



2022 | Foshan Haitian Flavouring & Food Co., Ltd. (Haitian)

Environmental,
Social and Governance
(ESG) Report 2022

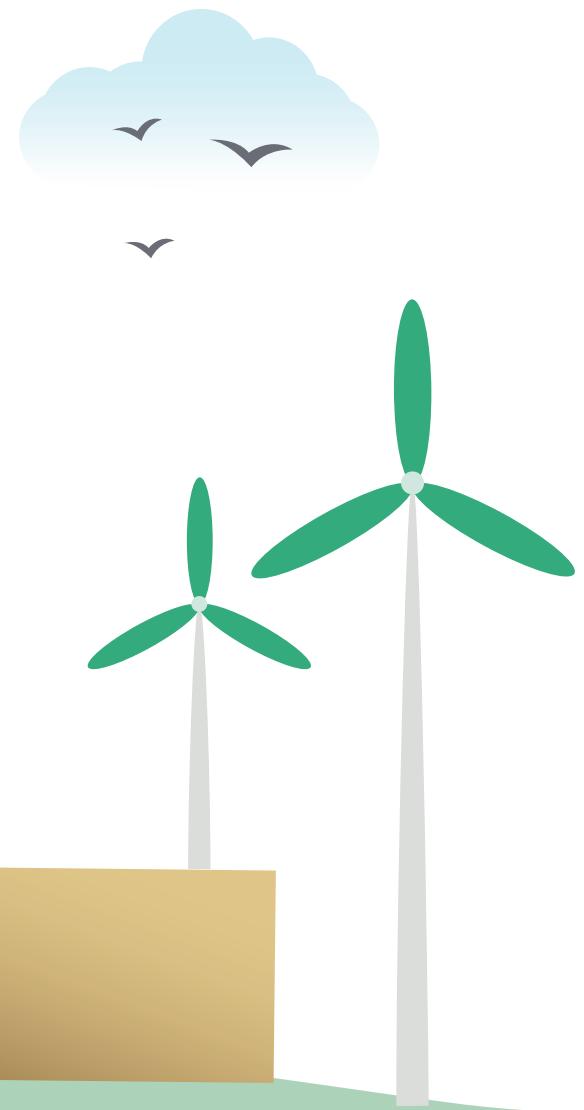
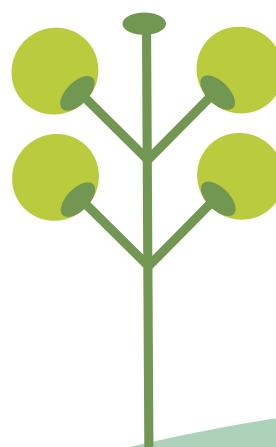


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01

About this report



Introduction to the report

This report is the third 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" and "We"). This report shows the positive actions and achievements of Haitian in implementing the concept of sustainable development, mainly including the progress of sustainable development management in corporate governance, healthy nutrition and quality, environmental protection, social responsibility, and other aspects, as well as the fulfillment practices for stakeholders such as employees, customers, the industrial chain, and the industry.

Basis 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 - Standardized 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 27 - 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 2022 to 31 December 2022 ("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 2022 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 25 April 2023.

Availability of the report

 E-mail: obd@haday.cn

 Haitian official website: www.haitian-food.com

Language version

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

02

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 25 consecutive years. The company's product line is rich and diverse, covering more than 500 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 RMB 20 billion.

In the "2022 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 2022C-BPI list of China's brand power index, Haitian has consistently ranked first in the soy sauce (for 12 consecutive years), sauce (for 3 consecutive years), and oyster sauce (for 3 consecutive years) industry.

Haitian culture

The healthy 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 condiments every day, and to promote the Chinese food culture worldwide.

Vision

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

Our vision is to provide Haitian's high-quality delicious food to consumers around the world by using our high-level manufacturing technology and global marketing network, so as to make the world be more joyful and healthy because of Haitian's delicious food.

Haitian Culture



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.

Core competitiveness direction

Quality-oriented

The core competitiveness determines the quality of the company's sustainable development. High-quality product strength, multi-dimensional channel strength, industry-leading scientific research strength and remarkable scale strength are Haitian's competitive advantages in the industry, which will be adhered to and strengthened for a long time to come. The most significant of many advantages, the core advantage 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.

Proposition

Filling life with more delicacies

As a maker of health delicacies and wonderful life, we hope that Haitian's diverse, 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".

Honor and recognition

During the reporting period, Haitian won many social honors and recognition in terms of brand value, enterprise strength and sustainable development achievements, mainly including:

※ Brand value

- As shown in the China Brand Power Index (C-BPI) 2022, 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 12 consecutive years;
- As shown in the 2022 Global Brand Footprint – China Market Report published by Kantar Consumer Index, Haitian ranked 4th in the "Top 10 China's Most Chosen Brands";

※ Enterprise strength

- Awarded by the China Association for Quality Inspection the double honor 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 11";
- Rated by the All-China Federation of Industry and Commerce as "China's Top 500 Private Manufacturing Enterprises – ranking of 314";
- Awarded by the China Association for Quality Inspection the double honor of "National Quality Inspection Stable Qualified Product" and "National Product and Service Quality Integrity Demonstration Enterprise";
- Listed in the "2021 List of Cash Dividends for A-Share Listed Companies with Abundant Returns" by the China Listed Companies Association;
- Rated by the Securities Times as "Top 100 Main Board Listed Companies by Value";

※ ESG practice

- Awarded by the Department of Industry and Information Technology of Guangdong Province and the Water Resources Department of Guangdong Province as the "2022 Provincial Water Saving Benchmark Enterprise";
- Awarded by the People's Government of Chancheng District, Foshan City as the "Advanced Group for Caring and Supporting Educational Innovation and Development";
- Awarded by the Gaoming District Committee of Foshan City as the "Advanced Group for Implementing Rural Revitalization Strategy in Gaoming District of Foshan City in 2021";
- Awarded by the Red Cross Society of Li County, Gansu Province as the "Charity Group";
- Awarded by the Charity Federation of Hebi City as the "Most Caring Enterprise of 2021";
- Awarded by several talent agencies as the "Fortune Star Award for Employer Growth with High Energy" and "Most Caring for Talent Employer";
- Awarded by the Xinhua News Agency and China Economic Information Service as the "Xinhua Credit 'Jinlan Cup' ESG Best Practice Cases".



"Speak with data" 2022

Regulatory governance and robust operation

- Haitian has always attached great importance to the standard operation of corporate governance. In the current year, the Company has held **3** General Meetings of Shareholders, **8** Board of Directors Meetings and **6** Board of Supervisors Meetings for timely discussion of key issues in the course of operation of the Company, and has revised the Rules of Procedures for the General Meeting of Shareholders, Rules of Procedures for the Board of Directors, Independent Director Working System and Rules of Procedures for the Board of Supervisors as appropriate, in a bid to continuously improve the Company's systems and policies.
- Haitian has always adhered to creating a clean and transparent working atmosphere and has carried out thematic learning and examination on integrity and self-discipline for **all employees** in the current year so as to promote the employees' sense of integrity and self-discipline.
- Haitian carried out risk control audit project and had **no** significant violations of regulations in terms of business ethics throughout the year.
- Haitian has sent the Official Letter of Supervision and Whistle-blowing to **all employees and partners** and carried out self-inspection activities regarding integrity and self-discipline.
- In order to promote the responsible marketing level of sales team, the Company has carried out trainings for more than **2,000 attendees** from the sales team; in the current year, the Company incurred no significant negative events regarding responsible marketing.
- Haitian has been sharing development achievements with partners, and has distributed 2021 annual dividends amounting to **RMB 3,202 million** in 2022.

