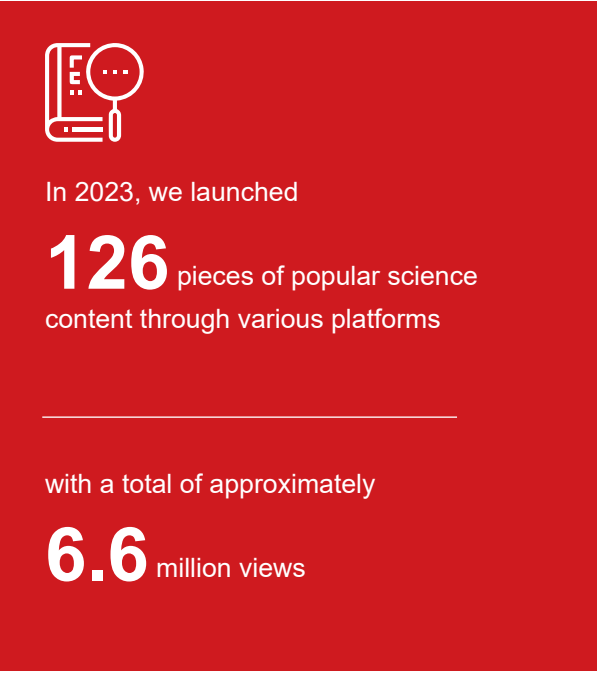
 **Case: Haitian takes product promotion materials as a vehicle for conveying the concept of nutrition and health to consumers**

We are committed to communicating the health and nutritional value of products made from natural raw materials to consumers, as well as popularising the national call for nutrition and health. Through this approach, we not only demonstrate Haitian's unwavering commitment to healthy eating but also assist consumers in making more informed choices when selecting products and planning their diets.



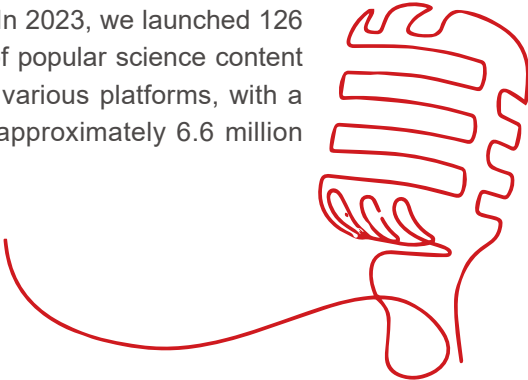
Product Poster Excerpt of Haitian Tmall Flagship Store

* Note: "Premium soybeans" refer to whole soybeans that have not been pressed for oil extraction. Premium soybeans retain the soybean's natural oil. Through brewing and sun-drying, the fat flavour, the bean flavour and the soy sauce flavour produced by naturally decomposing the soybean oil are natural and rich.



Through the combination of online and offline efforts, Haitian has promoted healthy and nutritious products, disseminated food health and nutrition-related knowledge, and created a healthy and nutritious lifestyle together with consumers.

Online, we have provided consumers with popular dietary knowledge, Haitian product tasting, health and nutrition education and other popular content through our WeChat official account, Weibo official account, official short video account and other We Media platforms. This has allowed us to actively integrate into the social circle of young people. In 2023, we launched 126 pieces of popular science content through various platforms, with a total of approximately 6.6 million views.



Haitian Conveys the Concept of Healthy Diets to the Public through Its WeChat Official Account and Weibo Official Account.

Offline, “Yummy’s Sunny Castle” is an industrial tourist attraction project built by Haitian based on the production park, an important window for Haitian to publicise its brand and create a responsible brand image, allowing consumers to experience the brewing process of Haitian condiments closely, learn more about the cultural and scientific knowledge of Chinese-style and world-style flavours, and feel the most direct way to connect Haitian traditional brewing technology with modern technology. As a national 3A scenic spot, it receives hundreds of thousands of tourists and research teams every year. Here, visitors can witness the whole process of the production of Haitian soy sauce and learn how a soybean is turned into a drop of soy sauce, and how to form unique taste and nutrition. Tourists can also easily learn the process of brewing soy sauce using ancient methods, master the skills to distinguish soy sauce well, and the key to evaluating the quality of condiments through various shocking, innovative, and interesting experiences such as live demonstrations, 3D cinemas, creative design, holographic images, and ancient live sculptures, in order to master popular science knowledge such as how to correctly use soy sauce and its nutritional value.

 Case: Field visit and livestreaming of CCTV host at Haitian Sunshine Factory

In September 2023, we invited well-known CCTV host Sa Beining to visit Haitian. Through a live-streaming event favoured by young people, we took him to the Haitian Sunshine Factory. Sa Beining dynamically showcased the complete lifecycle of Haitian products to a global audience, including raw material screening, starter propagation, sun-drying, packaging, quality inspection, warehousing, loading and shipping, in an all-round and transparent way. The livestream attracted over 50 million viewers, providing consumers with a virtual tour of Haitian. As they followed along, they gained a vivid understanding of food science topics such as “What Are Good Raw Materials for Flavouring Products” and “How to Select High-quality Flavouring Products”. On Weibo, the topic of #Sa Beining unlocking new skills of soy sauce making# has garnered over 100 million reads.



100,000,000+

On Weibo, the topic of #Sa Beining unlocking new skills of soy sauce making# has garnered over 100 million reads

 Case: Invite consumers to visit Haitian Sunshine Factory free of charge to popularise scientific knowledge about health and delicacy

In 2023, we launched a five-month open day activity for Haitian factories, totalling 565 sessions, with a total of about 30,000 consumers visiting Haitian Sunshine Factory for free to witness the whole process of Haitian products from raw materials to finished products. With the help of this series of activities, we also popularised the quality indicators of flavouring products and the skills of choosing and using flavouring products among consumers. We aimed to make Haitian and flavouring product-related knowledge more accessible to consumers in an engaging and enjoyable way, fostering transparency and understanding.



Consumers Visit Haitian Sunshine Factory For Free

Product safety and quality

Haitian has always regarded product safety and quality as the top priority of all its work. We have implemented a comprehensive quality management system by establishing, implementing, and maintaining multiple management systems including standards for quality, food safety, environmental protection, energy, metrology, occupational health, and laboratory accreditation. This system enables systematic management of business processes that include food safety, quality assurance, and innovative development, thereby creating a robust risk prevention and control barrier.

Product quality and safety management system

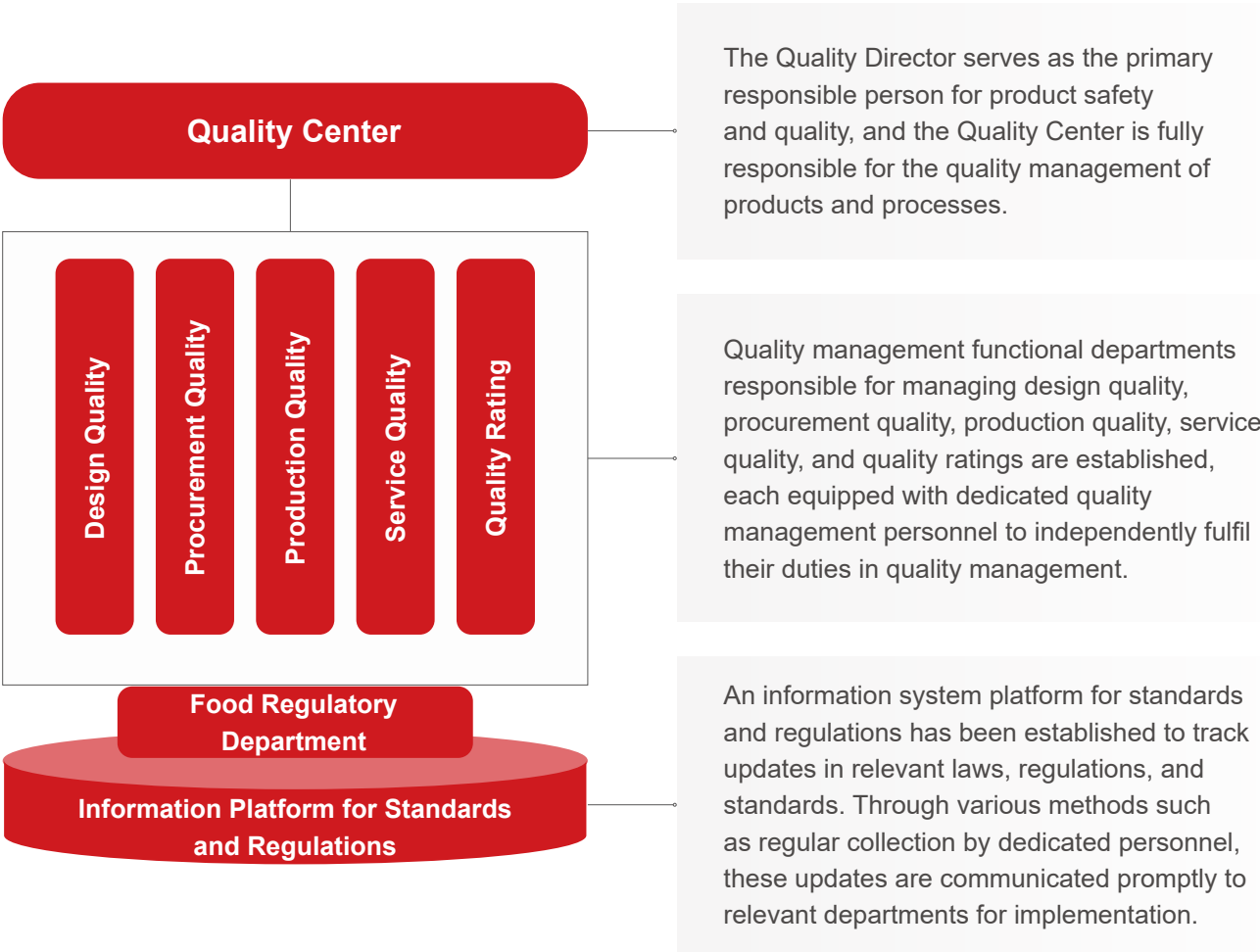
We adhere strictly to the requirements of the Food Safety Law of the People’s Republic of China and the Law of the People’s Republic of China on Product Quality, among other relevant legal regulations. Based on national laws and regulations, ISO 9001: Quality Management Systems, and ISO/FSSC 22000 Food Safety Management, we have developed internal control policies and a standard regime covering quality and food safety, occupational health, energy and environmental management, and metrology. This comprehensive system includes 181 management policies, more than 1,400 management standards across 18 categories, nearly 9,000 technical standards in 17 categories, and over 600 operational standards in three categories.

We have established a “Group-Business Department-Factory” three-tier product safety and quality management framework, forming a top-to-bottom product safety management network. The Quality Center, under the direct leadership of the Company’s senior management, coordinates the work of product safety and quality management. Regular meetings on product safety and quality are held to review, analyse, and evaluate the control of product safety and quality, and to address potential risks with improvements.

We comprehensively implement the primary responsibility for product safety and break it down at every level, ensuring that quality and safety responsibilities are assigned to individuals. We have introduced a quality responsibility accountability mechanism. Each base park has a Food Safety Director who is authorised to exercise a “veto power” over quality and food safety, firmly preventing the factory release of products that pose quality and safety risks.

Highlights

 Haitian employs over **390** personnel specializing in food safety and quality management.



Quality and Safety Management System

>> Product quality and safety certification

Highlights

All fully-owned production bases of Haitian (as officially operational by the end of the reporting period) have obtained universal system certification:

**100%** Certification Achievement for ISO 9001: Quality Management Systems

**100%** Certification Achievement for ISO/FSSC 22000 Food Safety Management

Product safety and quality management measures

>> Whole process control

Haitian rigorously implements a comprehensive quality assurance system that encompasses all personnel, elements, processes, and data at every stage and step—from raw material sourcing, through the production process, to product distribution. Centered around the full lifecycle of the product, our approach is governed by the principles of “two highs and one strict” (high standards, high digitisation, and strict controls). We employ process-oriented, modular, and specialised methods of control to ensure food safety and enhance product quality.

Product link	Control measures
Source quality management	- Establish stringent supplier audit and admission mechanisms, process evaluation mechanisms, and receipt inspection mechanisms; - Based on risk analysis, develop and implement supplier verification plans, which include on-site audits, document reviews, and sampling inspections; - Conduct supplier performance evaluations, continuously improve supplier retention and exit mechanisms, and establish stable and reliable supply channels for raw materials and food-related products; - Develop acceptance standards for each type of raw and auxiliary material, strictly implement acceptance procedures according to these standards, and use materials only after they pass inspections.
Production process quality management	- Monitor, analyse, control, and prevent critical points related to food safety and quality from raw material input to final sales; 100% coverage of production lines by online monitoring systems to facilitate rapid quality monitoring; - Establish detailed operational procedures for each production step and set strict tiered quality control standards for process products; - Control the entire production process using big data techniques such as intelligentisation, datafication, automation, and informatisation, to ensure effective monitoring and control of “all staff, all elements, the whole process, all data”; - Fine management is carried out, and quality judgment is carried out at each monitoring point. For instance, a bottle of soy sauce must undergo 119 procedures and 494 quality control checkpoints, with over 2,000 testing indicators, to ensure consistent product quality before factory dispatch.
Product circulation quality control	Establish the Product Sample Management Rules, requiring that all distributed products have retention samples from the same batch, enabling product quality tracking and traceability.



Strict quality control standards and factory quality inspection

Internal control line standards Haitian sets its quality control standards based on national standards, establishing product internal control standards that exceed the corresponding national standards in both number and level. It then gradually reduces the absolute value of the indicator range for more comprehensive and accurate control of product quality.	Reference to international standards Haitian references the standards of international high-standard markets, such as the European Union, to foster improvements in product quality by adhering to higher benchmarks.	Stringent factory quality inspections Every batch of products at Haitian undergoes thorough factory quality inspections to strictly prevent the market entry of defective products.
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>> Risk management

We are committed to continually strengthening our capabilities in standardisation, metrology, accreditation, and testing through system development and ongoing improvements, thereby solidifying our ability to control and prevent food safety and quality risks.

In terms of quality monitoring, internally, Haitian rigorously follows multiple checks throughout the production process, including raw material acceptance, process sample supervision, and final product testing. Beyond routine national standard inspections, the Company is equipped with online and near-line rapid quality scanning devices to achieve swift quality assessments. Haitian regularly reviews updates to regulations and changes in technical standards, ensuring that our internal control limits are stricter than those mandated by national regulations. This ensures compliance from the planning stages of our products.

In terms of risk monitoring, Haitian has established a dedicated Food Safety Department that identifies and analyses various dimensions, including material toxicology and production processes. This department determines material risk monitoring plans and conducts specialised analysis and control.

To ensure the effective operation of our quality and safety certification systems, Haitian not only conducts regular specialised external audits but has also formed an internal auditor team. This team conducts at least four internal audits annually to identify and correct potential issues, thereby enhancing system efficiency. Additionally, the Company has formed a dual audit team composed of quality and procurement departments to perform qualification, admission, and annual audits on suppliers. This approach strengthens source management, improves supplier quality, increases supplier stability, and reduces front-end food safety risks.

We establish reasonable requirements for the use, maintenance, and upkeep of production equipment based on the construction of the equipment and operating conditions, as outlined in the Equipment Operating Procedures. This ensures the continuity and reliability of production while minimizing potential risks and accidents associated with production hardware.

Through stringent controls in internal and external audits, risk monitoring, and quality monitoring, we ensure the quality and safety of our products, embodying the high standards and strict requirements of product quality and safety.

 Highlights

 In 2023, Haitian carried out **34** product quality and safety audits, covering the production lines of all wholly-owned production bases of Haitian.

>> Product traceability and recall

Haitian adheres to the Administrative Measures on Food Recall issued by the State Administration for Market Regulation by establishing internal policies such as Regulations on the Management of Product Recall and Withdrawal, Marking and Traceability Management Procedures, Operating Rules for Soy Sauce Product Traceability, Operating Rules for Flavoured Product Traceability, and Food Safety Emergency Preparedness and Response Procedures. These policies define the monitoring, early warning, and handling plans for food safety emergencies, as well as the processes for product recalls, continuously refining our food safety traceability system.

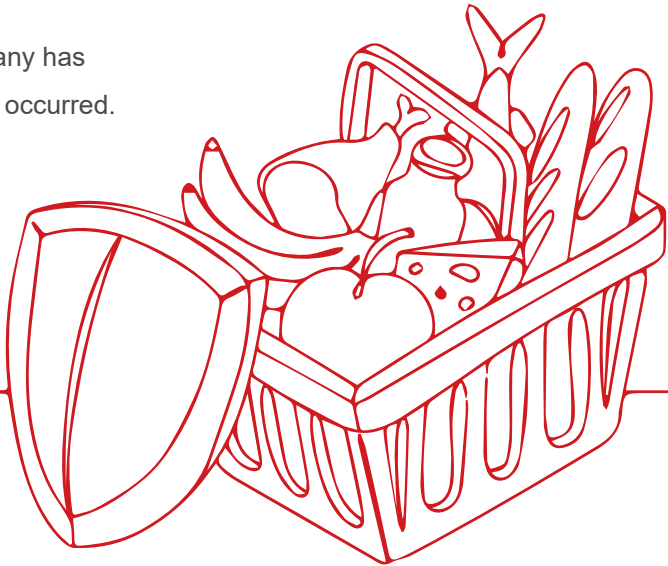
We use information technology to build a traceability system platform that enables rapid and precise traceability from raw material procurement to product sales. We regularly conduct contingency plans management for product quality-related recall events, simulating traceability at least twice a year to enhance the traceability capabilities of the production enterprises.

 Case: Simulated recall

Haitian has formulated the Regulations on the Management of Product Recall and Withdrawal in accordance with the Administrative Measures on Food Recall published by State Administration for Market Regulation, and conducts regular simulation recall exercises accordingly. In the 2023 drill, each production base successfully achieved effective tracing of related raw materials, production processing, finished goods storage, and first-level distributor logistics dispatch within a short period, ensuring the Company's efficient traceability capabilities in food safety.

 Highlights

 During this year, the Company has **no** food-related incidents occurred.



Construction of product quality and safety culture

Haitian considers the promotion and education of product quality and food safety as an integral part of the corporate safety culture, providing employees with professional training on product quality and food safety each year. Additionally, to extend quality control to the upstream supply chain, Haitian organises supplier exchange meetings and conducts supplier reviews, disseminating the importance of product quality and food safety to suppliers and providing corresponding educational and training support. Haitian requires its partners to strictly implement food hygiene and safety management measures, assist in the signing and filling of documents such as the Food Quality and Safety Commitment Letter and the Supplier Self-check and Self-correction Form, to foster a heightened awareness of product quality and safety and collectively offer high-quality products that are safe and reliable to end consumers.



Intellectual property escorts technology innovation

Haitian is dedicated to creating high-value and high-quality products. We have long adhered to the development strategy of intellectual property of “strengthening enterprise with high-quality intellectual property”, and continuously promoted the brand development and technological leadership of enterprises with high-quality intellectual property. We have established and continuously improved the management system for the creation, application, protection, risk prevention and dispute response of intellectual property.