Healthy nutrition and excellent quality

- Haitian is committed to provide consumers with healthy and nutritious products, and keeps investing in R&D of technologies. In the current year, Haitian's total R&D expense amounted to **RMB 751 million**, accounting for **2.93%** of the operating income for the year, which is much higher than average level of the industry.
- Haitian has strong R&D team. In 2022, Haitian had a R&D team of **603 persons**, of whom **30.2%** have master's degrees or above, and total R&D personnel accounts for **8.25%** of the Company's total employees.
- Haitian was awarded the **first prize in the Guangdong Scientific and Technological Progress Awards** by the People's Government of Guangdong Province.
- **100%** of Haitian's wholly-owned plants obtained ISO9001 quality certification and ISO/FSSC22000 food safety system certification.
- In order to improve the sense and level of quality control of employees and suppliers, in the current year, Haitian carried out quality culture publicity and training with totally more than **16,000** attendees.
- This year, Haitian had **no** food related incidents or product recall events.
- Haitian attaches great importance to and properly handles complaints from each consumer. In this year, the complaint handling rate reached **100%**, with satisfaction rate of **94%**.

Green operation and environmental action

Haitian has established 5R green packaging principle (Reduce-Reuse-Recycle-Regeneration-Rejection) for the supply chain, and actively promoted the implementation. Part of the achievements in 2022 are as follows:

Reduce: We used lightweight packaging bottle, saving **14,500** tons of glass, **1,000** tons of PET particles, **150** tons of PE, **617** tons of base paper and **6.5** tons of film material;

Reuse: We reduced the use of disposable packaging, saving more than **500** tons of base paper;

Recycle: We completed the reserve of **2** cullet suppliers and the applied technology of RPET, laying a foundation for increasing the compliant recycling of packaging materials;

Regeneration: We advocated for the use of renewable material and actively promoted the de-filming of paper tag. This action has covered **90%** of the Haitian products;

Rejection: We **reject to use** any packaging material with toxic side effects;

This year, Haitian has optimized procurement model and adopted the patterns, such as supplier on-site production, reducing material transportation by over **50,000** vehicle-times and saving transportation packaging materials by **800** tons.

Haitian has enhanced the construction of energy consumption detection device and system and has achieved **100%** coverage of its plants, providing a strong guarantee on the cleanliness of energy used by Haitian.

This year, Haitian production base has taken full advantage of the self-built monocrystalline silicon photovoltaic power generation project, which has an annual capacity of **7 million** kWhs.

This year, Haitian achieved the substitution of cooling water for tap water for the purposes such as equipment washing by leveraging water treatment technology, saving over **550,000** m³ of tap water, and was included in "**2022 Provincial Water-saving Benchmarking Enterprises List**" released by Department of Industry and Information Technology of Guangdong Province and Water Resources Department of Guangdong Province.

This year, Haitian recovered over **280,000** tons of waste and by-products, which were processed into raw materials of feed, with nearly **100%** utilization of waste and by-products.

This year, Haitian saved **7,249** tons of standard coal, equivalent to reducing GHG emissions by over **53,024** tons of CO₂e, through its energy efficiency renovation project.

Employee development & industrial win-win

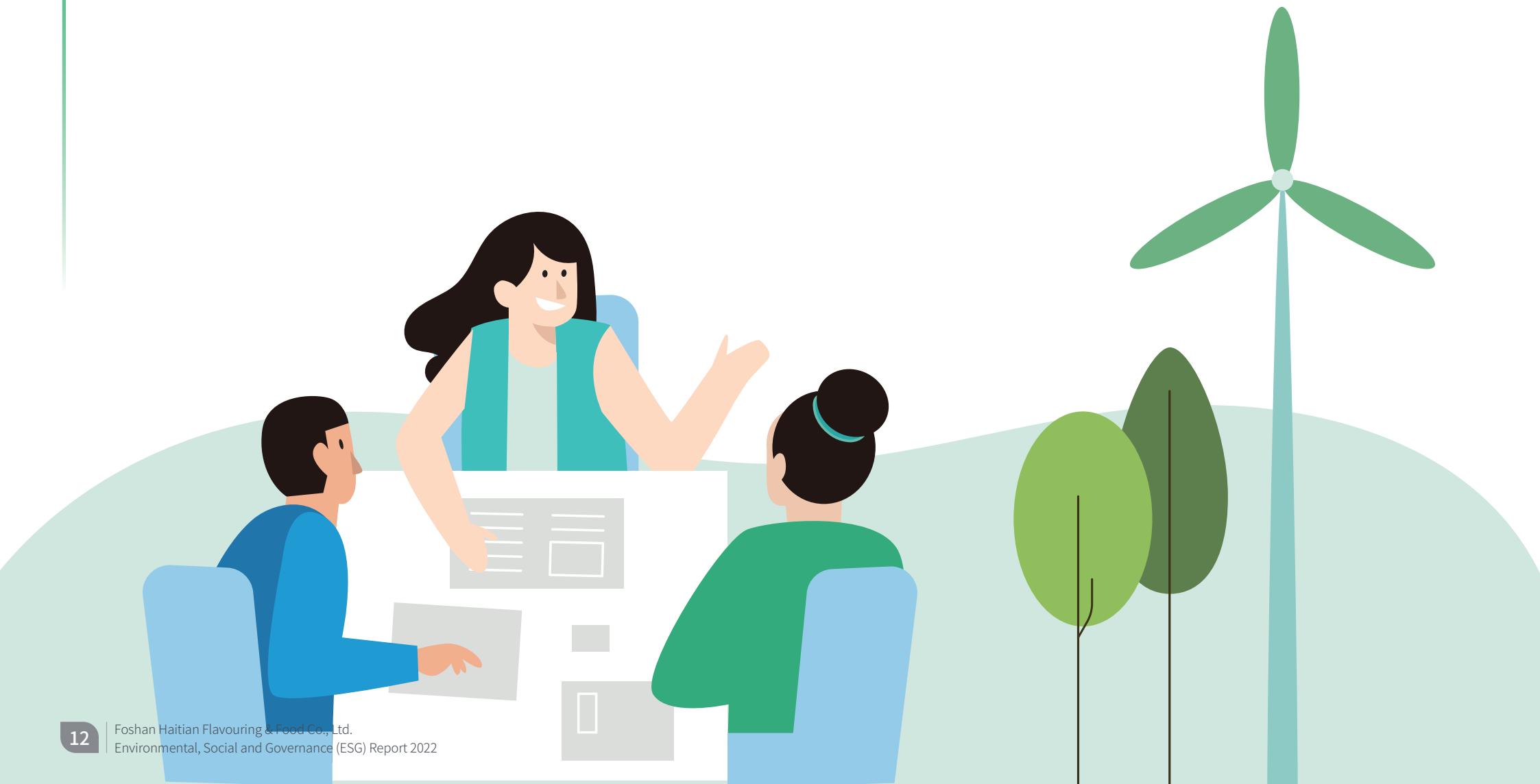
- At the meantime of satisfying its own demands of development, Haitian also actively creates quality jobs for the society. This year, we have recruited a wide range of employees from the society and colleges and universities, providing **1,647** jobs for the society. Among the newly recruited employees, the fresh graduates accounted for **8.7%**, covering more than **100** colleges and universities home and abroad.
- This year, the female staff accounted for about **19.5%** among the management and **22.2%** among the board members.
- This year, the Company has organized a variety of employee welfare activities, with more than **34,000** participants. This greatly improve employee happiness.
- This year, the Company has helped **93** employees improve academic qualifications through Oneiromancy program.
- This year, Haitian has provided physical examination benefit for more than **5,500** employees. In order to ensure the health of front-line production employees, on the basis of routine physical examination items, we provided extra physical examination items for over **2,200** front-line production employees.
- This year, In order to better protect the safety and health of employees, we have carried out special safety trainings and emergency drills for total **9,873** person-times.
- This year, the Company has actively explored employee mutual help mechanism, bringing care and warmth to total **5** families in need.
- This year, Haitian obtained ISO 450001 certification for another **2** production bases.
- Haitian advocates for open and transparent cooperation. **100%** of suppliers have signed the Integrity Agreement with the Company.