We strictly abide by the Patent law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, and implement the Enterprise Intellectual Property Management (GB/T 29490-2013) and other national standards. We have also formulated internal management policies such as the Work Manual on Intellectual Property Management, the Regulations on Patent Management and the Regulations on Trademark Management.

Management framework

Haitian has gradually established a well-developed management framework of intellectual property. We have set up an independent Intellectual Property Department to be responsible for the overall management of the Group's intellectual property. The independent Intellectual Property Department is conducive to the centralised processing of related matters of intellectual property and improves the specialisation and efficiency of management.

Management measures

>> Strengthen our intellectual property management

Haitian embeds intellectual property mining and analysis in the process of product research and development, and listing. Only when the intellectual property is fully excavated and protected and meets the requirements, the product process will continue, effectively avoiding the risk of inadequate intellectual property layout.

To protect intellectual property is to protect innovation. Haitian attaches great importance to the protection of intellectual property and takes active actions. In 2023, Haitian cooperated with third-party professional organisations to intensify efforts to collect and analyse relevant infringement clues in order to detect and take appropriate measures to deal with infringement in a timely manner.

At the same time, Haitian also actively mobilises its internal employees, encouraging them to pay close attention to the possible infringement around them and timely give feedback on the infringement clues to the Intellectual Property Department.

>> Fully respect the intellectual property of others

Haitian fully respects the intellectual property of others. In the agreement between Haitian and its partners, the obligations and responsibilities of both parties in intellectual property are clearly stipulated. Intellectual property risk examination is embedded in the product listing process and major business processes to avoid infringement on the legitimate rights and interests of others.

>> Facilitate internal intellectual property creation

In order to encourage innovation and the creation of more high-quality intellectual property, Haitian has implemented a series of incentive measures. In addition to holding regular review activities of patent awards and directly awarding cash to inventors who meet the requirements, the Company also encourages all employees to put forward creative trademark proposals, and if the proposals are adopted, the Company will provide special awards.

We hope that by establishing an internal incentive mechanism, we can create a corporate culture that encourages innovation and respects intellectual property, stimulating the enthusiasm and initiative of employees in intellectual property creation and providing continuous innovation power for the development of the Company.

>> Construction of intellectual property culture

In order to enhance the awareness of intellectual property of all employees, Haitian has adopted a series of effective intellectual property training and publicity activities.

- >>> Intellectual property protection is included in the required courses for employees upon entry to ensure that every employee has a basic understanding of intellectual property;

>>> The Company regularly organises intellectual property training, distributes training materials to employees, and organises the whole employees to carry out the unified examination of intellectual property knowledge;

>>> Personnel of specific departments are required to learn specific courses and pass corresponding examinations before exercising the approval authority to ensure that employees can fully understand and respect intellectual property when exercising the approval authority.

>>> For specific intellectual property events or specific intellectual property festivals, publicity activities should be carried out to further popularise intellectual property activities and enhance the intellectual property awareness of all employees.

Management effectiveness

Haitian, as our primary trademark, has effectively promoted the vigorous development of the brand with years of intellectual property management activities. In the “2023 China Brand Value Evaluation Information” released by the Xinhua News Agency and China Council for Brand Development, the brand value of Haitian ranks first in the brand list of Chinese Time-honoured Brand. In December 2023, the Guangdong Trademark Association released a brand list of high-value trademarks in key provincial industries in 2023, in which “Haitian” was selected with an evaluation value of more than RMB120 billion, ranking first in the food industry list.

In terms of technological innovation, Haitian has accumulated a number of patent technologies in core technology areas such as strain research and brewing equipment technology. Among them, 122 new authorised patents* were added in 2023. These patents have become an important driving force for the Company's technological progress and industrial upgrading. The application of patent technologies will further enhance the competitiveness of Haitian products. Among them, the Haitian 0-added dark soy sauce of straw mushroom was recognised by the China National Intellectual Property Administration as a patent-intensive product in 2023.



“2023 China Brand Value Evaluation Information”
First in the brand list of Chinese Time-honoured Brand

Being selected into the brand list of high-value trademarks in key provincial industries in 2023
Top of the list in the food industry

Haitian 0-added dark soy sauce of straw mushroom
A patent-intensive product in 2023

* Note: The statistic scope of new patents authorisation includes Foshan Haitian Flavouring & Food Co., Ltd. and its subsidiaries (consolidated data)

Green Commitment to Protecting the Earth

Haitian regards green development as the top priority of enterprise development, insists on continuous efforts in product innovation and management innovation, and promotes the concept of green development to be deeply rooted in people's hearts. By integrating the upstream and downstream resources of the industry and strengthening internal management, the Company continuously improves the efficiency of resource utilisation and the level of energy saving and emission reduction, strives to minimise the environmental impact, promotes the long-term prosperity of the enterprise, and contributes to the protection of the earth.

Key Issues

- Water resources management
- Climate change response and energy conservation and emission reduction
- Sustainable value chains and green products

Response to SDGs



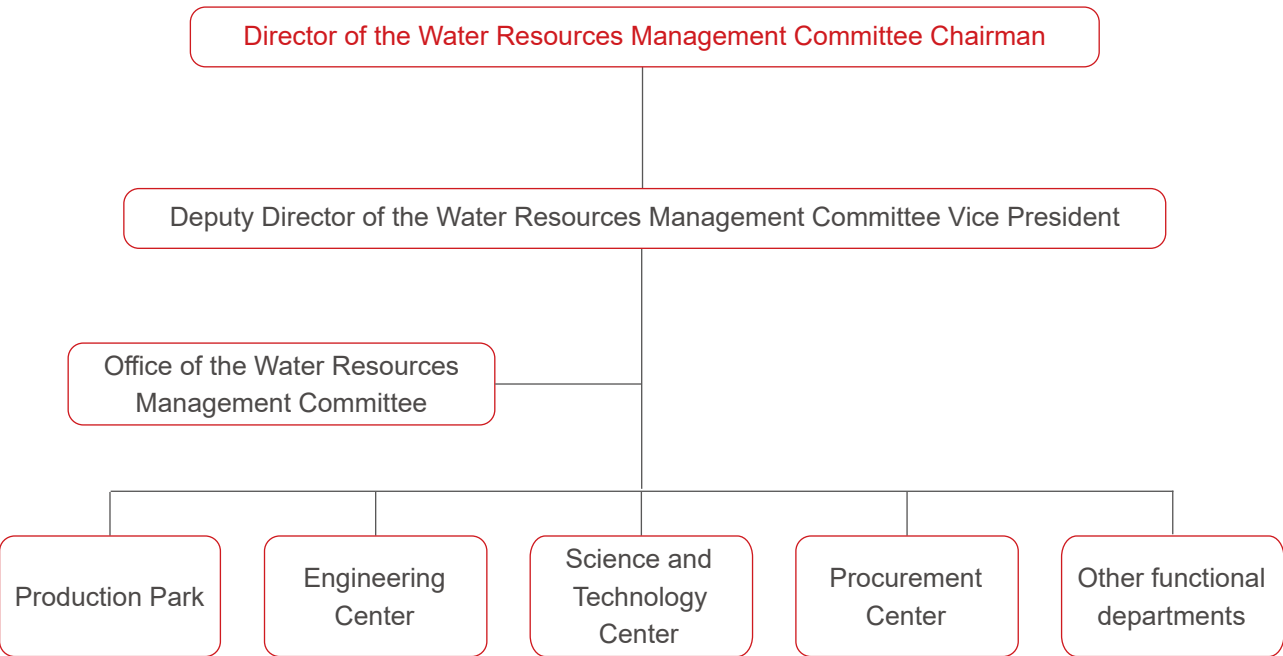
Water resources management

Strategy and management

Haitian adheres to the concept of “building a benchmark for water saving” and the management principle of “reducing the negative impact of production on water resources and enhancing the awareness of water saving in the whole chain”, and comprehensively implements the integrated water resources management strategy.

Haitian has established Water Resource Management Committee responsible for reviewing and approving the company’s water resource management strategy. The committee is chaired by the chairman of the board, with a vice president in charge of daily operations such as water resource utilization strategies, performance management, goal decomposition, and tracking improvements. The Water Resource Management Committee coordinates and manages water intake, usage, conservation, and discharge across all production bases and extends these practices to upstream and downstream partners, driving the green and sustainable development of the industrial chain.

Each production base of Haitian has set up a special leading group for water resources management, which is responsible for supervising the use of water resources. The general manager (person in charge) of each production base is responsible for the strategy and performance management of water resources utilisation, refining the objectives of water resources utilisation, assigning them to each business department and combining them with performance to ensure the effective utilisation and continuous optimisation of water resources.



In addition, Haitian has a Green Development Office to coordinate research on technologies for energy saving, emission reduction, reduction in pollution and carbon emissions, promoting the design and transformation of water-saving technology schemes and improving the efficiency of water resources utilisation. In order to ensure the sustainable utilisation of water resources and mitigate the risk of water stress, Haitian has formulated and updated a series of water resources management policies, including the Regulations on the Operation and Management of Wastewater Treatment, the Contingency Plan for Wastewater Treatment, the Regulations on Management of Water Supply and Consumption, the Assessment Measures for Water Consumption Quota, the Administrative Provisions for Condensate Recovery System and the Regulations on the Management of Drinking Water System. Starting from the policy level, the water resources management system has been continuously improved, aiming to protect the water resources environment where the Company operates and realise the rational and economical utilisation of resources.

Risk identification and response

Nowadays, the industry of flavouring products is facing the trend of changing market demand and personalised consumer preferences. In this context, the diversification of specifications and categories of flavouring products may have the potential water resource risks of increasing water consumption in related production. Therefore, on the premise of ensuring the high quality of products, Haitian has taken a series of measures to effectively reduce the risks of water resources utilisation:

- **Conducting water resources risk assessment:** Haitian has established a water resources risk assessment mechanism, combining the three dimensions of daily average water intake level, water scarcity level (referring to the aqueduct database of the World Resources Institute), and water quality level (referring to the real-time data release system of automatic monitoring of the national surface water quality), to form a well-developed internal assessment standard, identify and assess the risk level of water resources of all factories in each production base, and formulate corresponding countermeasures.
- **Optimising the production process:** Improving and optimizing the production process to make it more efficient and water-saving, Haitian adopts a closed circulation system to reduce the number of cleaning and water consumption.
- **Conducting water balance assessment:** We draw the water balance map from the whole process of water resources utilisation, systematically carry out water-saving management, find out the unreasonable utilisation of water resources and excavate water-saving space to guide the implementation of projects of water-saving technology transformation.
- **Adopting water-conserving technology:** Introducing advanced water-conserving technology and equipment, such as high-efficiency heat exchange equipment and cooling system, heat pump and water recovery technology, Haitian reduces water consumption per unit of product.
- **Fine management of water utilisation:** Haitian implements fine management, monitors water utilisation, adjusts production strategy in time, and avoids unnecessary waste of resources.
- **Employee water-saving training:** Haitian strengthens the employees' water-saving awareness and skills training to ensure effective water-saving in the production process.
- **Market forecasting and inventory management:** Haitian reduces overproduction and water waste due to demand fluctuations through market forecasting and inventory management.
- **Enhancing customer communication:** By communicating with customers, Haitian understands the real changes in market demand to avoid the waste of resources caused by the blind pursuit of diversification.

Objective management

In 2023, through the implementation of steam condensate recycling, cooling water substitution and other measures, Haitian achieved excellent results in water saving and consumption. In the future, Haitian will continue to optimise the water saving and consumption measures and strive for the goal of continuously reducing water consumption.

 Highlights

-  The unit consumption of water is **2.18** cubic meters per ton of products, reaching the leading level of the same industry.
-  Haitian (Gaoming) Flavouring & Food Co., Ltd. was awarded the certificate of “Member Unit of Guangdong Cleaner Production Association” by the Guangdong Cleaner Production Association.
-  Haitian Vinegar Group Co., Ltd. was awarded the title of “Green Factory of Jiangsu Province” by the Industry and Information Technology Department of Jiangsu, and the title of “Provincial Water-saving Enterprise” by the Water Resources Department of Jiangsu Province and Jiangsu Development & Reform Commission.

Management optimisation measures

Haitian has implemented a series of water-saving management measures in the production process, which effectively reduces the consumption of water resources and the discharge of wastewater. During the reporting period,

Haitian recycled cooling water	With a recovery rate of	Recycled condensate	Reduced wastewater emissions	Saved CIP cleaning water
860,000	89%	275,000	150,000	25,000
cubic meters		cubic meters	cubic meters	cubic meters

In addition, in the new base project in 2023, Haitian has fully considered water-saving factors since the design of the production line and has given priority to the utilisation of water-saving equipment, process schemes and raw materials.



Case: Measures and achievements of water saving management for production in part of Haitian production bases

< Increasing the recycling of cooling water to reduce emission waste: Haitian increased the implementation of cooling water recycling measures in 2023. The Soy Sauces Business Department recycles approximately 100,000 cubic meters of cooling water more than in 2022 by increasing cooling water buffer tanks, prioritising the use of cooling water in CIP and replacing tap water with cooling water to wash cloth. It is equivalent to reducing the utilisation of 100,000 cubic meters of new tap water every year, effectively avoiding the waste of water resources.

< Optimisation of alkaline washing process for press filter cloth: Haitian Soy Sauce Business Department has optimised the cleaning process of press filter cloth. Through scientific data demonstration and redefinition of process elements, it has adopted a more efficient way to clean the filter cloth, which has significantly reduced the output of wastewater by up to 40%. In 2023, Gaoming Production Base has achieved 42,000 cubic meters of wastewater reduction.

< CIP Cleaning Optimisation: In 2023, the CIP cleaning process and parameters were optimised in the packaging workshop of Haitian Soy Sauce Business Department. By adjusting the flushing parameters and other measures, the discharge of cleaning wastewater was reduced, and the average daily discharge of wastewater was reduced from 320 cubic meters per day to 290 cubic meters per day, thus saving 10,000 cubic meters of CIP cleaning water per year.



Climate change response and energy conservation and emission reduction

Climate-related risks and opportunities

The risks and challenges of climate change to the global economy are intensifying and may have a negative impact on Haitian's business. We therefore place a high priority on identifying and mitigating the impacts of climate change. Under the guidance of Task Force on Climate-Related Financial Disclosures (TCFD), an organisation under Financial Stability Board, we assess and recognise the impact of climate-related risks on the business of Haitian, as well as the potential opportunities. Based on these assessments, we have integrated climate risks into our internal risk management framework to effectively manage and review climate-related risks while seizing potential opportunities. According to the risk classification framework of TCFD, Haitian has identified the following climate-related risks, corresponding management measures and climate-related opportunities:

Climate-related Risks

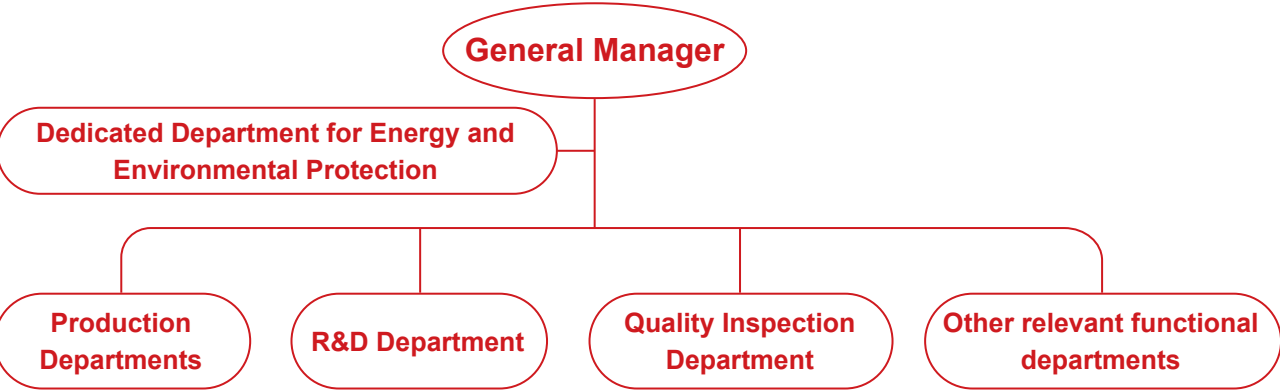
Risk Category	Risk Description	Potential Impact	Measures
Physical risk	Extreme heat/drought Drought may result in short supply of water resources and agricultural raw materials	• Extreme heat and drought may affect the growth cycle of crops and reduce the output, which will in turn lead to higher prices of products, thereby raising the cost of raw materials	• Reduce dependence on a single source of supply by establishing partnerships with suppliers in different regions to address local climate risks • Maintain reasonable inventory level to respond to short-term supply disruptions and price volatility • Mitigate the impact of raw material price fluctuations on the cost of enterprises by locking the price of raw materials, signing long-term contracts with suppliers and using the futures market for risk management
Physical risk	Typhoon Climate change leads to increased frequency of typhoons, accompanied by strong winds, heavy rains and other severe weather conditions	• It may cause traffic disruption, affecting the supply of raw materials and the transportation and timely supply of finished products • It may cause damage to plant and production equipment, resulting in production interruptions, affecting production, and increasing equipment maintenance and reconstruction costs	• For bulk raw materials requiring long-distance transportation (such as monosodium glutamate, white sugar and salt), multimodal transport will be developed with partners. This is done to schedule resources more flexibly, thus making the supply chain more stable and resilient to resist the risks • Conduct risk assessment on a regular basis, identify key parts of the production facilities that may be affected by typhoons, and develop detailed prevention measures and emergency response plans will be formulated
Transition risk	Changes in policies and regulations The government may impose stricter environmental regulations or carbon pricing, requiring enterprises to reduce greenhouse gas emissions and increase energy efficiency	• May need to invest in new technologies and equipment to adjust energy mix to meet regulatory requirements, increasing operating costs; non-compliance may result in fines or business restrictions	• Actively track policy changes and combing for compliance • Develop a phased facility retrofit program to progressively upgrade equipment to meet new environmental standards, including the installation of more efficient energy-using equipment, such as energy-saving motors, LED lighting, and improved heating systems • Set up a special budget to invest in energy conservation and emission reduction projects, including improving production processes, improving energy efficiency and recycling waste
Transition risk	Changes in markets and consumer behaviour Increased consumer demand for sustainable and environmentally friendly products and increased market preference for products with a low carbon footprint	• Potential changes in product demand entail adjustments in market strategy and product development direction; failure to adapt to market changes may lead to a decline in market share	• Develop new products in line with sustainable trends, continuously expand the matrix of nutritional and health products, and reduce the carbon footprint of products by reducing energy consumption in the production process, using green logistics and green packaging, etc.