Social responsibility and Haitian undertakings

- This year, Haitian has helped leukemia patients by donating to "Oasis of Life" special fund, bringing hope to **46** families.
- This year, Haitian participated in anti-epidemic public welfare action in Shanghai, helping **4** hospitals, **4** mobile cabin hospitals, **17** subdistricts and communities with anti-epidemic work.
- As of 2022, Haitian has helped accumulatively more than **65,000** people through the Poverty Relief Day campaign.
- As of 2022, Haitian has donated more than **RMB 13 million** for educational undertakings, benefiting more than **3,000** teachers and students. Haitian has also established Haitian Education Development Fund and carried out Educational Assistance Program to promote the development of public welfare undertakings in the aspects of aiding students in need, incentives for excellent teachers and students and improvement of school conditions.
- As of 2022, Haitian Kangze Foundation funded "Watch You - Accidental Injury Prevention and Control Education Project for Children", which has benefited over **10,000** children up to date.

03

Sustainable development management



Practicing the UN Sustainable Development Goals

United Nations' sustainable development goals (SDGs), as the only guiding opinion of the United Nations on the issue of sustainable development at present, provides guidance for enterprises: promote the sustainable development of society while realizing their own sustainable development. SDGs includes 17 main goals and 169 specific goals, covering the global challenges facing today's society, including those related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice.

We actively implement United Nations' SDGs. Based on in-depth understanding of the expectations and demands of stakeholders, we have identified the following SDGs related to the Company:

SDGs	Zero hunger	Good health and well-being	Decent jobs and economic growth	Responsible consumption and production	Climate action
Contents	Ending hunger, achieving food security, improving nutrition and promoting sustainable agriculture	Ensuring healthy lifestyles and promoting the well-being of people of all ages	Promoting sustained, inclusive and sustainable economic growth, and contributing to full and productive employment and decent work for all	Adopting sustainable consumption and production patterns	Taking urgent action to address climate change and its impacts
Correlation with Haitian	We want 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.	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.	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.	Sustainable consumption and production means doing more and better with less. We have a responsibility to improve resource efficiency, promote sustainable production and business practices, and transition to a low-carbon and green economy.	Climate change is affecting every country. Weather patterns are changing, sea levels are rising, and weather events are becoming more extreme. We have a responsibility to reduce carbon emissions in our production, ensure that emissions meet standards, and make efforts to slow the process of global warming.

Sustainable development concept

The Company has long adhered to the sustainable development concept of sound operation and focused on its responsibility and contribution to the sustainable development of society. Combined with the United Nations' SDGs, the Company actively promotes sustainable development in five major areas: regulatory governance and robust operation, healthy nutrition and excellent quality, green operation and environmental action, employee development & industry win-win, and social responsibility and Haitian undertakings, improves the level of corporate governance, and works hand in hand with all stakeholders for mutual benefit and progress.

Regulatory governance and robust operation

Regulatory governance and robust operation are the foundation and guarantee for the long-term sustainable development of the Company. Haitian is committed to practicing the concept of "regulatory governance and robust operation" through building a standardized governance structure, smooth communication channels for investors, perfect risk management and internal control, strict business ethics control and information security protection, and responsible marketing.



Green operation and environmental action

While promoting the development and growth of the enterprise, Haitian is also effectively fulfilling its corporate responsibility of energy saving and emission reduction and climate warming mitigation by building and improving the environmental protection system and enhancing the green operation level of the enterprise.



Healthy nutrition and excellent quality

Providing consumers with healthy and nutritious products and excellent services is the primary responsibility of Haitian as a food company. We continue to enrich the matrix of healthy and nutritious products, continue to promote relevant research and development, and promote food health and nutrition knowledge through various means to create a healthy and nutritious life with the joint effort of our consumers; at the same time, we have established a strict quality control system and a customer-oriented service system to relentlessly pursue consumers' recognition of Haitian.



Social responsibility and Haitian undertakings

Haitian adheres to the goal of win-win economic and social benefits, and through various ways such as initiating charitable foundations and donations of money and goods, it assists in rural revitalization and social welfare undertakings, providing as much assistance as possible to groups facing difficulties, and contributing to the ultimate realization of the ideal of common prosperity.



Employee development & industrial win-win

Haitian attaches great importance to the growth and development of each employee in the Company and creates an ideal working environment for employees through various measures in terms of career development, welfare care and occupational safety; at the same time, Haitian focuses on promoting the progress of the industry chain and industry with its own development and pursues the goal of "win-win".



Stakeholder communication

The Company fully respects and safeguards the legitimate rights and interests of stakeholders, such as shareholders and investors, government and regulatory agencies, suppliers, distributors, consumers, etc., identifies the demands of different stakeholders, establishes various communication channels, respects the opinions of stakeholders, and makes corresponding improvement actions according to the collected opinions and suggestions to promote the improvement of corporate governance.