Climate-related Opportunities

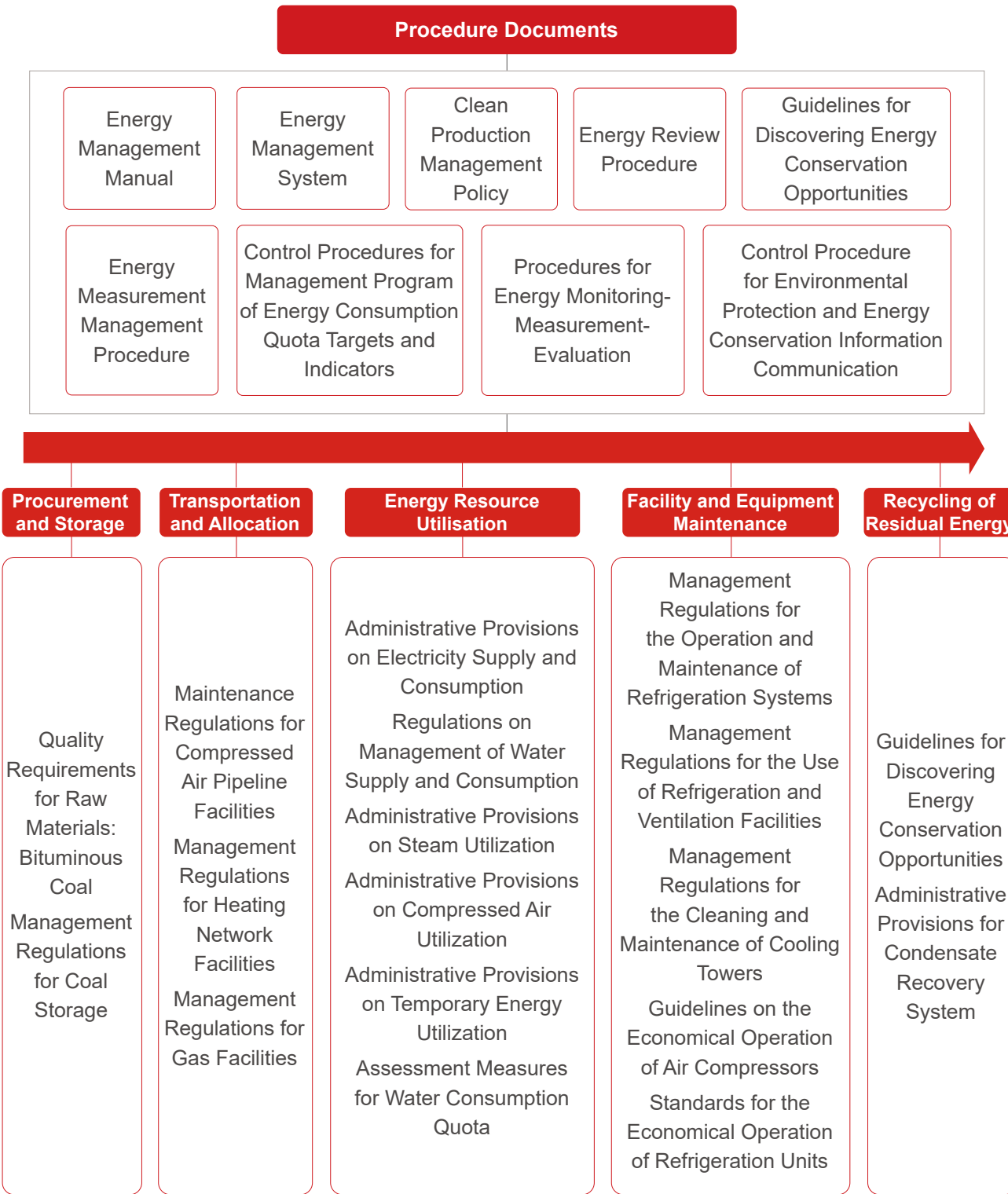
Opportunity Category	Opportunity Description
Products and services	By continuously promoting the innovation of green and low-carbon products, provide the market with diversified environmentally friendly products to meet the needs of customers and consumers. At the same time, the industrial chain partners are urged to take carbon reduction measures to promote the green transformation of the industrial chain and enhance the competitiveness of the industry
Energy transformation	New energy sources, such as solar energy, wind energy and biomass fuel, are gradually becoming the market's preferred choice. Actively promote the transformation of energy mix and enjoy government subsidies brought by new energy support policies. Reducing the carbon emissions of products also helps to meet the growing demand for environmentally friendly products in the market
Application of new technology	The use of advanced energy-saving technologies and energy-efficient equipment helps to reduce our energy consumption and carbon emissions in the production process, thereby reducing costs and increasing efficiency

Energy-saving and low-carbon strategy and management

Low carbon and energy saving has become a global consensus, Haitian deeply understand the urgency of low carbon and energy saving development, under the guidance of the management concept of “management as the fundamental, technology improvement as the leading, process innovation as the driving force, energy saving as the priority, continuous optimization, high efficiency and security”, Haitian established a set of energy management system under the direct leadership of the general manager. The system provides integrated planning for energy conservation and emission reduction, clarifies the specific tasks of energy conservation, deepens the understanding of low-carbon concepts in each department, and ensures Haitian's substantial progress in energy conservation and emission reduction.



According to the national laws and regulations related to environment and energy and the requirements of the Company's internal energy management system, Haitian formulates and regularly updates the internal policies and procedures related to energy, which are applicable to the Company's internal employees, as well as some suppliers and stakeholders outside the Company.



Risk identification and response

Haitian is deeply aware of the potential risks imposed by poor energy management and greenhouse gas emission on our production, business activities and ecological environment. Therefore, we actively carry out risk identification and response work to ensure the sustainable and stable development of the Company.

>> Respond to regulatory risks

We have taken various measures to ensure environmental protection and compliance management.

- **Laws and regulations review and risk assessment:** We review the relevant laws and regulations every year, assess the possible impact on the Company, and formulate countermeasures accordingly to ensure the compliance of the Company's operation.
- **Internal energy conservation self-inspection:** We regularly carry out energy conservation and emission reduction projects, conduct energy audits, improve energy efficiency and reduce energy consumption through technical and management means.
- **Environmental emergency response plan and emergency drills:** In accordance with the requirements of the Emergency Response Law of the People's Republic of China and other relevant laws and regulations, each production base of the Company has formulated the Environmental Emergency Response Plan based on the actual situation, and updates the plan regularly. We formulate emergency response plan training plans and drilling plans, organise emergency drilling and training for environmental emergencies on schedule, and regularly check the integrity and effectiveness of emergency materials, facilities and equipment to ensure that emergency disposal can be carried out efficiently and orderly when environmental emergencies occur.
- **Establish the environmental protection risk matrix and map to visualise the risk management and control:** We visited and investigated the factories and holding subsidiaries in the park, comprehensively identified, evaluated and graded the risks, formulated corresponding management and control measures, and formed the Environmental Protection Risk Control Matrix. On this basis, the identified risks are classified and graded to form the Environmental Risk Map. We regularly upgrade the risk matrix and risk map iteratively to meet the requirements of changes in laws and regulations.
- **Three-level management of environmental protection risk investigation:** The Company has established the Environmental Hazard Investigation and Treatment Policy, which adopts the combination of "self-inspection of the business department + cross-inspection of the factory in the park + unannounced Inspection of the joint-stock company" to thoroughly identify environmental protection risks and hidden dangers. In 2023, all production bases have received unannounced inspections, with 165 potential environmental hazards identified and rectified, thereby ensuring the Company's compliance management.



>> Respond to the risk of energy shortage

Fluctuations in the energy market may lead to energy shortages and affect the normal operation of the Company. Haitian takes the following measures to prevent the risk of energy shortage:

- **Emergency drills and emergency response plan formulation:** We regularly conduct emergency drills and formulate emergency response plan to ensure that the Company can quickly take measures to reduce losses in case of energy supply interruption and other emergencies.
- **Energy reserve:** We reasonably reserve key energy such as electricity and water to cope with possible supply shortage.
- **Use of renewable energy:** We adhere to the concept of green and sustainable development, take various measures to increase the use of renewable energy (wastewater, biogas, PV power generation, biomass, etc.), focus on optimizing the energy mix, and help promote reduction in pollution and carbon emissions. During the period from 2021 to 2023, the annual compound growth rate of the proportion of renewable energy equivalent coal reached 75%.
- **Build a digitalised and intelligent energy management platform:** The platform integrates the new generation of information technologies such as Internet of Things, Big Data, AI Computing and Intelligent Gateway. Layered and distributed integrated architecture has been established to collect and process various energy consumption data such as electricity, water, steam, compressed air, gas, cold/heat. This is done to analyse the energy consumption and realise energy-saving applications. At the same time, all kinds of energy sources are calculated uniformly according to emission standards, so as to optimise energy use and help achieve "dual-carbon" goals.

Through the aforementioned risk identification and response measures, Haitian has improved its environmental management capabilities and enhanced its capacity for sustainable development. We will continue to monitor the risks associated with energy management and greenhouse gas emissions, constantly optimizing our strategies, and contributing to ecological progress and green development.



Management optimisation measures

Haitian has achieved significant results in carbon reduction through measures such as optimizing product design, upgrading governance measures, conducting internal carbon accounting and evaluation, adopting new energy technologies, optimizing warehouse management, and implementing other emission reduction technologies. These efforts have led to a win-win situation, benefiting both the Company's economic performance and the environment. In 2023, Haitian achieved the following key results through the mentioned optimisation measures:

Optimise product design

We reduce the overall carbon emissions by reducing the use of high-carbon-emitting materials, improving the utilisation rate of raw materials, and reducing the carbon emissions of products during transportation and storage through the implementation of lightweight packaging and other measures.

Upgrade treatment facilities

We continue to upgrade and renovate pollutant treatment facilities, optimise and improve waste gas and wastewater treatment processes, formulate corresponding management measures, and actively promote the comprehensive reduction of various pollutants and waste emissions. By adopting advanced and efficient waste gas treatment equipment, we have achieved ultra-low emission of boiler waste gas. In 2023, the average emission concentrations of particulate matter, sulfur dioxide and nitrogen oxides in boiler waste gas are 3.983, 4.107 and 37.359 mg/m³, respectively, which are far below the concentration limits of 10, 35 and 50 mg/m³ of ultra-low emission standards for boilers.

Carry out internal accounting and evaluation of carbon emissions

According to the guidelines outlined in the Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Food, Tobacco, Alcohol, Beverages and Purified Tea Manufacturing Enterprises (Trial) issued by the General Office of the National Development and Reform Commission, we have organised our production bases to conduct internal accounting and evaluation of carbon dioxide emissions (Scope I, Scope II). We also promote the recycling of resources and actively carry out the transformation and management measures of energy saving and emission reduction projects.

Application of new energy technology

Haitian has been continuously expanding its photovoltaic (PV) power generation scale, resulting in a significant increase in both installed PV capacity and the PV power generation. By 2023, the installed PV capacity reached 14.47 MW, with an annual compound growth rate of 141% from 2021 to 2023. In 2023, the PV power generation reached 11.95 million kWh, resulting in savings of 1,469 tons of standard coal and a reduction of 6,815 tons of carbon dioxide emissions (calculated at 0.5703 kg/kwh). The annual compound growth rate for PV electricity generation during the period from 2021 to 2023 was 111%. By 2025, we will achieve PV installed capacity of more than 20 MW, contributing to the fight against climate change.

Through our biogas reuse project, we have successfully overcome the limitations of anaerobic treatment processes in wastewater treatment. By bio-degrading the COD in wastewater, we are able to convert pollutants into a larger quantity of biogas by burning it directly in boilers or co-firing it with other fuels, thereby turning waste into a valuable resource. In addition, we have assembled a specialised team to conduct in-depth research and development on the desulfurisation, purification, and utilisation of biogas. This endeavour aims to enhance the value and efficiency of biogas utilisation. By doing so, we are providing strong support for Haitian's continuous green development, ensuring a sustainable and environmentally friendly approach. From 2021 to 2023, the compound annual growth rate of biogas recovery and utilisation was 25%. In 2023, 4.642 million Nm³ of the biogas have been recovered and utilised, resulting in savings of 4,253 tons of standard coal and a reduction of 58,534 tons of carbon dioxide emissions.

Through initiatives such as condensate water recovery, heat recovery from air compressors, and secondary steam recovery, we have successfully reduced steam usage by 48,000 tons in 2023. These efforts resulted in savings of 4,828 tons of standard coal and a reduction in carbon dioxide emissions equivalent to 12,594 tons.

Warehousing

The use of automated three-dimensional warehouse, space utilization for the ordinary flat warehouse 3 times, to complete the same amount of business in and out of the warehouse, can reduce more than 400 people, reduce the use of forklifts 150, energy saving and emission reduction in the warehousing process.

Application of other emission reduction technologies

A specialised research institution has been established to focus on energy conservation and emission reduction, conducting research projects and technological breakthroughs. Among them, the Wastewater Denitrification for Quality Enhancement and Efficiency Improvement project has been put into operation, and several reserve technologies have achieved technological readiness. In addition, we have jointly carried out research on the treatment of refractory wastewater in the industry with the Guangzhou Institute of Energy Conversion, Chinese Academy of Sciences.

Haitian also actively explores and applies other emission reduction technologies, such as AI energy-saving technology, carbon reduction of raw materials and packaging, energy-saving transformation of coal-fired boilers, ammonia hydrogen technology reserve, waste heat recovery technology, etc. The exploration and application of these technologies will help to improve energy efficiency and reduce carbon emissions.

Lean production optimisation

In addition to the aforementioned initiatives, in 2023, Haitian implemented a lean production management project to identify energy-saving opportunities in various production processes. Through this project, a total of 43 energy-saving projects were identified, resulting in a reduction in electricity consumption by 1.1 million kWh, steam savings of 9,886 tons, and water savings of 26,852 cubic meters. Overall, these measures resulted in a total coal savings of 1,130 tons and a reduction of 3,221 tons of carbon dioxide emissions.

>> Green office

Continue to improve the level of paperless office

Since the initiation of the contract digitisation project in 2022, Haitian has been gradually increasing the proportion of electronic contracts replacing paper-based contracts. In 2023, the proportion of contracts signed electronically by the Company further increased to about 80% of all contracts. At the same time, we have promoted electronic projects such as COA of packaging materials, procurement contracts, performance, confirmation of receipt quantity and statement of account on the supplier side to reduce the use of paper.

Properly plan the factory's lighting design and make full use of natural sunlight

The daylighting design of Haitian plant makes full use of the natural lighting. "Skylight" is installed in a reasonable position in the plant, allowing natural light to penetrate through the windows and provide sufficient illumination for the factory area. This design aims to reduce the electricity consumption.

Promote environmental conservation principles through various means

We have compiled the "Green and Low-Carbon Environmental Protection and Pollution Reduction" study manual, incorporating green and low-carbon knowledge into the general training series for enterprise employees. We require all employees to participate in the learning and examination, effectively enhancing their environmental awareness.

We have organised a fun and educational activity called the "Low-carbon Jiugongge" to showcase common scenarios encountered in daily work and life. During the activity, employees are required to throw a frisbee to select the correct low-carbon action. Guide employees to cultivate a green and low-carbon consciousness, starting from small actions and from within themselves.



Haitian promotes the concept of environmental protection through various means

>> Waste management

Haitian is committed to effectively managing and reducing waste throughout its business operations and promoting resource recycling to facilitate the transition towards a recycling economy. By assessing the impact of waste generated by our business, we have established clear objectives and continuously improved the performance of waste management and high-value utilisation. In the procurement process, Haitian fully considers the factors of waste reduction and carbon emission reduction, and takes a series of measures to reduce the generation of waste and improve the efficiency of resource use. Additionally, we have developed and implemented internal management regulations such as the Hazardous Waste Management Regulations, Noise and Solid Waste Management Regulations, Regulations on the Operation and Management of Wastewater Treatment, and Contingency Plan for Wastewater Treatment.

Haitian classifies daily wastes and proposes different treatment methods for hazardous wastes and general solid wastes:

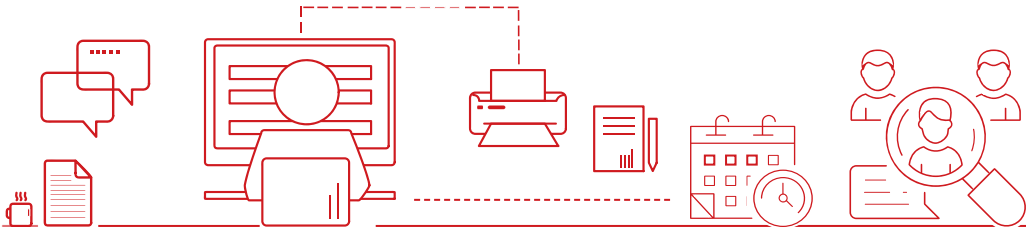
 **Hazardous waste**

Strictly implement comprehensive environmental management throughout the entire process of hazardous waste generation, collection, storage, transportation, utilisation, and disposal. In accordance with laws and regulations, the Company has upgraded the temporary storage facilities of hazardous wastes to ensure compliance with environmental protection standards. At the same time, Haitian cooperates with qualified third-party disposal units to recycle or dispose of hazardous wastes in order to minimise their potential impact on the environment.

 **General waste**

Continuously enhance the comprehensive recycling and utilisation efficiency of waste through internal and external integration, as well as technological empowerment. Furthermore, Haitian has optimised its wastewater disposal process to ensure compliance with higher environmental standards. By doing so, the Company not only reduces its environmental impact but also enhances the recycling rate of resources.

Haitian has invested in advanced pollution prevention and control facilities and implemented strict monitoring and management measures to ensure that pollutant emissions meet environmental standards. The waste packaging materials and by-products we have successfully recycled are effectively transformed into feed ingredients or undergo harmless treatment, achieving efficient utilisation of these materials.



Sustainable value chains and green products

Carbon footprint management of products

As a quantitative index to measure the environmental impact of products, product carbon footprint plays a vital role in promoting sustainable development. Haitian focuses on conducting comprehensive life cycle environmental impact assessment on products, continuously promotes the research and development of green and low-carbon products based on the strategic perspective of market demand and business development, and actively reduces greenhouse gas emissions in the product life cycle to produce environmentally friendly products. Haitian systematically identifies and evaluates the carbon footprint of products according to ISO series standards and life cycle assessment methods. The assessment covers the whole life cycle stages of raw material acquisition, product production, transportation, use and disposal.

In order to reduce the carbon footprint of products, Haitian has implemented a number of measures, including process improvement, optimisation of energy mix and logistics management, use of environmentally friendly materials, reduction of packaging volume and improvement of product durability. Through these measures, the Company has achieved significant reductions in carbon emissions and improvements in energy efficiency.

Case: Carry out carbon footprint verification of core products and complete certification

In 2023, Haitian carried out product carbon footprint verification for some of its core products and completed the certification: the carbon footprint management quantitatively evaluated the greenhouse gas emissions of carbon dioxide and other gases generated from the acquisition of raw materials, the transportation of raw materials, and the production phase of the products in accordance with ISO 14067, and was awarded the “Guangdong Carbon Labeling Certificate” issued by the Guangdong Low-Carbon Development Promotion Association and Carbon Label Professional Committee. In the future, Haitian will continue to work to reduce the carbon footprint of its products and promote innovation and sustainable development.



Supply chain carbon reduction

Haitian is well aware of the importance of carbon reduction in the supply chain, so we give full play to our industry influence and driving force while promoting carbon reduction within the Company. By taking a series of measures, we can guide suppliers to establish the sustainable development concept and take corresponding actions.

- Evaluation and selection of suppliers

 - The results of energy saving and emission reduction are included in the comprehensive quality evaluation of suppliers, and are included in the consideration of whether to become a new supplier of Haitian or obtain renewal of contract.
- Build benchmarking cases for sustainability

 - Haitian actively builds benchmarking cases for sustainability suppliers, and encourages more suppliers to join the ranks of low-carbon transformation by demonstrating the environmental protection practices of excellent suppliers.
- Incentive policy

 - For suppliers with excellent environmental performance, incentives are given by means of order inclination and reduction of settlement cycle.
- Supplier training and support

 - We provide training and technical support to suppliers, help suppliers improve their environmental awareness and capacities, and promote the green development of the entire supply chain.
- Supply chain traceability and transparency

 - A supply chain traceability mechanism has been established to ensure that the raw material sources of products meet environmental standards.

Case: Energy saving and emission reduction achievements of some suppliers of Haitian

A raw material supplier

> Haitian promoted the supplier to take technological progress as the core, upgraded environmental protection treatment facilities, promoted environmental protection technologies such as activated carbon adsorption and desorption, biological washing and anaerobic ammonia oxidation, and invested in the introduction of activated carbon adsorption-steam regeneration-condensation recovery technology to achieve an annual emission reduction of more than 50 tons of volatile organic compounds (VOCS).

Green packaging

On the premise of guaranteeing quality, Haitian actively responds to the national "dual-carbon" policy and follows the 5R principle of green packaging, namely Reduce-Reuse-Recycle-Regeneration-Rejection, in order to achieve the sustainability of packaging. At the same time, Haitian's packaging materials are produced in just-in-time (JIT) arrival mode. Through the coordination of production, supply and marketing and digital system, the occupation of warehouse resources by packaging material inventory has been greatly reduced. The Company manages the whole life cycle of packaging from design to waste to ensure efficient use of resources, avoid excess and waste, improve efficiency and reduce the impact on the environment. According to the above principles and production mode requirements, Haitian has established a relatively complete management system to achieve linkage management through centralised procurement of the Group:

Procurement Center	Packaging Development Department	Quality Inspection Department
As the leading department of green packaging related work, the Procurement Center is responsible for the procurement of raw materials and packaging materials, and actively carries out green packaging practices according to the actual output capacity of suppliers to reduce the impact on the environment.	It is responsible for the development and design of packaging, including the determination of packaging appearance, material, and weight. In addition, the Department is responsible for conducting market demand research to ensure that packaging design meets market and customer needs.	It is responsible for the quality inspection of the packaging materials purchased by the Procurement Center to ensure that the purchased packaging materials meet the Company's quality requirements.

5R Principle	Reduce
Haitian 2023 Practice*	The types of packaging used in Haitian's production include glass, paper, PET, and film bags. In 2023, through design optimization and technological innovation, Haitian successfully achieved its lightweighted goals, reducing its environmental impact.
	Glass bottles: We took advantage of our scale to promote the technological upgrading of the industry and improved the stability of the production line through technological transformation of equipment. In 2023, we realised the lightweight of three types of glass bottles and reduced the glass materials by 7,000 tons.
	PET packaging: We have realised the lightweight of four types of PET bottles by upgrading the production process. The consumption of PET particles was reduced by 460 tons in 2023.
	PE containers: We upgraded the packaging of 450 ml products, lightened the plastic cap, reduced the material by 39%, and further lightened the new bottle types of 2.27 kg, 6 kg, 10 kg and 1.63 L. PE raw materials were reduced by about 600 tons in 2023.
	Paper products: By optimizing the structure of packing boxes, we can reduce the amount of materials used in a single carton by 10% -14%, and reduce the amount of base paper by about 169 tons per year; by optimizing the size of cartons, we reduced the amount of base paper by about 860 tons in 2023.
	Film bag products: We upgraded the equipment to improve the stability of the thermoplastic process and successfully reduced the consumption of thermoplastic per unit. The consumption of thermoplastics was reduced by 17 tons in 2023.
	Reduction of the use of packaging consumables: In 2023, we reduced the use of packaging consumables by about 800 tons by promoting the on-site supply mode with pet bottle suppliers.

Reuse	Recycle	Regeneration	Rejection
We replace disposable cartons with reusable packaging, which not only improves the sustainability of packaging, but also effectively reduces waste generation and resource consumption. In 2023, the total consumption of base paper was reduced by about 600 tons through this measure, which increased by 20% compared with the benefit of this measure in 2022.	Continuously promote the integration of upstream and downstream resources of the supply chain, promoting primary or secondary recycling of packaging raw material;	Paper labels: Haitian actively promotes the de-filming of paper labels, which has covered more than 90% of Haitian products and effectively reduced the generation of packaging waste.	Continue to reduce the use of non-recyclable, non-degradable and non-recyclable materials through the development of equipment, technologies and new materials, and rejects to use toxic packaging materials with side effect.
We have formulated the Rules for the Management of Packaging Recycling, and established a packaging recycling mechanism for reusable packaging (cartons, plastic pallets, plastic barrels, etc.).	We carry out the application technology reserve of RPET, go deep into the source of the industrial chain and strive to realise the recycling of packaging raw materials.	Membrane bag: The recycling rate of membrane materials has been improved through environment-friendly membrane bag technology.	

* Note: The statistical scope is Foshan Haitian Flavouring & Food Co., Ltd.

Highlights

-  In 2023, the lightweight of **3** types of glass bottles was realised, and the glass material was reduced by about **7,000** tons.
-  In 2023, the consumption of PET particles was reduced by more than **460** tons, the consumption of PE raw materials was reduced by about **600** tons, the consumption of base paper was reduced by more than **1600** tons, and the consumption of thermoplastics was reduced by more than **17** tons.
-  Haitian actively practices the concept of recycling economy. The Company encourages suppliers to improve the utilisation rate of packaging and establishes a recycling mechanism for reusable packaging. In 2023, **22** million packages of products were recycled.

In 2024, we are committed to advancing our green packaging strategy, aiming to achieve the following key targets:

Overall reduction of plastic use	Expanding the use of environmentally friendly materials	Landed recyclable material application technology
Reduce plastic consumption by not less than 1,000 tons through lightweight.	Complete the first-stage coverage of single material, PVC removal, water-based ink and other projects, improve the convenience of packaging recycling, and reduce environmental pollution.	Complete the technical verification of PCR (Post-consumer recycled plastics) materials on non-direct contact packaging, so that the application technology of recyclable materials can be implemented to realise the green recycling of packaging.

Case: Advocate green packaging for suppliers and consumers

Green packaging cooperation with suppliers:

- > Advocation of the reuse of raw material packaging and packaging materials to reduce disposable packaging: In 2023, through cooperation with suppliers, Haitian implemented the "box sharing" plan and optimised the packaging specifications of raw materials, effectively reducing the use and waste of packaging materials. Through the above measures, more than 10,000 tons of barrels were saved, the use of raw materials and packaging materials involved in the project was reduced by about 87%, and the recovery rate of packaging materials was more than 99%.
- > Promotion of the optimisation of raw material packaging specifications to avoid excessive packaging: We replaced small packaging materials with large packaging materials, reducing the use of more than 180,000 cartons and 80,000 small packaging bags to avoid excessive packaging.
- > In 2023, the Company joined a supplier to promote mould upgrading and process optimisation, which effectively reduced the energy consumption of some core materials, and saved more than 2.7 million kWh of electricity in the whole year.

Packaging waste recycling and consumer education activities:

- > We not only promote more products to use recyclable packaging materials, but also advocate consumers to recycle recyclable packaging through e-commerce platform promotional pages, product labels and other channels, so as to create a green and low-carbon life with consumers.

#02.4

可回收PET瓶
共创绿色低碳生活



轻量瓶 坚固耐摔省心好用
特殊瓶盖设计 不易残留酱油
环保可回收 碳排放较玻璃瓶显著降低

Promotional Page of Haitian Tmall Flagship Store

Green logistics

In order to alleviate the carbon emissions caused by long logistics distance, the Company has taken a series of measures, including optimizing logistics mode, creating new railway/multi-link channels, optimizing transportation modes/tools, investing resources and technological innovation, to build an efficient and green logistics system:

Direction of optimisation	Haitian 2023 Practice	Achieve results
Off-site plant layout	Through the layout of off-site factories, close to the origin or market of raw materials, it reduced transportation costs and improved the efficiency of resource utilisation.	The average distribution distance of the factory is 1,400 kilometres, and the average distribution distance of the off-site factory is shortened to 700 kilometres, which reduces the distribution distance by about 700 kilometres, thus reducing the carbon emissions caused by the transportation distance by about 350 tons.
Logistics mode optimisation and multi-channel building	We continued to promote the drop and pull ratio of trailer transportation between the factory and the wharf; through direct docking with the railway freight center and linkage partners, we built multiple railway channels and railway channels.	The efficiency of vehicle operation was improved and the number of vehicles and drivers was reduced; Through direct docking with railway freight centres and linkage partners, railway multi-link corridors and railway corridors were built to realise the adjustment of transportation mode of automobile operation to railway/multi-link, and reduce carbon emissions per ton of transportation.
Promotion of investment in new tools	We increased the loading capacity of single cabinet and reduced the total number of cabinets; we also gave priority to the use of lightweight models and increased the loading capacity of vehicles.	We have reduced the total amount of containers used, increased the proportion of platform containers from 2% in 2022 to 15%, reduced the use of 1,381 containers, thus reducing carbon emissions by about 617 tons; We have reduced the frequency of transportation, and implemented vehicle lightweight measures in some areas. On the premise of meeting the freight regulations, each vehicle can be loaded with an additional 0.5 tons, and the number of vehicles can be reduced by 138, thus reducing carbon emissions by about 70 tons.
Establishment of close supplier partnership	Haitian established strategic cooperation with suppliers and implemented the mode of "Plant Within Plant" and "OEM Production". By allowing suppliers to set up production lines in Haitian factories to eliminate intermediate packaging and transportation links, and to set up factories around Haitian to reduce transportation distances.	Through the mode of on-site connection supply with PET bottle suppliers, the number of material transportation vehicles was reduced by more than 50,000 times, and the consumption of packaging consumables was reduced by 800 tons in 2023. Through the establishment of a dedicated supply mode with carton factories, the operation efficiency and supply flexibility of suppliers were improved, the number of 3,360 transportation was reduced in 2023, and the logistics transportation distance was shortened by 168,000 kilometres.

In 2024, we will continue to promote green logistics and sustainability strategies:

● Implementation of ESG concept:

We will implement ESG concept into logistics business, including adopting environmentally friendly logistics solutions, reducing carbon emissions, improving energy efficiency, and promoting green packaging.

● Focusing on supply chain recycling and green logistics:

We will continue to optimise supply chain management, focusing on the principles of recycling economy to reduce resource consumption and waste, while improving logistics efficiency.

● Focusing on the plant/port short barge cycle and the in/out cycle:

We will focus on the short barge transport cycle from the plant to the port and the in/out cycle of products, and reduce carbon emissions and other environmental impacts in the transport process by optimizing these links.



Work Together to Build a Better Future

Haitian is committed to building its unique human resources system of "selecting, training, utilizing and retaining people" to provide more learning opportunities, promotion channels, benefits and caring for employees, allow employees to share the achievements of corporate development, so that every employee can focus on their own jobs, jointly improve personal value and corporate value as well as achieve co-creation and win-win of employees and the corporate. Meanwhile, Haitian continues to optimise management level of supply chain of its own products, closely cooperates with its partners in the industrial chain to facilitate sustainable development of its partners and the supply chain of the industry, promote more stable and efficient cooperation and make the industry be more prosperous.

Key Issues

- Employee benefits
- Employee development and training
- Human rights and labour rights and interests
- Diversity and inclusion
- Health and safety
- Responsible brands
- Supply chain management

Response to SDGs





Employee development and growth

Haitian strictly abides by the Labour Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other laws and regulations on labour and social security policy, and practices the principles of employment in accordance with the law, equality and anti-discrimination in the whole process of "selecting, training, utilizing and retaining people". It fully respects and protects the legitimate rights and interests of every employee in recruitment, training and development, job transfer and promotion, salary and welfare, attendance and vacation, dissolution or termination of employment relations, etc. The labour contract policy has been fully implemented, and a good employment environment and harmonious labour relations have been established.

Extensive talent recruitment channels

Under the guidance of the sustainable development concept, Haitian is committed to building an inclusive, pluralistic and efficient talent introduction and training system. We firmly believe that talent is the core driving force for the development of enterprises, so we constantly optimise the talent introduction strategy, strengthen the standardisation and digitalisation of the recruitment process, in order to improve the efficiency of talent absorption and the scientificity of selection. In 2023, Haitian continued to expand its talent introduction network through online and offline diversified recruitment platforms and in-depth cooperation with universities.

Social recruitment channels

- The Company has set up a special Haitian Recruitment Office, which is open to the public, and regularly carries out recruitment activities every week.

Online recruitment channels

- The Company has signed contracts to open major mainstream recruitment websites, carried out close cooperation with local talent networks, and continued to develop new forms of recruitment through new media channels such as the WeChat Official Accounts platform to facilitate job seekers to apply online.

School recruitment and school-enterprise cooperation

- It signed a "Haitian Order Class" School-Enterprise Cooperation Agreement with cooperative colleges and universities, providing more than 200 jobs for new graduates, continuously strengthening school-enterprise cooperation and strengthening the integration of industry and education.
- Haitian signed School-Enterprise Cooperation Framework Agreements with cooperative colleges and universities, actively participated in campus recruitment fairs held by colleges and universities, and continued to pay attention to the training and recruitment of school enrolment.
- It joined the Greater Bay Area (Gaoming) Industry-Education Integration Alliance and became a member of the Council, aiming to strengthen the diversified cooperation among vocational colleges, vocational training institutions, trade associations and enterprises in the Greater Bay Area, directly connect the training of vocational talents with the needs of enterprises, and promote the development of school-enterprise integration.

Our recruitment process adheres to the principles of openness, transparency and fairness to ensure that all candidates are given equal opportunities. When posting a job, we provide detailed job description, salary and benefits information, and interview process to ensure symmetry of information. In the selection process of Haitian, we do not set geographical and gender boundaries, strictly prohibit any form of personal relationship and background to influence decision-making, and ensure that every candidate can compete in a fair environment.

Perfect protection of employees' rights and interests

>> Prohibition of child labour and forced labour

Haitian strictly abides by relevant laws and regulations on children's rights and international labour standards, and explicitly prohibits the use of child labour. We have implemented strict control policies and preventive measures in recruitment, entry and other important aspects to eliminate the use of child labour. When we deal with work cards and sign labour contracts, we are required to ensure that the age of workers meets the legal working age. Once it is identified that the candidate is under the age of 18, the system will automatically remind and immediately terminate the relevant procedures, thus effectively preventing the employment of child labour.

Haitian explicitly stipulates in labour contracts that forced labour is prohibited, and we have formulated and strictly implemented internal policies such as the Administrative Measures for Employee Attendance and Leave and the information system, and set up a reasonable shift arrangement mechanism through the information system, which is signed and confirmed by employees, so as to standardise the management of employee attendance and ensure employees' rest and leisure.

In 2023, Haitian did not violate the laws and regulations related to child labour and forced labour.

>> **Protection of women's rights and interests**

Haitian implements the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Special Rules on the Labor Protection of Female, and other regulations and policies, explicitly prohibits any harassment and bullying, adheres to the principle of equal pay for equal work for men and women, and strictly prohibits the arrangement of female employees to engage in work prohibited by the state. Haitian provides female employees with prenatal check-up leave, maternity leave, parental leave, breast-feeding leave, one hour of rest time for pregnant women every day, and sets up a special mother and baby room to fully respect and protect the rights and interests of female employees and help them balance family and work.

At the same time, we have zero tolerance for sexual harassment in the workplace and create a safe and comfortable working environment for female employees. In order to strengthen the protection of female employees in the workplace, we have set up special complaint telephone, mailbox and other smooth complaint channels. If any violation of the rights and interests of female employees is found, we will strictly follow the investigation and disposal process, abide by the whistleblower protection mechanism, and keep the identity of the whistleblower strictly confidential. If the violation is verified, we promise to severely deal with the relevant personnel involved in order to protect the rights and interests of female employees.

>> **Labor union organisations**

As early as 1956, the Company's predecessor, Haitian Soy Sauce Factory, had established a labour union committee. Haitian has established a labour union organisation composed of employees in different positions and at different levels, and held regular elections as required. In accordance with the Labor Contract Law and other relevant laws and regulations, the Company and the labour union have entered into the Collective Contract, the Special Contract on Collective Wage Negotiation and the Special Collective Contract on Labor Safety and Health through consultation. In order to strengthen the protection of the rights and interests of female employees, we have also entered into the Special Collective Contract on the Protection of the Rights and Interests of Female Employees. The signing of collective contracts provides a strong guarantee for the rights and interests of employees.

Pluralism and inclusion

Haitian is committed to providing employees with a diverse and non-discriminatory working environment, and does not treat employees differently because of gender, nationality, race, religious belief, age, marital status, family status, disability and other differences. We recruit college graduates from all over the country and the world, and now we have more than 700 ethnic minority employees. We promise to treat every employee of different races, nationalities, genders and ages fairly and impartially, and fully respect their freedom in religious beliefs and living habits.

Occupational health and safety

Occupational safety management system

Haitian regards the health and safety of employees as an important basis for the sustainability of enterprises, and is committed to fully protecting the occupational health and safety of employees and providing a safe and comfortable working environment for employees. We have established an occupational health and safety management system in accordance with ISO 45001, and formulated perfect occupational safety management policies at different levels, which has made a detailed description and specification of the safety rules for the factory operation area, special dangerous operation, emergency management and other aspects.

Based on the relevant regulations and the actual situation of the Company, we have established three-tier occupational health and safety management policies and formed a relatively complete management system:

Category	Content
Tier 1 documents	They are guidelines and overall planning document policies, which mainly including occupational health and safety management manual, management policy for occupational health, responsibility and management policy for safety in production, management policy for the production safety target, fire safety management policy, and contingency plan for work safety accidents.
Tier 2 documents	They are procedural documents, which mainly includes management regulations on hazard source identification and evaluation, regulations on safety inspection and hidden danger management, occupational health and safety laws and regulations and other requirements control procedures, food practitioners health management regulations, regulations on safety training management, special hazardous operation management regulations, chemicals management regulations, construction safety management procedures, regulations on safety accident reporting and handling, production safety archives management policy, regulations on safety management of interested parties, traffic safety management regulations of the park, and special contingency plan.
Tier 3 documents	They are documents of detailed rules, specifications, regulations, etc., which mainly including detailed rules for management of emergency supplies, detailed rules for use of safety warning signs, general safety protection specifications for equipment and facilities, and safety operation rules for equipment.