Stakeholders Common goals Our responses	Consumers	Employees	Upstream and downstream partners in the industry chain	Shareholders and investors	Government and regulatory agencies	Industry
	<ul style="list-style-type: none"> Providing high-quality products and services Smooth and timely communication and feedback channels Product diversification 	<ul style="list-style-type: none"> Health and safety Protection of employees' rights and interests Clear growth path Work-life balance 	<ul style="list-style-type: none"> Fair and open procurement Honest and trustworthy, integrity and fairness Confidentiality of information Mutual benefit and win-win results, growing together 	<ul style="list-style-type: none"> Preventing operational risks Asset preservation and appreciation Developing new markets and opportunities 	<ul style="list-style-type: none"> Compliance operations Paying taxes according to law Increase of local GDP 	<ul style="list-style-type: none"> Industry Progress Fair competition and healthy development
<ul style="list-style-type: none"> Enhancement of scientific research Establishment of a perfect quality control system Timely resolution of consumer problems Continuous product line diversification 	<ul style="list-style-type: none"> Establishment of a comprehensive occupational health and safety protection system Providing perfect compensation and benefits protection Planning a clear and reasonable promotion path Establishment and implementation of a compliant labor-management system 	<ul style="list-style-type: none"> Establishment of a sunny and honest cooperation environment Training on business ethics, business norms, etc. Establishment of multiple and smooth communication mechanisms and reporting mechanisms 	<ul style="list-style-type: none"> Robust operation Continuously enhancement of the competitiveness of enterprises Holding of general meeting of shareholders Establishment of diversified and unobstructed investor communication channels 	<ul style="list-style-type: none"> Proactive acceptance of regulatory assessment, guidance and inspection Compliant operation and timely disclosure of information Active tax payment according to law 	<ul style="list-style-type: none"> Participation in industry associations Promotion of industry standardization level 	

Analysis of important issues

Based on the analysis results of ESG important issues in 2021, the Company re-evaluated the correlation of each important issues with Haitian. Starting from optimizing the effective management and information disclosure of ESG, we further analysed the ESG issues in 2022 and judged their importance, thus ensuring the comprehensiveness and accuracy of the report disclosure, reflecting the concern of stakeholders on the Company's ESG work, and thus promoting the improvement of the governance level of ESG in Haitian.

In 2022, the Company's ESG issues importance assessment process is as follows:

1 Identification of issues

We carefully studied the industry trends, sorted out the Company's business characteristics and operation status, and combined with the Sustainable Accounting Standards Board (SASB) industry issues, Global Reporting Initiative (GRI) issues and ESG rating standards, identified 21 important issues related to Haitian.

2 Investigation and evaluation

We developed stakeholder communication plan, conducted survey through questionnaire for all stakeholders in the Company, and invited them to evaluate the importance of each issue from their own perspective, so as to understand and formulate the issues concerned by stakeholders.

3 Screening and confirmation

According to the statistical results of the survey questionnaire, 17 issues with high importance were identified. The results of importance evaluation were reviewed and confirmed, and the corresponding action plan was formulated.



**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 utilization and preventing water pollution through technological improvements and management optimization and other water conservation measures.

Packaging material management

Managing information and processes throughout 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.

Staff 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 organization 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.



**ESG
issues**



Connotation of issues

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 of corporate governance structure to promote 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.

04

Regulatory governance and robust operation

Haitian is committed to practicing a high level of corporate governance in order to fully protect the rights and interests of shareholders. The Company has continuously improved its corporate governance structure and internal control system and established a modern corporate governance structure and management system in strict accordance with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and other laws and regulations, as well as the regulatory documents issued by the China Securities Regulatory Commission (CSRC) regarding the governance of listed companies.



2022 highlights:

※ Regulatory governance and robust operation

- Haitian has always attached great importance to the standard operation of corporate governance. In the current year, the Company has held **3** General Meetings of Shareholders, **8** Board of Directors Meetings and **6** Board of Supervisors Meetings for timely discussion of key issues in the course of operation of the Company, and has revised the Rules of Procedures for the General Meeting of Shareholders, Rules of Procedures for the Board of Directors, Independent Director Working System and Rules of Procedures for the Board of Supervisors as appropriate, in a bid to continuously improve the Company's systems and policies.
- Haitian has always adhered to creating a clean and transparent working atmosphere and has carried out thematic learning and examination on integrity and self-discipline for **all employees** in the current year so as to promote the employees' sense of integrity and self-discipline.
- Haitian carried out risk control audit project and had **no** significant violations of regulations in terms of business ethics throughout the year.
- Haitian has sent the **Official Letter of Supervision and Whistle-blowing** to **all employees and partners** and carried out self-inspection activities regarding integrity and self-discipline.
- In order to promote the responsible marketing level of sales team, the Company has carried out trainings for more than **2,000 attendees** from the sales team; in the current year, the Company incurred no significant negative events regarding responsible marketing.
- Haitian has been sharing development achievements with partners, and has distributed 2021 annual dividends amounting to RMB **3,202 million** in 2022.



4.1 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 organizational structure and internal management system to enhance the level of corporate governance.

Haitian continuously improves the corporate governance structure and internal control system, such as the shareholders' meeting, the board of directors and the supervisory committee, in strict accordance with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and other laws and regulations, as well as the regulatory documents issued by the CSRC regarding the governance of listed companies. The actual situation of our governance is in line with the relevant laws and regulations and regulatory documents.

4.1.1 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. 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 no situation has occurred that has harmed the rights and interests of the Company and the minority shareholders. A total of 3 general meetings of shareholders were held during the year.

4.1.2 Directors and Board of Directors

According to the Articles of Incorporation, Haitian's Board of Directors consists of nine Directors, including three Independent Directors. There are four special committees under the Board of Directors, including Audit, Nomination, Compensation and Appraisal and Strategy, all of which are composed of directors of the Company. The Board of Directors and each special committee have formulated corresponding rules of procedure. The Directors of the Company have actively participated in relevant training, familiarized 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. A total of 8 Board meetings were held during the year.

4.1.3 Supervisors and Supervisory Board

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 Procedure of the Supervisory Board. 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. A total of 6 meetings of the Supervisory Board were held during the year.

During the year, we amended the Rules of Procedure for General Meeting of Shareholders, the Rules of Procedure of the Board of Directors, the Work System of Independent Directors and the Rules of Procedure of the Supervisory Board in accordance with the requirements of laws and regulations, the CSRC and the Stock Exchange, and taking into account the actual situation of the Company, so as to ensure the compliance of the Board of Directors of the Company from the system level. At the same time, we completed the general election of the Board of Directors and the Supervisory Board of the Company in accordance with laws and regulations and the provisions of the Articles of Incorporation during the year.



4.2 Investor communication

The Company actively carries out communication with investors 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 fruits of corporate development with investors. The Company continues to maintain a high cash dividend rate and has a stable profit distribution policy, which is recognized by the majority of investors.



Key Performance

2022

Conducted 3 performance roadshows through SSE Roadshow Center and responded to questions from 57 person-times of investors in total.

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

In 2022, RMB 3.202 billion of cash dividends for 2021 were issued.

Questions from 147 person-times of investors were answered through the SSE "SSE e-Interactive" platform.

4.3 Risk management and internal control

Haitian attaches great importance to the Company's risk management and internal control, and has been strictly complying with national laws and regulations and the relevant requirements of the CSRC, etc., and improving the Company's risk management according to the Company's business situation.

4.3.1 Risk management

Risk identification and control system

 Haitian formed a set of risk control process management system. We established a dedicated risk control department, through dynamic identification, regular assessment, using a combination of qualitative and quantitative methods, according to the likelihood of risk occurrence and the degree of impact, to analyse and rank the identified risks, guiding each department 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.

Raising employee awareness of risk control

 The Company attaches importance to enhancing employees' awareness of risk control. During the reporting period, Haitian organized a number of training sessions on internal control empowerment, through "theoretical lectures + compliance inspection practice exercises + on-site discussions and interactions + post-class self-correction + risk control matrix iteration", to further deepen the understanding of various types of risks such as integrity risks among all operating entities of the Company and enhance the awareness and capability of risk management of employees.

4.3.2 Internal control

The Company implements a strict internal audit system, 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 System for Insider Information and Informants and other internal control systems of the Company, taking into account the actual situation of the Company.

The Company has established an organizational 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 system. Besides, Company has established special Audit and Inspection Center under the Audit Committee as a daily auditing and supervising organization. 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 combining 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 improve the overall operational efficiency of the Company.



4.4 Business Ethics

4.4.1 Anti-fraud mechanism

Haitian has long been in strict compliance with 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 Double Eight Provisions on Purifying Two Relationships, the Anti-Fraud Management System of Haitian Flavouring and other related systems and signed 100% of the Integrity Agreements with all business partners to clarify various prohibited behaviors. At the same time, The Company took the lead of professional departments such as the Audit Department to build 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 2022, 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.

4.4.2 Reporting mechanism

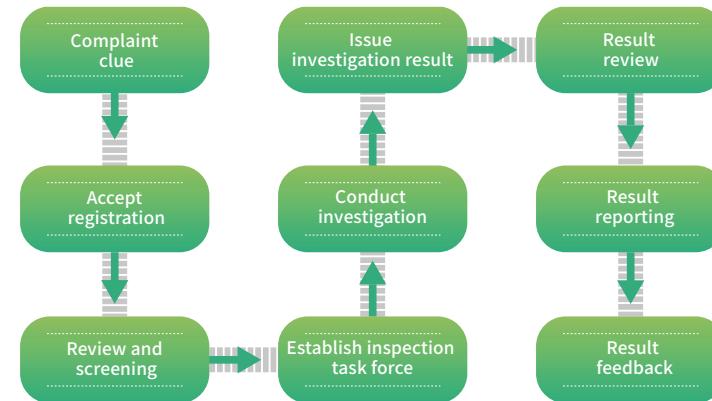
Haitian has built a systematic reporting channel and reporting process, and pays attention to the protection of whistleblowers. The company opens various complaint and reporting channels for all employees, suppliers and distributors, including reporting platform, telephone line, mailbox and letter box. The company's discipline inspection committee regularly issues the Supervision and Reporting Announcement Letter and sends the Declaration of Integrity and Self-discipline to all business partners at important points in time, advocating supervision of violations of integrity and self-discipline, inaction and disorderly work, and damage to the Company and collective interests.

As for the reported information, the Company has set up internal full-time personnel to pre-process one by one and has established a supervision working group to carry out special investigations. Once the reported violations are verified, they will be seriously prosecuted in accordance with the Company's relevant systems. 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 reporting

- 1 Internal reporting platform: Haitian Yummy information platform homepage - reporting desk
- 2 Dedicated reporting line: 0757-82832022
- 3 Dedicated reporting mailbox: Haitian Discipline Inspection Office, No. 16, Wen Sha Road, Chancheng District, Foshan City, Guangdong Province 528000
- 4 Dedicated reporting 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 10 reports or suggestions, all of which were answered. During the year, no major violations regarding business ethics occurred in the Company.

4.4.3 Integrity and self-discipline education

Integrity and self-discipline are the basic requirements for employees. We have always attached great importance to the integrity education of employees. In order to better promote and implement the integrity and self-discipline spirit to all employees and convey the integrity and self-discipline requirements, we regularly carry out integrity and self-discipline publicity and training education for employees.

Integrity and self-discipline trainings include case study, video study, system review, integrity and self-discipline knowledge contest and other forms to strengthen the awareness of integrity and self-discipline of all employees.

Integrity and self-discipline publicity and education mainly through a variety of forms to enhance the visibility of the culture and strengthen the cultural immersion of employees, including the weekly cultural briefings, integrity specific publicity, integrity and cultural pop-up activities, cultural related products.

In 2022, Haitian carried out integrity and self-discipline education to employees in all aspects through the company intranet, Yummy announcements, advocacy boards, learning platforms, face-to-face lectures, salons, cultural flash activities, etc. Integrity and self-discipline education continued, with 12,323 person-times participated in the training sessions and 4,812 person-times of examinations organized.

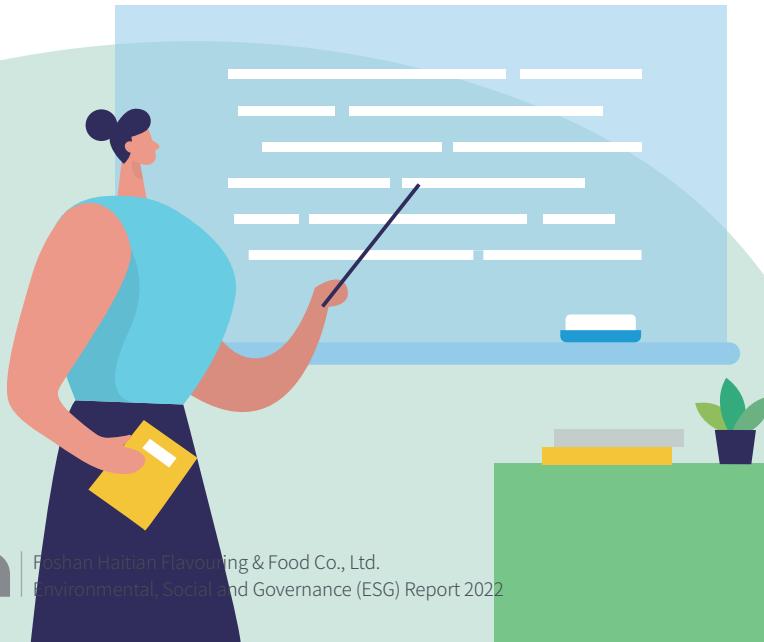


Case: Study on the topic of integrity and self-discipline

Haitian organized 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", to deepen employees' understanding and attention to the requirements of integrity and self-discipline. By advocating integrity and self-discipline, we help employees 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".



Haitian's integrity and self-discipline training and examination page





Case: Patriotic-themed cultural activities

Haitian held a "cultural mobile booth" flash activity, set up an patriotic-themed circulation booth. Through the distribution of patriotic education propaganda materials, patriotic message wall and other forms, let the employees deeply understand the strong appeal of patriotism.



Haitian holds the patriotic-themed cultural activity

4.5 Information security

4.5.1 Information security system construction

Haitian attaches great importance to information security, formulating and updating the Internal Information Security System to manage the Company's information management in terms of network, data, system, operation and maintenance, and server room. And the information security team conducts systematic inspections and revisions to adapt to the actual environment and changes in circumstances. In this year, the Company maintained and revised the existing information security policy system, and the related information security systems issued throughout the group include: the Document Security Management Regulations, the Information Security Audit Management System, the Employee Information Security Behavior Inspection Regulations, the Information System Business Continuity Management Specification, the Internet Application System Security Management Specification, the IT Project Implementation Management Measures, etc. The system covers a wide range, which forms a foundation for Haitian information security.

Besides, the Company has specially developed a network security emergency response plan for network security management to better help employees deal with such matters. This year, the Company also conducted information security education and training and organized examinations for all employees through the Company's internal online learning platform.

During the year, the Company did not have any major computer system or cyber security related accidents.