Occupational safety management framework

Haitian has set up a special Production Safety Committee as the leading body of the Company's production safety. The Committee is composed of the key executives of the Company and the leaders of each module. The key executives of the Company assume the role of being fully responsible for production safety, while the leaders of each module are responsible for the work of production safety within its jurisdiction, which ensures the comprehensiveness and coordination of the work of production safety organised by the Company. In addition, according to the size of each business entity and the risk level of the industry, we have allocated a corresponding number of full-time or part-time safety management personnel, who jointly form the Company's Safety Execution Team, responsible for daily safety management and supervision.

The Production Safety Committee holds a special meeting every quarter, focusing on the achievement of the safety objectives of the year, the implementation of the safety work requirements, and the planning of the safety work plan for the next stage. In order to more comprehensively understand and respond to the demands of employees related to occupational safety and security, we actively collect suggestions from employees, conduct surveys on employees' satisfaction with the working environment, and collect feedback on the effectiveness of safety training. Through employee participation and feedback mechanism, the Company can directly understand the actual work experience of non-management employees, and make corresponding improvement measures based on their opinions and suggestions, so as to create a safe, healthy and satisfactory working environment for all employees.

Department/Role	Content
Production Safety Committee	As the leading organisation of the Company's production safety Composed of the key executives of the Company and the leaders of each module
Key executives of the Company	Fully responsible for the work of production safety They lead and coordinate the implementation of the work of production safety
Leaders of each module	Responsible for the work of safe production within its jurisdiction Ensure that the safety management of the area under its jurisdiction meets the Company's standards and regulatory requirements
Safety Execution Team	Composed of full-time or part-time safety management personnel Responsible for daily safety management and supervision The number of members is allocated according to the size of the business entity and the risk level of the industry

Safety risk management and control

Haitian continues to carry out hazard identification and potential risk assessment covering all posts and operations, and establishes post safety standards based on the evaluation results. In 2023, the Company carried out 199 times of potential risk investigation, including daily self-inspection of workshops and posts, regular inspection of branch factories, monthly joint inspection of business departments, and irregular special inspection of Safety Department. In addition, we carry out classified and graded management of identified potential safety hazards, standardise the rectification measures, time nodes and responsible persons of hidden dangers at all levels, and ensure the implementation of closed-loop rectification of hidden dangers.

In the future, we will continue to strengthen the information construction of production safety, accelerate the use of safety hazard management system, so that all employees can directly declare safety hazards on the system and check the real-time progress of rectification, and set that each hazard can only be closed after the implementation of rectification and acceptance, so as to ensure that safety hazards are completely eliminated.

Occupational health and safety training

While ensuring a safe working environment, Haitian attaches great importance to cultivating employees' own safety awareness. We strictly implement the three-level safety education and training for new employees, and require 100% of the principal responsible persons for production, safety management personnel, special operations and special equipment practitioners to be certified. At the same time, through diversified activities such as promoting learning through examinations, competitions and lectures, we can maximise the training effect and improve the safety awareness of personnel at all levels. In 2023, Haitian conducted a total of 302 special safety training sessions with 12,503 participants.

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with

302 special safety training sessions

12,503 participants

According to the Guidelines for Enterprises to Develop Emergency Response Plan for Work Place Accidents and the actual operation of the Company, Haitian has prepared 22 contingency plans, including comprehensive, special and on-site disposal plans. Through annual emergency drills, we constantly sum up our experience and strive to improve the contingency plan in order to improve the practicability and operability of the contingency plan. At the same time, multiple emergency drills can enhance the comprehensive coordination, command and dispatch, on-site disposal and other practical capabilities of the drill organisation departments and professional teams, check the overall preparation of materials, equipment and technology needed for emergencies, and strengthen the employees' awareness of risk prevention and the ability of self-rescue and mutual rescue in response to emergencies.

Highlights



• In 2023, Haitian conducted a total of **302** special safety training sessions with **12,503** participants. In addition, in view of the fact that employees in the production sector are more likely to encounter safety risks in their work, we conducted **154** emergency drills for all employees in the production sector, with a total of **2,571** participants, to effectively enhance their ability to prevent safety risks in their daily work.



Safety education and training site



Fire Emergency Skills Competition

Talent development system

Talent development strategy

Adhering to the concept of "talent is the source power of development", Haitian has established a perfect talent development system from three levels of "mechanism", "organisation" and "content" according to the Training Management System to help employees develop their careers and improve their professional skills.

Level	Practice
Mechanism	• A perfect "job qualification system" has been constructed to help employees clarify their personal career development goals, so as to coordinate with the long-term goals of the enterprise; • The introduction of "Job Learning Map" provides employees with tailor-made career development plans and lists of learning resources to ensure that every employee has equal opportunities for growth; • A phased and periodic employee assessment and employment mechanism has been implemented to evaluate the learning effectiveness of employees and ensure the quality of training.
Organisation	• Adopt the efficient "three-pillar" management mode, take the human resources center of the Group as the core, carry out comprehensive strategic planning for the human resources business, effectively integrate the human resources work of each business sector, and ensure the consistency and coherence of the overall strategy; • The establishment of enterprise university is committed to building a systematic talent training system and curriculum system, and optimizing training efficiency by integrating training resources and lecturer resources within the Group; • Designate a special person in charge of training at the business level to ensure that the training work is closely integrated with the actual business scenarios, so as to enhance the ability and performance of employees in business practice.
Content	• Establish a hierarchical, graded and classified curriculum system according to business needs and employee development paths; • By integrating internal resources and employing external professional lecturers, the course content is continuously enriched and updated to ensure its foresight and practicability; • Build an online and mobile learning platform to provide employees with convenient learning channels and access to high-quality learning resources anytime and anywhere.

Smooth and transparent promotion channels

Haitian has established a scientific, fair, smooth and motivating employee career development management system in accordance with the Administrative Measures for Qualifications, aiming at providing employees with broad career development space and promoting the common growth of employees and the Company. Our career development system provides employees with two main career channels—management channel and professional channel, and establishes a clear position and rank system, so that employees can clearly understand and choose their own career development path.

For key positions, we have adopted the "3D + E" model to set specific qualification standards. The model includes a detailed review of the core responsibilities (Do), key performance indicators (Deliver), required competencies (Display) and work experience (Experience) of each rank, and standardises the certification methods of various standards, realises the quantitative evaluation of employee competence, enabling employees to clearly understand the specific conditions needed to achieve promotion and the path to achieve it.

Haitian continues to innovate in the construction of talent team, and is committed to exploring and building a comprehensive talent development ecosystem to create a sustainable and self-renewal talent supply chain. In 2023, we carried out an innovative reform in the cadre selection mechanism, transforming the traditional appointment system into a new model combining appointment and open selection, realizing the mechanism of self-recommendation and recommendation by all employees, providing a platform and resources for employees who are willing and able to assume more responsibilities to show their talents, thus broadening the democratic channels for cadre selection. In addition, the reform measures also ensure that employees at all levels can fully exercise the right to know, participate, choose and supervise in the process of cadre selection and appointment, reflecting the Company's commitment to transparency and fairness in the process of cadre selection.

Employee training system

Haitian attaches great importance to talent investment, always follows the concept of "empowering employee growth, driving business development", and has established a comprehensive employee training system. The system takes full account of job requirements, business needs and personal career development of employees, and aims to effectively improve the efficiency and pertinence of personnel training through classified and graded training strategies.



>> New Employee Training Program

Haitian attaches great importance to the training of new employees with the goal of building a team of talents with "excellent professional competence, excellent moral integrity, and ability to fight and win". We have set up diversified training mechanisms for different types of new employees, including but not limited to patriotic ideological education, corporate culture, internal and external rules and regulations, knowledge about the Company, and safety management.

Sailing Training Camp for Haitian Artisans - for fresh graduates with bachelor degree or above

Combining with the adaptation needs of new graduates entering the workplace, Haitian has created a two-year training plan involving general quality, professional skills and cultural integration to help them adapt to the change of environment from campus to workplace as soon as possible. In 2023, we carried out 18 training courses for all newly recruited "Haitian Artisans", covering corporate culture, industry development, rules and regulations, safety management, professional quality, emergency rescue and other topics, with a total of more than 1,290 participants and nearly 3,011 class hours, with an average training time of 41 hours per person.

Inclusive Training Camp - open recruitment to the public

In order to promote the rapid integration of new employees from open recruitment, Haitian has launched a mentoring system and a supervisor interview program to provide clear career guidance and development planning to ensure that they can quickly adapt to the working environment and clarify their personal career path. We have implemented diversified training modes, covering online course learning, offline face-to-face seminars, on-site production visits and practical training. The training content includes Haitian Group's corporate culture, basic rules and regulations, integrity education, safety management, and industry and corporate knowledge, to enhance employees' understanding of the Company and corporate culture, and ensure that they can quickly master the basics and necessary skills of company operation. In 2023, we carried out 55 offline training sessions, covering the Company's new employees from social recruitment, providing assistance for their rapid integration into the enterprise and efficient work.

Training for new employees at the production line-for new employees at the production line

In order to strengthen the production safety and quality awareness of front-line employees, Haitian has set up a training course for new front-line employees. The main training contents cover the Company's corporate culture, rules and regulations, food hygiene knowledge, production safety theory knowledge, etc. In 2023, we organised more than 130 induction trainings for new employees at the production line, covering more than 800 people, with a total of more than 1,600 training hours.

>> **Special training for ability improvement**

We are committed to achieving the harmony and unity of employee empowerment and enterprise development through the mode of "group co-ordination, independent operation of each business sector" which is compatible with the Company's management framework. The group level is responsible for providing public empowerment for all employees and improving the overall quality of employees through systematic training programs; at the same time, under the overall guidance of the Group, each business sector has given full play to its autonomy and innovation, designed and implemented a series of personalised training programs closely linked to the work scene, aiming at improving the professional skills and work efficiency of employees, and ensuring that employees can maintain competitiveness in the rapidly changing market environment.

Group level

❖ Internal open courses

Focusing on business pain points and needs, we carried out key courses covering business quality and comprehensive quality for employees.

In 2023, Haitian organised and completed **35** open courses, with a total of **2,203** participants and an average training satisfaction rate of **93.3%**.

Operational level

In 2023, we organised special training for employees in relevant professional business sectors, including **29** marketing skills training sessions, **26** R&D key skills training sessions, and more than **660** courses and special training sessions for production and manufacturing sectors. It covers common work scenarios and business problems in related fields, fully meets the needs of employees to improve their business capabilities, and helps the Company to improve its talent quality.

Employee compensation and benefits

Remuneration system

Haitian is committed to establishing a fair and competitive salary performance system and implementing a comprehensive incentive mechanism to effectively motivate employees and improve work efficiency and sense of responsibility. Adhering to the concept of "more pay for more work, more pay for good job", we implement the "dual driver" system of organisational performance and employee performance management. Besides, the Company applies the PDCA cycle system of performance evaluation, coaching and interviews to boost the performance management level and constantly stimulate organisational vitality and creativity.

At the same time, Haitian advocates the remuneration concept of "high remuneration, high efficiency and high responsibility", designs a targeted remuneration system and structure, implements a comprehensive remuneration system including monthly salaries, bonuses, allowances, benefits, and long-term incentives, and ensure that employees are paid in full and on time. The Company has introduced and implemented the Employee Remuneration and Reward System, Employee Performance Evaluation Principles and other employee compensation and performance policies, to enhance the motivation of employees based on the post. Through the establishment of a fair, high-quality and high-incentive remuneration distribution system, we strive to build the competitiveness of the remuneration system, so as to stimulate the enthusiasm of employees, maintain a virtuous circle of creating value and increasing income, and achieve the common progress of enterprises and employees.

Diversified benefits

Haitian provides diversified and independent welfare for all employees, and has established a welfare system including statutory benefits, basic benefits and characteristic benefits. The Company has issued and implemented the Employee Welfare and Security Policy. We strictly implement the Labour Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Regulations on Paid Annual Leave for Employees and other labour laws, and other regulations and policy requirements, follow the national and local government arrangements for annual leave, marriage leave, maternity leave and other holidays, pay pension, medical, unemployment, work-related injury and maternity insurance for employees according to regulations, and pay housing provident fund for employees. In addition, we provide employees with inclusive benefits such as meal subsidies, medical examinations, commercial insurance, holiday gifts, travel subsidies, hardship subsidies, as well as special benefits such as personal value-added allowance and professional skills learning allowance.

Highlights



Haitian is committed to creating a safe, healthy and reassuring working environment for employees. At the same time, we continue to optimise employee health insurance policies and gradually expand the scope of employees who enjoy relevant benefits.



In 2023, we provided commercial physical examination benefits for approximately **6,500** employees, representing a year-on-year increase of approximately **18%**; among which, in order to further protect the health of front-line employees, we provided expanded physical examination items for more than **2,600** front-line employees on the basis of regular physical examination items, representing a year-on-year increase of approximately **18%**;



In 2023, we provided commercial insurance benefits for more than **77%** of our employees, providing them with more protection for their work and life.

Employee activities

Haitian is committed to creating a working environment that makes every employee to feel the wellbeing with Haitian's characteristics. We attach great importance to the physical and mental health of employees, so we have established an employee activity center to provide free exercise venues such as gymnasiums and basketball courts for employees. In addition, Haitian actively organises activities such as sports meetings, collective tourism, traditional holiday garden parties and intangible cultural heritage experience, aiming at enriching the spiritual world and cultural life of employees and creating a pleasant working atmosphere. We hope that through diversified employee activities, we can enhance the team spirit of our employees, improve their quality of life and happiness, so that they can enjoy a happy spare time while working efficiently.



Case: Staff sports day

From August to September 2023, Haitian held the Carnival of the Workers' Games with the theme of "Having a Fun Summer", in which more than 300 workers from 29 teams participated in the 7th "Artisan Cup" Ball League.



Artisan Cup Badminton League



Staff Sports Carnival



Case: Patriotic theme activity

On 24 October 2023, Haitian organised 49 employees to participate in the "Journey of Revolutionary Trace Exploration" organised by Foshan Federation of Trade Unions, aiming at strengthening the patriotic education of employees and deepening the understanding of core socialist values.



Journey of Revolutionary Trace Exploration

Case: Social events for single youth

In order to build a platform for single young employees to make friends, Haitian joined hands with friendly cooperative units to organise outstanding single young people to participate in various fellowship activities, aiming at enriching the spiritual and cultural life of young employees and enhancing their sense of happiness and belonging.



Employee communication

Haitian attaches great importance to the opinions and suggestions of employees, maintains a smooth two-way communication channel between the Group and employees, and communicates the Company's policies, management orientation and enterprise information to employees by continuously refining information platforms, and constantly organizing learning. In 2023, we added more convenient communication channels, such as "Haitian Happy Talk", a monthly meeting on the theme of service employees, and "Friendly Veterans"; by organizing staff symposiums from time to time, we can listen to staff feedback in a timely manner and help employees solve problems in work and life.



This year, Haitian held

9 "Haitian Happy Talk" monthly meeting on the theme of service employees

formed a "Friendly Veterans" team of more than

150 people

collected

74 effective proposals to serve employees

In addition, we have set up a variety of appeal/complaint/whistle-blowing platforms to encourage Haitian employees to complain and blow the whistle on the Company's issues, so as to jointly build and maintain a fair, just and mutually inclusive workplace environment.

In 2023, Foshan Haitian Flavouring & Food Co., Ltd. won the honour of "Benchmarking Enterprise of Harmonious Labor Relations in Foshan City", among which the diversified communication channels won the award of "Excellent Case of Harmonious Labor Relations" in Foshan City, and the Labor Union of Haitian Suqian Base won the award of "Outstanding Labor Protection Work Union".

Develop together with partners

Supply chain management

>> To build a safe, reliable and win-win supplier network

Haitian adheres to the sustainable development concept of "strict quality management and green management", carries out supply chain management and establishes a mature supplier management framework. The R&D, procurement, quality inspection and other departments of Haitian cooperate with each other. The Procurement Department introduces high-quality materials and suppliers according to the R&D needs, and the Quality Inspection Department monitors the quality and food safety of raw and auxiliary materials according to the product needs, so as to achieve efficient operation and quality control of the supply chain through their respective professional advantages.

In order to ensure the safety and reliability of raw materials, Haitian has set up a department focusing on food safety management in the supply chain, whose responsibilities include:

Lead the supplier's flight inspection work, and ensure the objectivity and impartiality of the audit as a third-party supervisor.

Combining with the requirements of market supervision and industry risk factors, it should constantly improve the inspection and inspection points, and prevent and intercept various risks in advance.

Target foreign markets, identify potential food safety risks, and take measures in advance.

Based on the requirements of the sustainable supply chain, the Company has formulated the Haitian Supplier Code of Conduct and other relevant policies and systems, including integrity management, quality assurance system, food safety, social responsibility commitment and other contents, and incorporated the Code into procurement contracts to drive suppliers to practice the sustainable development concept. In addition, the Company regularly reviews the supplier management framework and updates the relevant sustainable supply chain policies and systems to optimise the supplier management framework and policies in a timely manner.



>> Perfect supplier life cycle management process

Haitian performs comprehensive management throughout the supplier lifecycle on the partner platform (SRM system), including online management of supplier admittance, contract signing, order placement, performance evaluation, and supplier obsolescence. This system ensures that new and old suppliers continue to provide Haitian with high-quality, healthy and safe goods in a standardised and efficient management environment. In addition, the system also promotes the green procurement and carbon reduction production of the whole upstream and downstream industrial chain, contributing to sustainability.



Haitian Supplier Full-cycle Management

Through strict supplier access standards, meticulous daily management communication, precise performance optimisation measures and the principle of attaching importance to cooperation, Haitian is committed to building a high-quality, efficient and sustainable supply chain system to ensure that high-quality, healthy and safe products can be continuously obtained from suppliers, and at the same time, it promotes the sustainable development of the entire upstream and downstream industrial chain.

>> Supplier admittance

In the process of supplier access, Haitian has established a series of strict evaluation procedures, including background investigation of potential suppliers, software and hardware capability evaluation and material quality evaluation. Through the combination of on-site audit and data investigation, the Company conducts a comprehensive review of the integrity management, quality management, food safety management and social responsibility management of new suppliers, including whether there are problems such as child labour, employee discrimination, lack of fire safety and violation of environmental protection, so as to ensure the health and sustainable development of suppliers. In 2023, we publicised the integrity of suppliers and further created a sunny and clean cooperation environment.

>> Daily management of suppliers

In the daily management of suppliers, Haitian emphasises the key points of clean cooperation, production process management, honest operation and supply safety by signing documents/clauses with suppliers, including Supplier Integrity Agreement, Confirmation of Supplier Certification Standards, Letter of Commitment for Cooperation, Quality Requirements for Raw Materials/Packaging and Haitian Supplier Code of Conduct. The Company established a supplier and material resource library on the SRM system, which can help it timely grasp the overall situation of materials and suppliers through the product record information and supplier resource pool in the resource library, and lock in compliant and safe materials.

On the basis of regular review of the procurement business of suppliers, Haitian also organises internal professional teams to conduct in-depth audits for materials with certain risks, so as to timely investigate and solve potential risks. Haitian's audit of suppliers not only focuses on suppliers' core business qualities such as production capacity, quality level and R&D capability, but also focuses on their corporate social responsibility and food safety construction to ensure that suppliers meet the requirements in terms of business quality and social responsibility, thus driving suppliers to improve their awareness and capacity of sustainable development.