4.5.2 Safeguarding consumer privacy and data security

We protect consumers' privacy and information security in accordance with the law, collect, process and use consumer personal information in strict accordance with the requirements of relevant laws and regulations, and prohibit the disclosure of consumer personal information and the sharing of consumer information with third parties.

Haitian has set up an independent full-time department to take charge of the Company's data security. By establishing, implementing, verifying and improving the data security management system, employees' information security self-discipline level is improved, and the Company's data assets and customers' private information are protected, so as to achieve the security goal of "zero loss and zero leakage" of data. In terms of specific measures to protect customers' private data, Haitian strictly abides by the Personal Information Protection Law of the People's Republic of China and other laws and regulations and encrypts important documents including customers' private data to effectively avoid data leakage. The company's external application system has been approved and issued by the Ministry of Public Security as a "three-level filing certificate for information system security level protection".

4.6 Responsible marketing

The company strictly abides by 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, the Interim Measures for the Administration of Internet Advertising and other laws and regulations to ensure transaction compliance and fairness, properly regulate the promotion of product information, reasonably guide consumer consumption, help consumers choose products scientifically and reasonably, and promote a healthy and active lifestyle.

4.6.1 Strictly control of the compliance of marketing promotion

In order to strictly control marketing compliance, Haitian has taken the following measures:



Development and improvement of normative documents and systems

The Company has established a specialized legal center to familiarize itself with various relevant laws and regulations, and is responsible for sorting out normative documents for external publicity of the Company; At the same time, the Company organizes relevant functional departments to regularly collect relevant laws and regulations, share and transmit them through the information platform, and then timely update internal systems or internal control standards to ensure the accuracy of internal systems. This year, Haitian further improved its internal publicity management system, internally released and updated normative documents such as the Guidelines for Compliance Review Materials for Electricity Business Publicity and the External Publicity Content Management System, and improved the review process of e-commerce publicity materials;



Departmental training

The legal center has regularly conducted training for departments with external publicity business, so that all external department employees can master basic laws and regulations; the Company has also conducted publicity compliance training, combining various forms such as inviting external lawyers and assessment, conducting publicity and compliance training for relevant departments;



Review publicity

The Company has established an external publicity review process, and all advertising films and corporate promotional films of the Company need to be reviewed by the legal center for compliance before they are released;



Spot check and review

In view of the published publicity materials, the Company has conducted random inspection and review from time to time, and continuously regulates the use form and publicity content.



4.6.2 Comprehensive protection of consumers' right to product information

Label identification is the most direct way for customers to know about products. Haitian attaches great importance to consumers' right to know and labels the relevant information of products truly and accurately, so that consumers can clearly and intuitively understand the products through product label identification and related publicity and introduction.

Case: Haitian clearly informs and prompts the product information through product labels, posters and other channels to help consumers make reasonable consumption choices.

Information related to consumers' choices and decisions on consumption behavior, such as precautions for product use and preservation, product packaging update and upgrade, etc., are clearly prompted, so as to make consumers make reasonable consumption decisions on the basis of fully understanding product information.



4.6.3 Responsible marketing training for marketing teams

Haitian regularly conducts training on responsible marketing related topics to the marketing team to improve the sales team's understanding of Haitian products, marketing expertise, and competency. Specifically, it includes:

- Field visits to the Company's production base for new employees to learn about the entire process from raw materials entering the factory to products leaving the factory, master product knowledge, learn product consultation and after-sales treatment requirements, and take exams. The exam results serve as an important basis for performance evaluation.
- In order to continuously improve the in-depth understanding of the Company's products, we have conducted product knowledge learning for employees through periodic online/offline learning methods. In 2022, the marketing team participated in the training for a total of over 2,000 person-times.



05

Healthy nutrition and excellent quality

Haitian adheres to the principle of "quality oriented, making products with heart", and aims to meet diverse health consumption needs of customers by offering healthy and nutritious products, and deliver excellent quality and intimate services. Meanwhile, Haitian spreads health knowledge about food nutrition to the public in various channels, creating healthy diets and lifestyles.



2022 highlights:

※ Healthy nutrition and excellent quality

- The total R&D expenditure of Haitian this year was **RMB 751 million**. The overall R&D expenditure accounted for **2.93%** of the annual operating revenue, far higher than the industry average level.
- Haitian has a strong research and development team. In 2022, Haitian has a research and development team of **603** people, of whom **30.2%** have master's degree or above, and total R&D personnel accounts for **8.25%** of the Company's total employees.
- In March 2022, Haitian was awarded the **first prize of the "2021 Guangdong Provincial Science and Technology Progress Award"** by the People's Government of Guangdong Province.
- The wholly owned factory under Haitian has obtained **100%** ISO 9001 quality management system certification, and **100%** ISO/FSSC22000 food safety management system certification.
- This year, Haitian conducted quality culture promotion training for **more than 16,000 person-times**.
- This year, Haitian has **no** food safety accidents or product recalls.
- This year, the handling rate of Haitian complaints reached **100%**, and the handling satisfaction rate reached **94%**.



5.1 Healthy nutrition

5.1.1 Matrix for special products

With a century of ingenuity, Haitian strives to let more consumers enjoy higher quality products. In recent years, we have increased the proportion of high-end products year by year, satisfying consumers' demands for high-quality products. At the same time, Haitian actively puts forth new ideas. In 2022, Haitian launched a variety of healthy and nutritious products, including salt reduction products, sugar reduction products, low-fat products, organic series, and nutrient fortified series, further enriching the product matrix.

2022 healthy and nutritious special products:

No added sugar and sugar reduction series

26 products

The Healthy China Initiative (2019-2030) explicitly provides that consumers are encouraged to reduce sucrose intake. Given the general trend of sugar reduction, Haitian has gained insights into health demands of domestic consumers, and initiated constant exploration and innovation around the theme of "sugar reduction".

As of the end of the reporting period, Haitian has launched a total of 26 no added sugar and sugar reduction products, including Haitian Baijuyi salt baking powder, Haitian double brewed soy sauce and Haitian premium Weijixian soy sauce.



Specialty Baijuyi salt baking powder: typical Cantonese flavor, preservative-free, colorant-free, featuring easy coloring and Flavouring. It takes 3 steps only to enjoy tasty food baked in salt.



Haitian premium Weijixian soy sauce: Each drop is the first brew of soy sauce, fresh and rich, contributing to your all-year fresh life.

Salt reduction series

7 products

Actively responding to the goal of reducing the national daily salt intake per capita by 20% by 2030 as set out in the Outline of the Healthy China 2030 Plan, Haitian has proactively launched a series of less-salt products which can maintain the fresh taste.

As of the end of the reporting period, Haitian has launched a total of 7 salt reduction products, including Haitian lightly salted first extracted soy sauce, Haitian lightly salted light soy sauce and Haitian lightly salted tomato sauce.



Lightly salted first extracted soy sauce:
30% less salt, fresh taste remains.



Lightly salted light soy sauce:
significantly less salt, salt content $\leq 12\text{g}/100\text{mL}$, applicable to any cooking methods like frying, stewing and pickling, one-trick contributes to healthy low-salt life.

Low-fat and fat reduction series

17 products

Given the new trend of pursuing health management, Haitian has launched several top-selling products featuring "light fat, light calorie 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 a total of 17 low-fat and fat reduction products, including Haitian Patriot apple vinegar, Haitian fat-free vinegar sauce, Haitian Joy Products carrot juice and Haitian Joy Products lime juice, etc.



Ai Guo Zhe apple vinegar:
total juice content of $\geq 20\%$, real juice fermentation, fresh and cool, fat-free, preservative-free, delicious and burden-alleviated.



Fat-free vinegar sauce: fat-free, containing brewed apple vinegar, fresh and cool, a light meal mate, and offering flexible range of cooking options.

Organic series

14 products

The entire series of products have passed the China Organic Product Certification, and are carefully selected from raw materials such as organic soybeans, organic wheat, and organic oysters. The soil, water and other environment for planting and are strictly controlled, only organic raw materials are used and the uses of pesticides, hormones, and fertilizers are not allowed. With advanced technology as a guarantee, Haitian utilizes the advantages of large-scale production to provide consumers with delicious and inexpensive organic products while ensuring process quality.

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



Organic oyster liquid seasoning: made from 9 ingredients only, truly additive-free, instant freshening with a drop, and the whole production process is organic and traceable.

Nutrient fortified series

6 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 of the end of the reporting period, Haitian has launched a total of 6 nutrient fortified products, 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 dark soy sauce: certified by Chinese Center for Disease Control and Prevention, ferrum element content of $3.6\text{mg}/15\text{mL}$, 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 $3.6\text{mg}/15\text{mL}$, featuring easy coloring, an ideal choice for fortifying ferrum adsorption.

5.1.2 Health and nutrition promotion

During the reporting period, Haitian established a sound food health and nutrition promotion and education system in accordance with the Outline of the Program for Health China 2030. We combined knowledge and fun and disseminated it to the public through various channels online and offline, and innovated the organic integration of industrial tourism and science education to popularize the scientific knowledge of food health and nutrition to employees and the public.



Case 1: Haitian uses online media to spread food nutrition and health knowledge to the public

During the reporting period, we opened the "Know Food Class" section on our official WeChat public account to introduce the public to product usage techniques, cooking skills, food safety and health knowledge, covering various aspects such as preservation of ingredients, healthy eating habits and healthy cooking. At the same time, we further use media platforms such as Little Red Book and Zhihu to publish relevant articles and Q&A, innovate the health and nutrition promotion system, guide consumers to attach importance to health and nutrition consumption concepts, and cultivate good consumption habits and lifestyles.

The image contains two screenshots. The left screenshot is from a WeChat public account titled '知食课堂' (Food Knowledge Classroom) with a red banner for 'Good life & Good taste'. It shows a post about the difference between monosodium glutamate (MSG) and chicken essence. The right screenshot is from a Zhihu post by '海天味业' (Haitian Flavoring & Food Co., Ltd.) asking if foam in soup is harmful. It includes a reply from the account owner and a small image of a bowl of soup.

Haitian popularizes health and nutrition science through its official public account and Zhihu account



Case 2: Haitian "Yummy's Sunny Castle" Industrial Tourism Project: Let the public learn about food nutrition and health science in the process of visiting

"Yummy's Sunny Castle" is an industrial tourist attraction project built by Haitian based on the production park. It is committed to opening the Sunshine Factory to the public, allowing consumers to experience the brewing process of Haitian condiments closely, and learn more about the cultural and scientific knowledge of Chinese-style and world-style flavours. In order to build a national science popularization education base and let the public understand food nutrition and health knowledge during the visit, Haitian invested RMB 50 million to build an air corridor with a length of about 2 km around the core production area.

At "Yummy's Sunny Castle", visitors can witness the whole process of the birth 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.

In addition, tourists can 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.

Since its opening, "Yummy's Sunny Castle" has received more than 2.47 million person-times of visitors, and in 2022, "Yummy's Sunny Castle" was awarded the honor of "Foshan City in 2022", "Yummy's Sunny Castle" was awarded the honor of "Foshan City Research and Practice Education Base for Primary and Middle School Students" and "Foshan City Labor Education Practice Base for Primary and Middle School Students" by Foshan Education Bureau for its contribution to science education.



5.1.3 Health and nutrition research

Industry-leading R&D strength

In recent years, Haitian has accelerated the construction of a high-end food R&D platform in China with international advanced level, accelerated the research of basic biological technology and frontier technology and strengthened the R&D of new product technologies. In 2022, Haitian's total R&D expenditure was RMB 751 million. The overall R&D expenditure accounted for 2.93% of the annual operating revenue, much higher than the industry average. Haitian has a strong research and development team. As of 2022, Haitian has a research and development team of 603 people, Haitian has a research and development team of 603 people, of whom 30.2% have master's degree or above, and 8.25% of the company's total number of research and development personnel. In 2022, Haitian launched over 100 well received new products in total; while the number of listings has reached a new high, the quality has also been continuously upgraded, and the advantages of the product matrix have been further expanded.

In March 2022, the Company was awarded the first prize of the "2021 Guangdong Provincial Science and Technology Progress Award" by the People's Government of Guangdong Province for its "Selection and Breeding of High-performance Strains and Key Technology for Industrial Upgrading of Soy Sauce and Soybean Paste Bulk Fermented Condiment".

Perfect intellectual property protection system

※ Protection of own intellectual property

Haitian attaches great importance to the protection of its own intellectual property rights and has established an intellectual property management system. The Company has formulated internal management policies such as the Regulations on Patent Management, the Work Manual on Intellectual Property Management, the Management Method for Internal Audit of Intellectual Property, and the Regulations on Intellectual Property Risk Management. In 2022, we further improved our internal guidelines and management system for intellectual property rights to standardize and systematize the management of intellectual property rights. In 2022, Haitian added 228 authorized patents. As of the end of the reporting period, Haitian has a total of 1,160 authorized patents, 1,865 trademarks registered in China, and 1,115 trademarks registered in other countries/regions (one trademark of one country/region under the Madrid system is recorded as one), and registered copyrights of 55.

2022 newly added authorized patents

228

Haitian total number of authorized patents

1,160

Trademarks registered in other countries/regions

1,115

Trademarks registered in China

1,865

Registered copyrights

55

※ Fully respect the intellectual property rights of others

In order to ensure that Haitian's business activities do not infringe on the intellectual property rights of others, we strictly implement intellectual property audits. To this end, Haitian has established a strict audit process for products, promotional materials, and business development, and made IP audits of business activities as a pre-requisite and mandatory part. In 2022, we have over 300 daily IP audits and over 100 advertising audits.

For the protection of business partners' intellectual property rights, Haitian clearly stipulates the obligations and responsibilities of both parties' intellectual property rights in the cooperation agreement; During the cooperation process, Haitian will confirm compliance with the partners before putting into use any content involving their intellectual property rights (such as print posters, videos, gift box products, etc.) for external use. At the same time, in the process of cooperation with other organizations, if proposed by the business partner, Haitian will actively cooperate with the business partner in the review of intellectual property related documents.

※ Intellectual property training

The company makes the basic knowledge of intellectual property rights compliance as mandatory training content for employees and conducts a general examination on its training content every year. At the same time, we also conduct intellectual property-related training from time to time according to the actual situation, and further improve the intellectual property awareness of our employees through a series of training and assessment systems.