 Highlights



• In 2023, Haitian continued to work with suppliers to improve the way of quality and food safety monitoring through on-site audits of suppliers, and also shared the concept of social responsibility with suppliers.



• In 2023, Haitian encouraged suppliers to take the initiative to assume responsibilities related to labour rights protection and environmental protection by incorporating social responsibility performance into daily supplier assessment, and some suppliers obtained Sedex social responsibility certification and SMETA certification.

Case: Update the SRM system to improve the management of suppliers

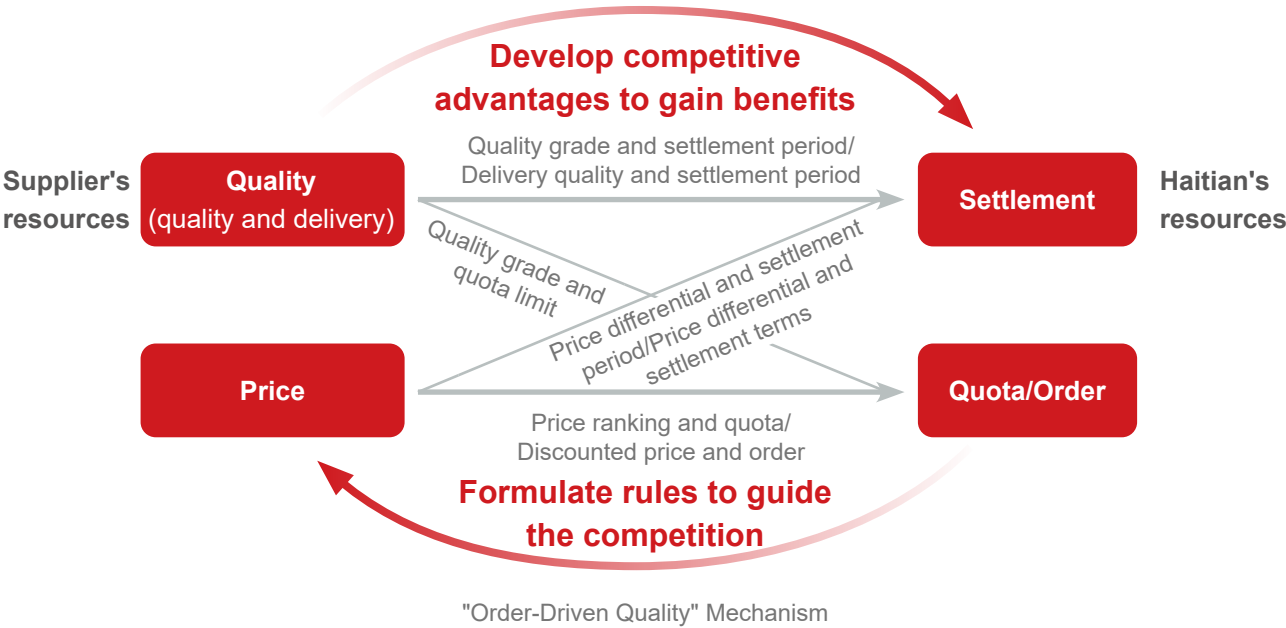
In 2023, Haitian reconstructed the material risk management framework, further improved the supplier and material resource pool of the SRM system, and grasped the overall situation of materials and suppliers through product information filing and supplier resource pool, which was conducive to the development of locked compliant and safe materials, and also promoted the rapid excavation of high-quality suppliers in the procurement business to ensure food safety.



>> Supplier communications and training

Closely linked to the industry characteristics of "purchased materials", a differentiated supplier performance evaluation mechanism has been established. For suppliers underperform during phased cooperation, the Company will reduce the procurement quota or suspend cooperation for rectification; for suppliers involved in integrity issues, safety accidents and illegal operations, Haitian will implement the obsolescence mechanism, and blacklist and never use obsolete suppliers.

- **Mechanism 1:** Haitian will continue to improve the supplier assessment mechanism, guide suppliers to continue to consolidate advantages and cover shortages, so as to continuously improve the core competitiveness of procurement and boost the level of services offered to Haitian. According to the phased cooperation of suppliers, a dual evaluation mechanism of comprehensive performance and quality performance has been established to guide the healthy competition of suppliers through share or account period adjustment, face-to-face communication and other measures, so as to continuously improve the overall level.
- **Mechanism 2:** Haitian stands firm on establishing a fair, transparent and responsive quality coordination mechanism and channel of "order-driven quality", makes full use of the information-based platform to realise the application mechanism of medium-term, short-term and immediate quality assessment results and truly shapes the "order-driven quality" model of supplier performance assessment, so as to promote suppliers to focus on assessment results and consolidate the competitiveness level of cooperation with Haitian.



- **Advocate suppliers to pass system certification:** In 2023, Haitian further encouraged suppliers to standardise their process management through various system certifications through performance evaluation mechanisms. At present, the relevant authoritative certifications passed by Haitian suppliers include: BRC certification, FSSC22000 certification, ISO20000 certification, ISO9001 certification, ISO14001 certification, ISO45001 certification, ISO50001 certification, Forest Stewardship Council (FSC) certification, organic certification and so on.

>> Supplier communications and training

Haitian is committed to establishing mutually beneficial and win-win cooperation with value chain partners. To this end, we not only hold regular strategic supplier exchange meetings to share the best practices of sustainable development, but also focus on improving the ability of partners on social and environmental issues such as business ethics, quality control, energy saving and emission reduction, and help partners improve their management level through continuous tracking and improvement. Through these effective enabling measures, we help our partners enhance their comprehensive competitiveness.

At the same time, we are committed to the development and cooperation of sustainable development projects with suppliers to promote the development of the industry. In a sustainable development project with a seafood raw material supplier, oyster shells were converted into acid soil conditioners, which helped to adsorb heavy metals and improve the soil and increase the yield per mu.



Supply chain ESG risk identification and response

Following the concept of pre-risk management and life-cycle risk management, Haitian has implemented effective ESG risk identification, monitoring and response measures in the key links of supplier management to ensure the stability and reliability of the supply chain, so that the Company's production and operation are not affected by the ESG risk of the supply chain, effectively ensuring that the Company can identify potential risks as early as possible and give early warning, thereby effectively reducing the ESG risks of the entire supply chain.

>> Risk identification

- Material risk
- It includes food fraud and illegal addition, which may result from improper behaviour of suppliers or unfair competition in the industry.
- New supplier risk
- The new supplier may have problems such as inadequate qualifications, substandard management or unstable material quality, which may affect the Company's production and reputation.

>> Risk response measures

- Material risk management:** Haitian organises an internal professional team to conduct food risk analysis every year. Corresponding control measures according to the risk level of materials cover material information filing, flight inspection, regular third-party sampling inspection or key monitoring of incoming materials. We develop internal special testing methods, implement raw material batch inspection plan, and prevent illegal additions. For example, in view of the risk of illegal addition of glacial acetic acid to vinegar raw materials, Haitian cooperates with third-party professional organisations to develop testing methods and regularly carry out testing activities to prevent illegal addition to the greatest extent and ensure food health and safety. In 2023, Haitian conducted flight audits on all suppliers of mature vinegar raw materials one by one to ensure that the purchased mature vinegar raw materials meet food safety requirements.
- Risk management of new suppliers:** With a perfect entry threshold, Haitian inspects the qualification and management level of suppliers. We evaluate the suitability and safety of materials through sample validation and trial evaluation. It can ensure that the risk of new suppliers is controllable, and maintain the stability and reliability of the supply chain.

Sustainable procurement

>> Seafood procurement

Haitian maintains a deep concern for the sustainability of marine ecology in the procurement of seafood. In every aspect of procurement, the Company adheres to the principle of "maintaining the balance of marine ecology" and continues to promote it. Haitian cooperates with supplier partners to promote the efficient use of marine resources, enhance product quality, and guide suppliers to treat production wastes in an environmentally friendly manner, so as to protect and promote the long-term balanced development of marine ecosystems and help build a "Blue Ocean Economy".

Efficient use of marine pastureland

- Haitian follows the standard system of seafood species screening and breeding, and works with supplier partners to improve this system. By improving species and aquaculture technology, the yield per unit area can be increased to achieve the goal of sustainable output of fishery resources in the marine pastureland area.

Deeply tapping the potential of "Blue Granary"

- Haitian purchases a variety of seafood raw materials, which not only helps to make full use of marine resources and meet the diverse needs of consumers, but also helps to avoid overfishing of a single species of seafood, contributing to the sustainable development of marine ecology.

Selection of compliant fishing suppliers

- Haitian selects quality fishing suppliers to ensure that their activities comply with FAO regulations and avoid IUU fishing. At the same time, Haitian requires suppliers not to use destructive fishing gear, not to fish in prohibited areas, not to catch protected species, and not to involve shark fin processing.

>> Procurement of agricultural products and other raw materials

Adhering to the concept of "quality-oriented, making products with heart", Haitian is committed to providing consumers with both nutritious and healthy products, and insists on providing high-quality services. To this end, we have increased the procurement and application of green raw materials, and focused on promoting the development of green and healthy products and the procurement of environmentally friendly products.

>> Organic raw material series

Haitian focuses on developing and expanding the procurement scope of organic raw materials, including organic soybeans, organic wheat, and organic rice. Taking organic soybeans as an example, we strictly implement the requirements of organic planting management. Compared with traditional planting methods, we have reduced the use of about 200 tons of fertilisers and 75,000 litres of pesticides (converted according to the amount of organic soybeans purchased in 2023), which has significantly reduced the impact on the environment.

>> Promote sustainable farming

Haitian also actively promotes suppliers to implement sustainable agricultural cultivation, establish environmental management manuals, effectively utilise water, energy and nutrition resources, reduce the impact on the environment and achieve sustainability. The relevant raw materials have successfully obtained the green food certificate.



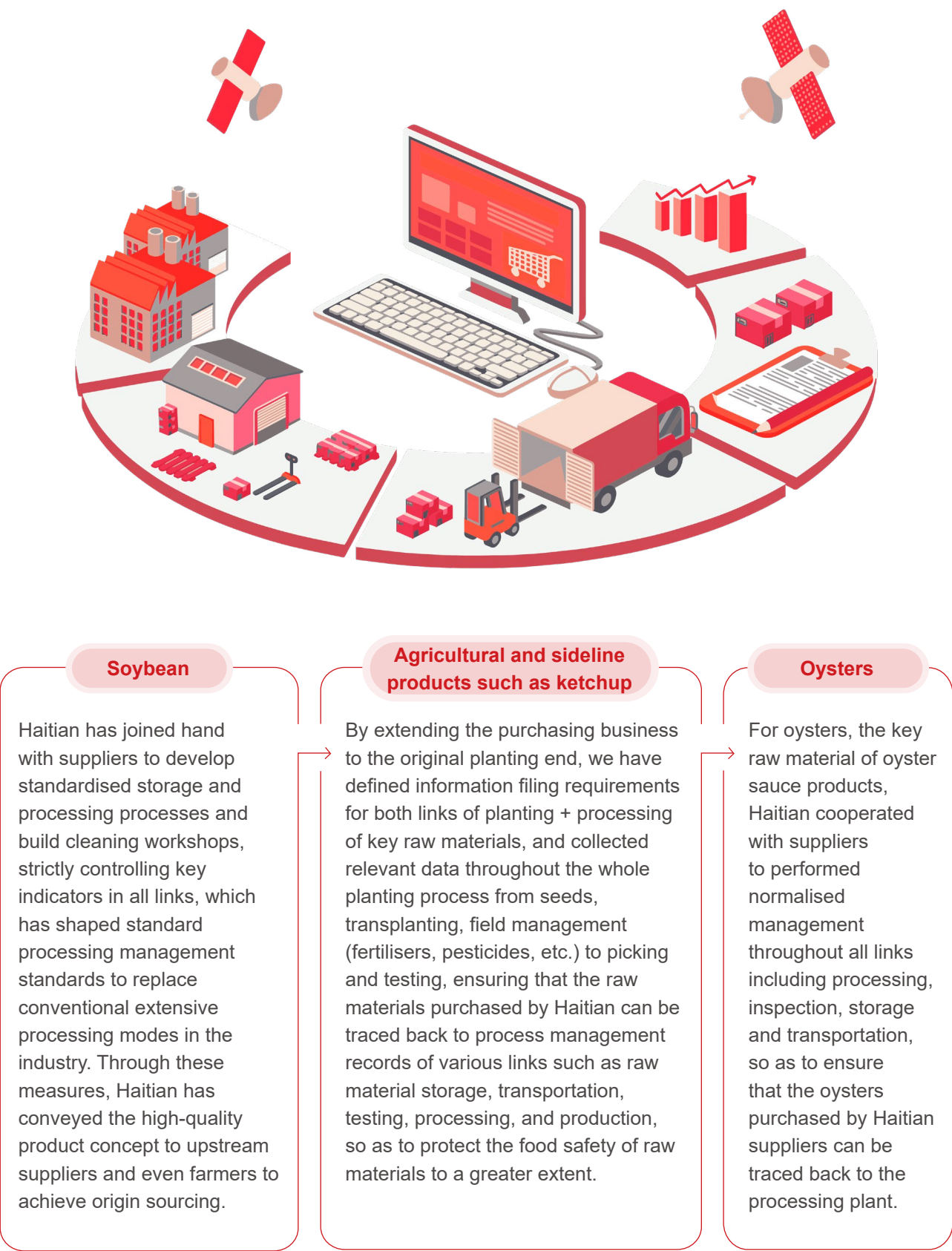
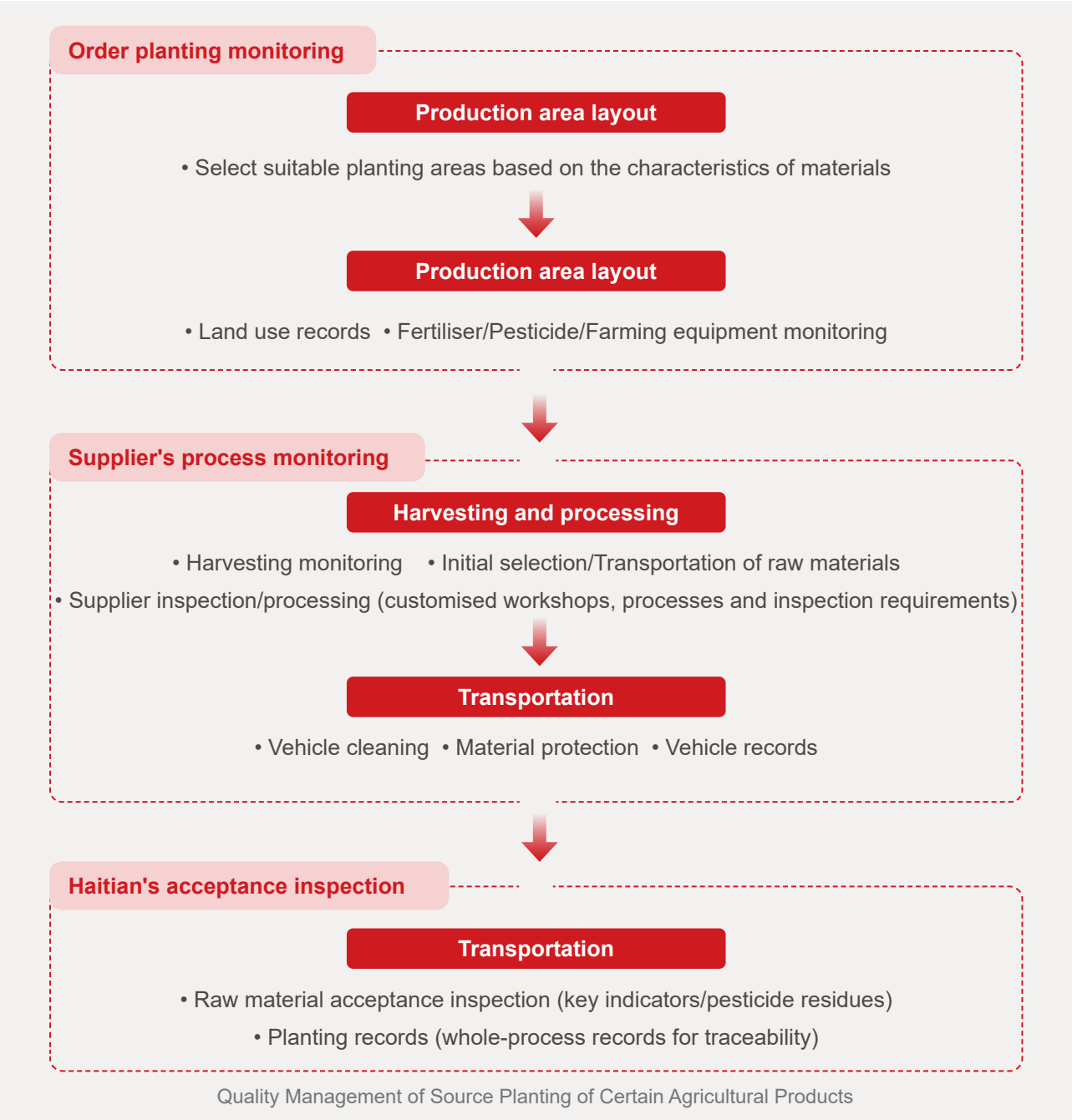
Case: Sustainable procurement of oysters by Haitian and suppliers

In view of oyster, the key raw material of oyster sauce products, Haitian and suppliers jointly formulated environmental monitoring standards and quality acceptance standards for oyster farming to ensure that processed oyster meat meets food safety requirements. The safety of the purchased sea area and the quality of oyster meat were ensured by sampling and testing the seawater in the aquaculture area by a third-party testing agency, as well as by testing various indicators of oyster meat before and after processing.

- In view of the by-products such as oyster shells produced in the production process of seafood, the Company actively guides suppliers to classify and re-treat them, turning oyster shells into treasures and soil conditioners.
- In 2023, about 90% of the total oyster meat purchased by Haitian suppliers came from enterprises certified by ISO9001, ISO22000, HACCP and other relevant quality system certification, thus realizing the traceability of oyster processing.
- In 2023, 90% of the total oyster meat purchased by Haitian suppliers came from enterprises that won the title of vice president and member units of the "China Aquatic Products Processing and Marketing Alliance". In addition, enterprises supplying organic oysters to Haitian obtained third-party certification for organic oyster farming and processing, and the purchase volume of organic oysters in 2023 was about 180% higher than that in 2022.

>> Source traceability

Haitian insists on the full-chain food safety concept of "farmland-to-dining table", and collaborates with suppliers to take quality control in advance and ensure secure and reliable food from the sources. In addition to the systematic collection of traceability data of raw materials and accessories, Haitian deeply lays out from upstream and downstream sources, standardises each working process and workflow, promotes the supply chain corporates to improve the traceability system, creating a premium supply chain and improving quality and security of food.



>> **Directional and fixed-point procurement for Rural Revitalisation**

In addition, Haitian actively responded to the national strategy of Rural Revitalisation and promoted the sustainable development of new agriculture through a series of measures. Haitian adopted a directional and fixed-point procurement mode for agricultural products and seafood, and deeply involved in the management of breeding, production and processing in the procurement process. At the same time, we actively coordinate and optimise relevant transportation resources, strive to coordinate stable sales channels for upstream agricultural products and seafood, and provide stable employment opportunities for rural areas. The above measures have not only significantly increased the per capita income of breeders, but also promoted the sustainable development of procurement, helping Haitian work hand in hand with all stakeholders.

Directional and fixed-point procurement of raw materials

Haitian has helped the characteristic agriculture and breeding industry in each production area and promoted the cooperation between enterprises and farmers to form the integration of production and marketing. The Company has established long-term and stable cooperation with nearly 100 suppliers in the main source areas of the country, and has formed direct procurement cooperation with local professional cooperatives, planting bases, aquaculture and fishing grounds. During the reporting period, the Company carried out the storage and processing of special agricultural products and seafood, which promoted the employment of more than 20,000 people and generated more than RMB230 million for the source agriculture and aquaculture industry.

Collection and storage of agricultural products

Haitian makes use of enterprise platform resources to continuously innovate or introduce advanced production management technology, and enhance the standardisation of the agricultural products industry. The collection and storage of pepper, mushroom and other special agricultural products have been carried out in the special production areas all over the country. Taking pepper as an example, Haitian has created favourable conditions for the employment of local people.

Seafood culture

Seafood production and processing activities were carried out in a major seafood producing area, which directly or indirectly led to the employment of about 1,000 people, with an increase income of more than RMB12 million. At the same time, we collaborated with upstream partners to achieve technological breakthroughs, extend the shelf life to three times the original, solve the industry bottleneck in the production area, and promote the development of high-quality fresh oyster meat market.

Haitian has pulled through the transportation resources in the production area to ensure the smooth export channels of the special products in the production area. In 2023, through the resource grafting of the special railway line, Haitian realised the effective exchange between the purchasing demand of a raw material and the special products of a poverty alleviation region in southwest China, expanded the effective purchasing scale, and generated about RMB1 million for the local income during the reporting period.



Case: Sustainable procurement practices of soybeans, tomatoes, mushrooms, peppers, etc.

In 2023, Haitian actively responded to the national policy of revitalizing the soybean industry and achieved a stable supply of a certain proportion of soybeans through the way of order planting at the source.

In the cultivation of raw materials for special agricultural products such as tomatoes in Xinjiang, Haitian has implemented the "enterprise + farmer + order" model, which not only guides farmers to optimise the planting structure, but also improves the quality and efficiency of agricultural products. In order to further support farmers and promote the double improvement of planting yield and quality, Haitian promoted partners to establish agricultural digital management companies. Through scientific and efficient land management, the corresponding land yield per mu increased by about 5%, with an increase of about RMB200 per mu. For primary agricultural products such as mushrooms and peppers, Haitian exerted the value of platform resources, led the formulation of operational norms for processing, realised the unification, standardisation and standardisation of process management, increased the per capita output of primary agricultural products processing by about 12%, and improved the living standards of farmers. The above measures not only promoted the sustainability of agriculture, but also played an active role in improving farmers' income and ensuring the stability of the food supply chain, reflecting the Company's responsible attitude as a leading company in the industry.

Delivering the promise of a responsible brand

Responsible marketing

Haitian strictly abides by laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the E-Commerce Law of the People's Republic of China, and the Interim Measures for the Administration of Internet Advertising, and has formulated and strictly implemented the internal policies such as the Brand Management Manual, the Regulations on the Management of External Propaganda Content of Haitian Group, the Enterprise We-Media Operation Management Standards, and the General Principles for Reputation Risk Management of Haitian, to standardise brand publicity and promotion activities, and promote the construction of a good brand image.

Haitian attaches great importance to consumers' right to know, and is committed to ensuring that the information on product labels is true and accurate, so as to help consumers fully understand the characteristics, ingredients and uses of products through intuitive product labels and related publicity, and make rational shopping choices on this basis.

When designing the product details page, Haitian provides consumers with the following product details:

Details of Ingredients and Nutritional Ingredients

- The product details page is clearly marked with the names of various ingredients and the list of nutritional ingredients of the product, so that consumers can fully understand the quality of the product.

Storage method

- It provides clear storage conditions and methods on the details page, so that consumers can understand the storage method of the product and avoid spoilage due to improper storage.

产品信息

配料表	
水、非转基因黄豆、食用盐、小麦、白砂糖、酵母、增稠剂。	
品牌:	海天
品名:	0添加生抽（酿造酱油）
规格:	500mL
保质期:	18个月
质量等级:	特级
产地:	广东省佛山市

营养成分表		
项目	每份 (15mL)	营养素参考值%
能量	70kJ	1%
蛋白质	1.0g	3%
脂肪	0g	0%
碳水化合物	2.2g	1%
钠	938mg	47%

温馨提示

产品小TIPS

Q1: 贮存条件是什么?

• 阴凉干燥处保存。开封后请尽快食用，冷藏更佳。

Q2: 密封包装有必要吗?

• 有必要。使用时应防止水、油等异物混入瓶内；使用后请立即盖紧瓶盖，保持瓶口清洁。

Q3: 收到的酱油有少量泡沫，能食用吗?

• 酱油经过外力（运输过程或其他）的摇晃，会产生一定的泡沫，属于正常现象，请放心食用。

Q4: 包装会经常更新吗?

• 不排除因产品更新升级、落实法律法规新要求等情况而实时更新产品标签，请您以收到的实物为准，请放心食用。

Case: Clearly inform consumers about the data source (testing method) quoted in the product promotion, so that consumers can buy at ease.

When publicizing on product labels, product details pages and other platforms, we prominently identify the source of the data involved in the publicity (testing methods), which not only demonstrates Haitian's high confidence in product quality and the concept of responsible marketing, but also makes consumers more confident when choosing and purchasing products.



The above product introduction is from Haitian Tmall Flagship Store

Responsible marketing training

In order to deepen the sales team's comprehensive understanding of Haitian products and enhance the professional quality of marketing personnel, Haitian regularly conducts training on responsible marketing related topics for the marketing team. In 2023, a total of more than 3,500 people participated in the training of responsible marketing related topics, including:

- Organise all new marketing employees to visit the Company's production base on the spot, fully understand the whole process from raw materials entering the factory to products leaving the factory, master product knowledge skilfully, and learn product quality control, safety and after-sales guarantee requirements.
- Special training activities on rules and regulations such as Quality and Safety Risk Control in the Production Process of Food Enterprises, National Food Safety Standard: General Rules for Nutrition Labelling of Prepackaged Foods and Compliance Training for Enterprise Advertising and Publicity were carried out for sales employees. The aim is to improve the salesmen's understanding of responsible marketing, advertising, product labelling and other relevant regulations and the Company's policies, and to implement them in practical work.



Information security and privacy protection

>> Comprehensive system

Haitian regards information security as the core element of the smooth operation of enterprises. In order to strengthen information security management, we develop and constantly update the internal information security policies to ensure that the Company's information in key areas such as network, data, system, operation and maintenance and computer room is effectively managed. Our information security team adheres to the principle of giving priority to prevention and combining prevention with control, and regularly carries out policy inspection and revision to ensure the timeliness and adaptability of the information security policies and system. Haitian has established a sound information security policy system, including the Document Security Management Regulations, Information Security Audit Management Policy, Employee Information Security Behaviour Inspection Regulations, Information System Management Specification, Internet Application System Security Management Specification and IT Project Implementation Management Measures, which are promoted and implemented throughout the Group. It has built a solid line of defence for the Company's information security.

Haitian has set up an independent full-time department to take charge of the Company's data security work. The department is committed to establishing, implementing, verifying and improving the data security management system, aiming at enhancing the information security awareness of employees and ensuring the security of the Company's data assets and customer privacy information.

>> Reliable ability

In order to effectively deal with network security risks, Haitian has specially formulated and implemented a network security emergency response plan, aiming at guiding employees to correctly handle network security incidents and improving the information security awareness and response ability of the whole team. At the same time, through the internal online learning platform, we provide information security education and training for all employees, and organise relevant knowledge examinations to enhance the information security awareness of all employees.

In order to achieve the security goal of "zero loss and zero leakage" of data, we strictly abide by relevant laws and regulations such as the Personal Information Protection Law of the People's Republic of China, and encrypt important documents containing customer privacy data, so as to effectively prevent the risk of data leakage. In addition, Haitian's external application system has been approved and issued by the Ministry of Public Security as the "three-level filing certificate for information system security level protection", which further proves the Company's compliance and professionalism in information protection.

>> Full protection

Haitian attaches great importance to consumer privacy protection and data security. We collect, process and use consumer personal information in strict accordance with the requirements of relevant laws and regulations. Before collecting necessary consumer information, we clearly inform users of the scope, purpose and use of information collected through the Privacy Policy and User Service Agreement and also give consumers the right to modify and delete personal information. At the same time, we strictly prohibit the disclosure or sharing of consumer information with third parties.



05

Take Responsibility to Brew a Happy Life

Haitian adheres to the "three hearts" philosophy of "conscience, caring and responsibility", combining corporate growth with fulfilling social responsibilities. The Company actively participates in charitable and public welfare activities, supports rural revitalisation, and aids vulnerable groups in society, demonstrating social responsibility and Haitian undertakings. In 2023, Haitian Kangze Foundation has cumulatively donated funds and materials worth over RMB20 million, benefiting approximately 810,000 people.

Key Issues

- Social devotion

Response to SDGs



1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES

Enabling rural revitalisation

Haitian deeply recognises the significant impact of rural development and agricultural issues on improving the standard of living for the nation and on sustainable economic growth. In response, we have actively implemented the country's rural revitalisation strategy by establishing the "Haitian Rural Revitalisation Development Fund". Through various forms of public welfare activities, including urban-rural paired assistance, educational assistance, and medical subsidies, we are comprehensively supporting the advancement of rural revitalisation efforts. We are committed to enhancing the quality of rural revitalisation projects on the basis of consolidating rural industrial development, ensuring balanced and sustainable results in rural development.



Case: Ecological assistance - rural ecological revitalisation project

On 1 June 2023, with the support of the Civil Affairs Bureau of Chancheng District, Foshan City, Guangdong Province, Haitian Kangze Foundation collaborated with the Chancheng District Charity Association to host the donation ceremony of the "Haitian Rural Revitalisation Development Fund". During this event, the Haitian Kangze Foundation donated RMB500,000 to the Chancheng District Charity Association to establish the "Haitian Rural Revitalisation Development Fund", aimed at continuously supporting the rural revitalisation and development efforts in Chancheng District. The fund's first project will focus on the "Foshan Anong Bay Agricultural Culture Park Firefly Ecological Environment Project", aiming to protect and restore the rural ecological environment and enhance ecological protection awareness among local communities."



Donation ceremony of "Haitian Rural Revitalisation Development Fund"



"Haitian Rural Revitalisation Development Fund" plaque

Case: Education assistance - student assistance project in Motuo County, Xizang

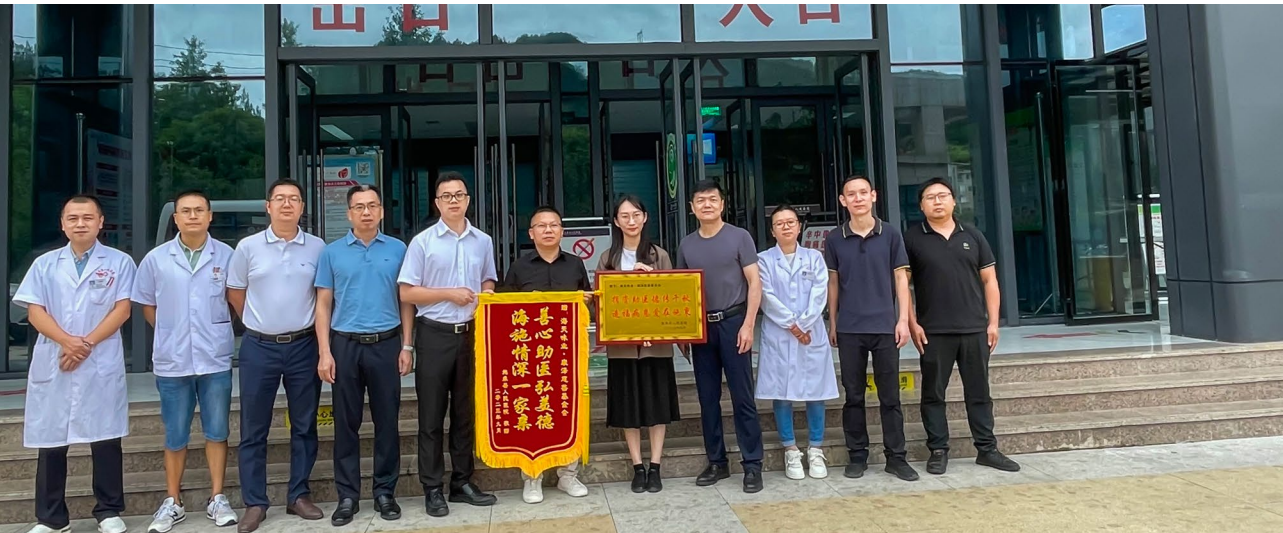
In April 2023, the Haitian Kangze Foundation launched a three-year scholarship program in Motuo County, Linzhi City, Tibet Autonomous Region. The initiative is designed to support university students from impoverished families in Gandeng Township and Jiarsa Township, providing them with essential tuition and living expense support to reduce their financial burdens and ensure the successful completion of their studies. The Haitian Kangze Foundation is committed to narrowing the education opportunity gap, continuously offering financial assistance to talented but economically disadvantaged university students, helping them achieve their academic dreams and paving the way for new possibilities in their future.



Sponsored students sent a banner

Case: Public service assistance - Qiandongnan Prefecture assistance project

In 2023, Haitian Kangze Foundation continued to expand its public welfare investment in three key projects in Qiandongnan Miao and Dong Autonomous Prefecture of Guizhou Province, with a total donation of RMB550,000. These funds were allocated to support the sericulture project in Zhong'an Town, Huangping County, fostering diversification in local agricultural industries and creating new economic growth opportunities for villagers. Moreover, we provided renovation funds for the community service center in Xiaba Village Committee, Yedonghe Town, Huangping County, enhancing the facility's functionality and service efficiency, and offering more convenient public services to local residents. Additionally, we closely monitored and supported a medical subsidy project for disadvantaged groups in Shibing County, helping meet their basic medical needs, improving their health conditions, and ultimately enhancing their quality of life.

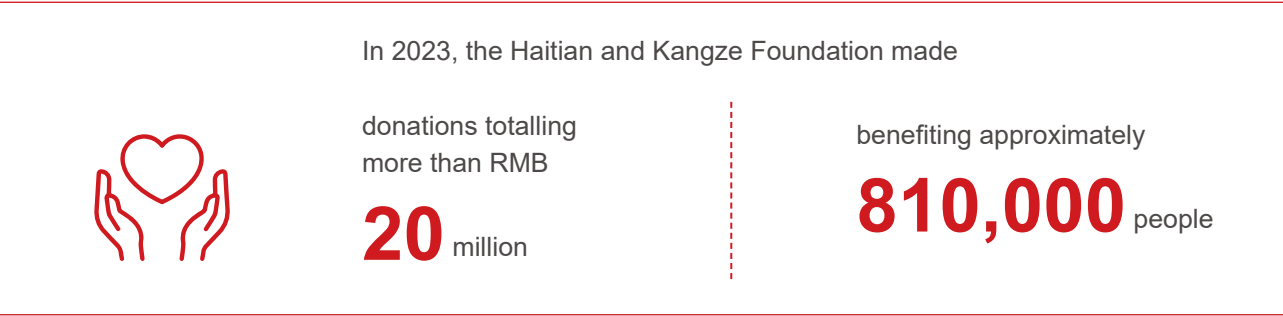


A return visit to the medical subsidy project for the needy people in Shibing County



Engaging in social welfare

While providing nutritious and healthy products, Haitian actively assumes social responsibility and spreads care. We have established a comprehensive charitable strategy, conducting diversified charitable activities in the form of material donations, educational support, and relief of disaster and poverty. To ensure the standardised and transparent management of the funds and volunteer activities of our charity projects, the donations by Haitian and the Kangze Foundation strictly adhere to relevant laws, regulations, and internal rules.



Haitian is committed to integrating its expertise in food nutrition and health with social welfare initiatives. By supporting nutritional improvement programs for rural compulsory education students and launching the "Little Pink Cap" series of charitable products, we aim to contribute to alleviating the issue of childhood iron deficiency anemia.

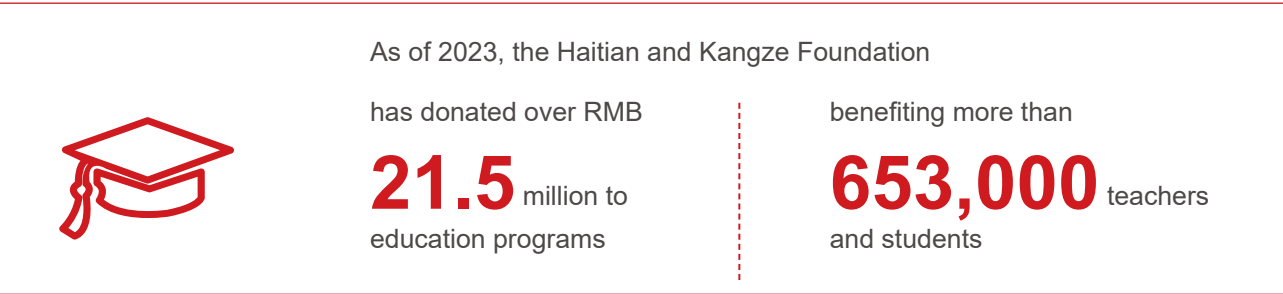
Case: Little Pink Cap, Big Love, Haitian helps improve children's iron deficiency anemia

Haitian Kangze Foundation, in collaboration with the China Education Development Foundation, has launched the "Add a 'Touch of Iron' to Nutrition – Public Welfare Programme for Improving the Nutrition of Rural Compulsory Education Students", marking another significant endeavour by the Company in its commitment to social welfare. In 2023, Haitian donated about RMB8 million worth of iron-fortified soy sauce to the program, aiming to improve the iron deficiency anemia problem of more than 650,000 students in 25 counties and districts across the country and help the healthy growth of students in economically underdeveloped areas.

In the same year, to further extend its support to children in need of nutritional assistance, Haitian specially designed its iron-fortified soy sauce products with a pink cap as a distinctive marker, affectionately referred to by the public as "Little Pink Cap". The sales proceeds from this product line will be entirely donated to projects aiding children with iron deficiency anemia in China. Moving forward, Haitian will continue providing support for more children with nutritional and health needs, helping them thrive and infusing them with continuous growth energy.



Haitian has consistently been committed to educational support. Besides donating funds to improve teaching facilities in underprivileged areas, we also focus on carrying out public welfare study tours, allowing children to gain broader learning and communication opportunities and expanding their horizons.





Case: Carry out public welfare study activities to broaden the horizon of life for students with difficulties

From 14 to 17 August 2023, Haitian Kangze Foundation, in collaboration with the Shibing County Committee of the Communist Youth League of China and the Gaoming District Committee of the Communist Youth League of China, successfully held the "Empower Dreams, Cultivate the Future" Guizhou Qiandongnan Shi Bing University Student Public Welfare Research Camp in Gaoming District, Foshan City, Guangdong Province. This camp involved 20 outstanding university students from Shi Bing County in the Qiandongnan Miao and Dong Autonomous Prefecture of Guizhou Province, providing them with valuable learning and networking opportunities. Since 2022, the Kangze Foundation has continued to focus on and support educational developments in Shi Bing County, donating more than RMB550,000 to support local disadvantaged students, develop art classrooms, and organise this research camp for two consecutive years.



Boosting Dreams, Educating the Future Public Welfare Research Camp for College Students in Shibing, Qiandongnan Prefecture, Guizhou Province

Natural disasters are merciless, but there is love in Haitian. When a major natural disaster that threatens the safety of people's lives and property occurs, the Haitian and Kangze Foundation responds quickly, sending essential living supplies such as grains, oils, and condiments to the affected people to support the living conditions in the disaster area.



Case: Compassionate action for disaster relief

In August 2023, during the floods in the Beijing-Hebei region, the Haitian Kangze Foundation acted swiftly by donating approximately RMB8.35 million worth of supplies to the affected areas, supporting emergency rescue efforts, comforting and caring actions, as well as post-disaster reconstruction.

In December of the same year, following an earthquake in Jishishan County, Linxia State, Gansu Province, the Haitian Kangze Foundation again responded quickly, donating about RMB1 million worth of urgently needed supplies such as rice, oil, and seasonings within 48 hours of the earthquake, providing timely rescue support and life sustenance to the disaster-stricken areas.



"We stand together through thick and thin" — Supporting Beijing and Hebei during the torrential rain through charitable actions.



"All for One, Overcome the Difficulties Together" to Aid the Earthquake Love Action in Jishishan County, Gansu Province

Conclusion

In the past year full of challenges and opportunities, Haitian has made steady progress and achieved remarkable results on the road of ESG practice.

Robust operation is the cornerstone of Haitian's development. In 2023, Haitian adhered to high standards of corporate governance, continuously improved its internal control policies, and ensured compliance and stability in its operations. Through solid operational performance and close communication with investors, the Company has continually fortified long-term trust with shareholders and stakeholders. Additionally, the Company has consistently conducted comprehensive business ethics training and risk management measures, continuously enhancing employee compliance awareness, laying a solid foundation for the Company's sustained prosperity.

Quality is the essence of Haitian's products. Haitian continues to expand its line of healthy and nutritious products, meeting consumer demand for a high-quality lifestyle. With a high-level R&D team and significant investment in research and development, the Company ensures product excellence and continuous innovation. In terms of product safety and quality management, Haitian adheres to strict internal and external standards to ensure dual guarantees of product safety and quality.

Green commitment represents Haitian's pledge to the environment. Over the past year, Haitian has made notable achievements in energy saving and emission reduction by implementing energy-saving renovation projects and advancing the reduction of packaging weight, effectively reducing energy consumption and resource use. In addition, the Company actively promotes green logistics and packaging practices among suppliers, driving energy-saving and emission reduction across the industrial chain and fostering low-carbon development in the sector.

Collaboration work hand in hand is Haitian's philosophy for mutual growth with employees and partners. The Company is committed to creating a safe and healthy work environment for its employees, providing comprehensive welfare benefits and abundant career development opportunities. Simultaneously, Haitian values strategic cooperation with suppliers, implements comprehensive supply chain management, and promotes sustainable development with partners to create a brighter future together.

Responsibility is Haitian's heartfelt contribution to society. Through charitable donations, educational support, and relief of disaster and poverty, Haitian actively takes on social responsibilities. The Company's "Little Pink Cap" series, in conjunction with the Haitian and Kangze Foundation and the China Education Development Foundation, promotes the "Add a 'Touch of Iron' to Nutrition – Public Welfare Programme for Improving the Nutrition of Rural Compulsory Education Students", contributing to alleviating iron deficiency anemia in rural children.

Looking ahead, Haitian continues to focus on global sustainable development trends, actively responds to the UN Sustainable Development Goals, and deepens its ESG practices. Haitian is committed to its mission of "developing a career in flavouring industry and creating a perfect life", creating greater commercial and social value for stakeholders such as shareholders, employees, and suppliers, and moving together toward a greener, healthier, and more harmonious future.

Appendix

List of main external laws and regulations and internal policies

Scope	Internal Policies of the Company	Laws and regulations complied with
Health and safety	Management Policy for Occupational Health	Labor Law of the People's Republic of China
	Management Policy for the Production Safety Target	Labor Contract Law of the People's Republic of China
	Responsibility and Management Policy for Safety in Production	Law of the People's Republic of China on Work Safety
	Regulations on Safety Training Management	Fire Control Law of the People's Republic of China
	Management Regulations on Hazard Source Identification and Evaluation	Law of the People's Republic of China on Prevention and Control of Occupational Diseases
	Regulations on Safety Inspection and Hidden Danger Management	Regulations on Occupational Health Management in Workplaces
	Regulations on Safety Accident Reporting and Handling	Provisions on the Safety Training of Production and Operation Entities
	Contingency Plan for Work Safety Accidents	Standards for Determining the Potential Risks of Major Accidents of Industry and Trade Enterprises
Development and training	Regulations on Safety Management of Interested Parties	
	Fire Safety Management Policy	
Labor standards	Training Management Policy	Universal Declaration of Human Rights
	Instructor Management Standard	
	Detailed Rules for Handling Work-related Injury Business	International Convention on Human Rights
	Regulations on Management of Employee Transfer	Labor Law of the People's Republic of China
	Guidelines for Ideological Communication	Labor Contract Law of the People's Republic of China
Supply chain management	Incentive Measures for Rationalisation Proposals	Constitution of the All-China Federation of Trade Unions
	Recruitment Management Policy	Trade Union Law of the People's Republic of China
	Supplier Integrity Agreement	Law of the People's Republic of China on Bid Invitation and Bidding
	Haitian Supplier Code of Conduct	
	Supplier Reserve and Development Plan Process	
	Supplier Qualification Review Process	
	Supplier Admittance Process	
	Supplier Performance Management Process	
	Supplier Withdrawal and Blacklist Management Process	

Scope	Internal Policies of the Company	Laws and regulations complied with
Product liability	General Principles of Information Management	Food Safety Law of the People's Republic of China
	Information Security Evaluation Management Policy	Measures for the Administration of Food Production Licensing
	IT Project Implementation Management Measures	Law of the People's Republic of China on the Protection of Consumer Rights and Interests
	Employee Information Security Behaviour Inspection Regulations	Regulations on the Management of Hazard Analysis and Critical Control Point Management System Certification for Food Production Enterprises
	Good Manufacturing Practice for Food	HACCP Implementation Guide for Food Enterprises
	Sanitation Standard Operation Procedure	Regulations on the Administration of Food Labeling
	Process Operating Procedures	Administrative Measures on Food Recall
	Regulations on Management of Market Complaint Handling	Outline of the Healthy China 2030 Plan
	Finished Product Quality Control Standard	National Food Safety Standard: General Rules for Nutrition Labeling of Prepackaged Foods (GB28050-2011)
	Raw Material Inspection and Verification Standard	Measures for the Promotion of Enterprise Standardization
	Standard for Inspection and Verification of Packages	Advertisement Law of the People's Republic of China
	Hazard Analysis and Control Measure Selection Procedure	Copyright Law of the People's Republic of China
	Food Defence Plan	Trademark Law of the People's Republic of China
	Food Fraud Prevention and Control Procedure	Enterprise Intellectual Property Management
	Allergen Control Procedure	
	Marking and Traceability Management Procedures	
	Food Safety Emergency Preparedness and Response Procedures	
	Regulations on Product Recall Management	
	Nonconforming Product Control Procedure	
	Control Procedure for Correction and Corrective Measures	
	Regulations on Inventory Quality Management	
	Packaging Material Warehousing Management Regulation	
	Overdue Inventory Management Specification	
	Regulations on Management of Formulation and Revision of External Standards	

Scope	Internal Policies of the Company	Laws and regulations complied with
Product liability	Regulations on Management of Change of Packaging	
	Detailed Rules for the Management of Labeling Information of Domestic Food	
	Regulations on Patent Management	
Anti-corruption	Work Manual on Intellectual Property Management	
	Management Method for Internal Audit of Intellectual Property	
	Regulations on Intellectual Property Risk Management	
Anti-corruption	Anti-Fraud Management Policy of Haitian Flavouring	Civil Code of the People's Republic of China
	Integrity Agreement	Oversight Law of the People's Republic of China
	General Rules for Code of Conduct for Employees of Haitian Corporation	Criminal Law of the People's Republic of China
Anti-corruption	Code of Conduct for Employees of Haitian Corporation	Anti-Monopoly Law of the People's Republic of China
	Self-Discipline Code for Employees of Haitian Corporation	Anti-Money Laundering Law of the People's Republic of China
	Supervision and Reporting Announcement Letter	Anti-Unfair Competition Law of the People's Republic of China
Anti-corruption	Letter of Commitment for Integrity and Self-discipline of Employees	
Community investment	Articles of Association of Kangze Foundation	Civil Code of the People's Republic of China
	Management Policy of Legal Representative of Kangze Foundation	Charity Law of the People's Republic of China
	Working Policy of the Council of Kangze Foundation	Law of the People's Republic of China on Donations for Public Welfare
	Supervisor Management Policy of Kangze Foundation	Regulations on the Administration of Foundations
	Performance Appraisal Policy for Secretary General of Kangze Foundation	Measures for Information Disclosure of Charitable Organizations
	Financial Management Policy of Kangze Foundation	Provisions on Regulating the Conduct of Foundations (Trial)
	Kangze Foundation Archives Management Policy	Matters concerning Pre-Tax Deduction of Public Welfare Donations
	Kangze Foundation Project Management Policy	Notice of the Ministry of Finance and State Taxation Administration on Issues concerning the Determination of the Eligibility of Non-profit Organizations for Tax Exemption
	Kangze Foundation Information Disclosure Policy	Regulations on Annual Expenditure and Management Expenses of Charitable Organizations for Charitable Activities
	Reporting Policy for Major Matters of Kangze Foundation	

Key performance

Scope	ESG Metrics	Units	2023	2022	2021
Exhaust emissions	Total exhaust emissions	Ten thousand cubic meters	174,515.83	220,431.68	269,253.01
	SO ₂ emissions	Tons	6.19	8.81	12.16
	NO _x emissions	Tons	47.55	68.55	68.61
	Particulate emissions	Tons	4.79	1.35	7.26
Greenhouse gas emissions	CO ₂ emissions (Scope I, Scope II)	Tons of carbon dioxide	382,780.34	/	/
	CO ₂ emission intensity (Scope I, Scope II)	Tons of CO ₂ /tons of products	0.094	/	/
Wastewater discharge	Sewage discharge	Cubic meter	3,351,698.11*	2,730,551.00	2,606,571.00
	COD emissions	Tons	142.49	/	/
	Ammonia nitrogen emissions	Tons	23.18	/	/
Waste generation	Total weight of hazardous waste generated	Tons	22.18	21.74	9.81
	Total amount of general solid wastes	Tons	264,420.77	/	/
	Total amount of general solid waste recycling	Tons	261,524.96	/	/
Energy use	Total power consumption	Million kWh	26,968.65*	23,464.44	23,985.32
	Purchased power consumption	Million kWh	26,249.14	/	/
	Raw coal consumption	Tons	108,339.43	/	/
	Purchased steam consumption	Tons	91,800.00	/	/
	Natural gas consumption	Ten thousand standard cubic meters	892.69*	271.40	274.97
	Biogas recycling amount	Ten thousand standard cubic meters	464.20	/	/

* The reason for the increase of sewage discharge and total power consumption compared with previous years is the expansion of the statistical scope.

* The reason for the increase in natural gas consumption compared with previous years is that the boilers of Danhe Company were upgraded this year and natural gas was used instead of biomass fuel.

Scope	ESG Metrics	Units	2023	2022	2021
Energy use	Photovoltaic power generation	Million kWh	1,194.75	/	/
	Other renewable energy consumption (biomass fuels)	Tons of standard coal	3,761.96	/	/
	Total renewable energy	Tons of standard coal	8,811.37	/	/
Water resources utilisation	Total water intake	Cubic meter	8,864,705.60*	7,253,329.00	7,342,915.00
Environmental investment	Total investment in environmental protection	RMB10,000	7038.17	7,850.00	1,211.40
Employee employment	Total number of employees	People	7,863	7,313	6,678
	Labor contract signing rate	%	100	100	100
	Social insurance coverage	%	100	100	100
	Number of senior management	People	21	21	11
	Number of middle managers	People	236	199	256
	Number of employees at the grassroots level	People	7,606	7,093	6,411
Production safety	Proportion of female executives	%	19.8	19.5	20.0
	Number of employees injured at work	People	15	11	18
	Production safety investment	RMB10,000	2,659	3,031	2,106
	Number of safety checks	Times	199	158	84

* The reason for the increase in the total water intake compared with previous years is the expansion of the statistical scope.

Scope	ESG Metrics	Units	2023	2022	2021
Employee training	Number of employees trained	People	7,863	7,313	6,678
	Percentage of employees trained	%	100	100	100
Supply chain management	Number of suppliers	Numbers	1,125*	504	276
	Proportion of Integrity Agreements signed with partner suppliers*	%	100	100	100
Product and service responsibilities	Consumer complaint effective resolution rate	%	100	100	100
	Customer satisfaction*	%	92*	94	95
	Information security incidents	pieces	0	0	0
	Number of new patents authorisation*	Numbers	122	118	70
Anti-corruption	The number of corruption lawsuits filed and concluded against the Company or its employees during the reporting period, involving bribery, extortion, fraud and money laundering	Cases	0	0	0
	Percentage of members of Board of Directors who have received training or information on corruption prevention among the total members of Board of Directors	%	100	100	100

* The reason for the increase in the number of suppliers compared to previous years is the expansion of the statistical scope.

* The statistical scope of the Proportion of Integrity Agreements signed with partner suppliers includes Foshan Haitian Flavouring & Food Co., Ltd. and its wholly owned subsidiaries.

* In order to better optimise the customer experience, we have increased the service scope of customer complaint acceptance and extended the service time of customer complaint acceptance, so the number of complaints accepted in this year is slightly more than that in previous years.

* The statistical scope of new patent authorisation includes Foshan Haitian Flavouring & Food Co., Ltd. and its subsidiaries (consolidated data)

Scope	ESG Metrics	Units	2023	2022	2021
Anti-corruption	Percentage of regular employees who have received training or information on corruption prevention among all employees	%	100	100	100
Community investment	Charity donation	RMB10,000	2,055.10	1,447.60	1,594.20
	Open factory tour	Ten thousand person-times	37.50	4.40	27.62
Economic performance	Operating income	RMB	24,559,312,356.59	25,609,651,543.29	25,004,031,043.49
	Net profit	RMB	5,642,186,761.43	6,203,166,580.06	6,671,470,525.66
	Net cash flow from operating activities	RMB	7,355,650,997.74	3,830,314,321.72	6,323,508,784.06
	Payment of taxes and fees	RMB	2,315,592,003.73	2,507,030,191.11	2,918,968,171.88
	Weighted average return on net assets	%	20.72	25.52	31.63
	Asset-liability ratio	%	24.44	21.07	29.51
	Total investment in research and development	RMB	715,417,649.71	751,338,973.38	771,919,701.92

Index of indicators

Contents		GRI Metrics ⁴
About This Report	/	2-1, 3-1, 2-4, 3-2, 2-3
About Haitian	Company profile	2-1, 2-6, 2-23
	Haitian culture	
	Honor and recognition	
	"Speak with data" 2023	
Sustainable Development Management	Practicing the UN sustainable development goals	2-12
	Sustainable development concept	2-12
	Stakeholder communication	2-29
	Analysis of material issues	3-1, 3-2
Robust Operation Supports Sustainable Development	Corporate governance	2-9, 2-24
	Investor communication	2-12
	Risk management and internal control	2-12, 2-24, 2-27
	Business ethics	2-24, 2-25, 2-26, 205-1, 205-3
Being Quality-oriented to Deliver Healthy and Delicious Food	Nutrition and health opportunities	3-3, 416-1
	Product safety and quality	414-1, 416-2, 417-3
	Intellectual property escorts technology innovation	/

⁴ In this report, the GRI content index is based on the revised 2021 GRI General Standards and the adjusted GRI Subject Standards. (For details, please visit the GRI website: [GRI-Universal Standards \(globalreporting.org\)](https://www.gri.org)).

Contents		GRI Metrics ⁴
Green Commitment to Protecting the Earth	Response to climate change	201-2,302-1,305-1,305-2, 305-4
	Water resources management	3-3,303-1,303-2,303-3,303-4,303-5
	Energy conservation and emission reduction	3-3, 302-3, 302-4, 306-1, 306-2, 306-3, 306-5
	Sustainable value chains and green products	3-3, 306-1, 306-2,306-3, 306-5,308-1
Work Together to Build a Better Future	Employee development and growth	3-3, 401-1, 401-2, 406-1, 408-1, 409-1
	Occupational health and safety	3-3, 403-1, 403-2, 403-3, 403-5, 403-6, 403-10
	Talent development system	3-3, 404-2
	Employee compensation and benefits	3-3, 401-2, 401-3
	Develop together with partners	3-3, 308-2, 414-1, 414-2
Take Responsibility to Brew a Happy Life	Delivering the promise of a responsible brand	3-3, 2-27, 418-1
	Enabling rural revitalisation	3-3, 203-1, 413-1
	Engaging in social welfare	

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Thanks for reading the Foshan Haitian Flavouring & Food Co., Ltd. (Haitian) Environmental, Social and Governance (ESG) Report 2023. In order to provide you and other stakeholders with more professional and valuable information on sustainable development and improve our ESG report quality, please kindly answer the questions in the form.

Topic: Haitian Group 2023 ESG Report Feedbacks

Name :

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Please score the following questions from one to five. (one is the lowest score, and five is the highest score; please tick (✓) in corresponding blanks)

	1	2	3	4	5
Are you pleased with this report?	☐	☐	☐	☐	☐
What do you think of the clearness, accuracy and completeness of the indicators and disclosure in this report?	☐	☐	☐	☐	☐
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Which part of the report are you most interested in?

What other information do you think is important to know but not reflected in this report?

Do you have any suggestions for us to publish ESG reports in the future?

Feedback channels

If you have any comments or suggestions on this report or our ESG matters, you are welcomed to give us feedback via the following channels.

For internal control, audit, anti-corruption and anti-bribery, please contact the Audit Department: 0757- 83273129;

For sales, product quality and service quality, please contact: 400-8899813;

For investor relations, please contact the Board Secretary of Haitian: Tel 0757-82832022/Fax 0757-82873730;

Securities affairs representative: Tel. 0757-82836083/Fax 0757-82873730;

E-mail: OBD@haday.cn



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