※ Recent honors

In October 2022, Haitian Flavouring & Food Co., Ltd. and Haitian (Gaoming) Flavouring & Food Co., Ltd. were both awarded as "National Intellectual Property Advantageous Enterprise" by China National Intellectual Property Administration.

5.2 Excellent quality and service

Haitian aims to satisfy consumers and provide consumers with healthy and delicious sunshine products. At the same time, Haitian provides comprehensive and fast services based on the actual needs of consumers and pays attention to every service demand of consumers as promptly and comprehensively as possible.

5.2.1 Quality control and promotion

Quality control system

Haitian strictly abides by the provisions of the Food Safety Law of the People's Republic of China, the Regulation on the Implementation of the Food Safety Law of the People's Republic of China and other laws and regulations, and strictly implements the ISO9001 quality management system, ISO 22000/FSSC 22000 food safety management system and other advanced management standard to establish a quality control mechanism covering multi-dimensional, multi-system and scientific product quality. Haitian has developed internal quality management documents according to the relevant regulatory requirements and business development, including 18 categories of over 700 management standards, 17 categories of over 5,000 technical standards and 3 categories of over 500 working standards, which cover product recall, product process management, product quality control, marking and traceability management, raw material inventory management, supplier evaluation management and other dimensions.

Haitian continues to improve the quality management organization. We have set up quality committee and appointed a quality director to be fully responsible for the quality management of products and processes; Haitian have established quality management functional departments in charge of design quality, procurement quality, production quality, service quality and quality evaluation and other aspects, and equipped full-time quality management personnel to independently exercise quality management functions. At the same time, in order to timely and effectively follow up and update the implementation of laws, regulations and standards related to production, operation and food safety, Haitian has established standards and regulations information system platform, and carried out tracking and updating of the implementation of relevant laws, regulations and various standards through regular collection by special personnel, and timely communicated them to relevant departments to organize the implementation.



Organization construction:

build a quality management organization, fully responsible for quality planning, inspection, evaluation and improvement of products and processes, and equipped with full-time quality management personnel.



Management system construction:

establish a company system and standard system based on the enterprise standard system, quality and food safety related systems, and relevant national regulations;



System construction:

Haitian has established a quality assurance system for monitoring, analyzing, controlling, and preventing key product points, such as internal and external quality audits, supplier validations, process checks, unannounced inspections, and quality analysis management reviews.

System certification obtained by Haitian's wholly owned factories.



ISO 9001 quality management system certification

100 %



ISO/FSSC22000 Food Safety Management System Certification

100 %



Case: Haitian risk control platform

Haitian insists on management according to the standards, forming quality standard control systems from outside to inside and linking with each other.

In order to achieve the goal of timely access to the latest national policies and regulations and relevant standards, and corresponding dynamic update of the Company's internal control standards, Haitian has established a risk control platform that is compatible with the Company's actual situation. The information of policies and regulations and related standards is updated in the platform in time, and the information is checked with the internal quality standards to quickly identify the similarities and differences, and automatically form work orders and dispatch them to the corresponding colleagues responsible for revising the internal standards, so as to realize the rapid update of internal standards.

The platform interface is divided into four main sections, each with a sub-section and a detailed description:

- Resource Library** (资源库): Shows a smartphone displaying a dashboard with various data charts and graphs.
- Standards** (标准): Shows a person's hand writing in a notebook.
- Policies and Procedures** (制度): Shows a stack of papers and a smartphone.
- Data Platform** (数据): Shows a laptop screen displaying a line graph with data points.

Partial content of Haitian risk control platform

Quality supervision and management

Haitian attaches importance to the supervision and management of product quality, through quality online inspection system, intelligent and digital technology and supervision and review process, to achieve monitoring, analysis, control and risk prevention of product quality at key points from raw materials entering the factory to products leaving the factory. Haitian strictly enforces the requirements of pesticide residue limits stipulated in national standards and ensures that all raw materials meet the quality standards through regular third-party testing and other methods to minimize the pollution of the environment by pesticides and chemical fertilizers.



Online inspection system:

each production line is equipped with a set of advanced online inspection system, and detailed production operation procedures have been established for each production process, while strict quality control standards have been set up for each product production process.



Intelligent and digital technology:

in the production process, a large number of big data methods such as intelligence, digitization, automation and informatization are used to control the whole production process, so as to realize "comprehensive and full-process" effective monitoring and control of products.



Supervision and review process:

regular quality-related internal and external audits, including supplier verification programs, product monitoring programs, process checks, unannounced inspections; and analysis and evaluation of the results of the above activities, identification and improvement through quality analysis meetings, management reviews and other activities.



Case: Product recall simulation

Haitian has formulated the *Regulations on the Management of Product Recall and Withdrawal* in accordance with the *Administrative Measures on Food Recall* published by China Food and Drug Administration, carried out emergency management of recall events related to product quality according to the regulations, and organized simulated recall drills to strengthen the traceability of production enterprises. In 2022, Haitian launched a retrospective drill, analyzed the gap in the actual implementation process of each production participating in the drill and formulated improvement measures. As a result of the drill, all production bases have effectively tracked the information of related raw materials, production and processing, finished product warehousing and logistics delivery of first-class distributors in a short time, ensuring the Company's efficient traceability in food safety.



Key Performance

Food safety accidents: 0

Product recalls: 0

Quality culture promotion

Haitian attaches great importance to the publicity and education of product quality and food safety, and regularly conducts trainings for employees on product quality and food safety every year. We also provide relevant product quality and food safety promotion and training for suppliers through contact and communication with suppliers, such as supplier exchange meetings, supplier review, etc. We require our suppliers to do a good job in food hygiene and safety management, and within the specified time, carefully check the management of the enterprise, reply to the learning confirmation letter, sign and fill out the Food Quality and Safety Commitment Letter, Supplier Self-check and Self-correction Form, etc., to further promote primary product suppliers to improve their corporate management awareness. In 2022, more than 16,000 people participated in product quality and food safety related training.

5.2.2 Customer reach and service

Customer reach channels

※ Haitian publicity media matrix

Haitian has now created and completed multiple communication channels such as WeChat official account, Haitian Gourmet Restaurant applet, Weibo, Douyin, Kuaishou, Little Red Book, Bilibili and Zhihu, providing consumers with food science, food classes and a full range of Haitian products introduction. The number of all-platform fans exceeds 950,000. Haitian has also focused on creating a "private domain space", actively integrating into the social circle of young people, and more than 50,000 fans have become friends due to delicious food and gathered in Haitian's private domain.

※ "Chinese Cusine National Championship" National Cooking Skills Championship

In 2022, the "Chinese Cusine National Championship" National Cooking Skills Championship, organized by the China Cusine Association and exclusively sponsored by Haitian, was held in 10 provinces, including Guangdong, Zhejiang and Jiangsu, and lasted for more than three months, with more than 1,000 famous chefs from all over the country participating in the competition, and received strong support from nearly 100 cooking industry associations at all levels.

During the competition process, Haitian interacted closely with consumers in various ways, playing an important role in promoting consumers to understand health and nutrition knowledge and Haitian products. The voting for the resurrection qualification of the competition opened by the "Haitian Gourmet Restaurant" applet attracted over 470,000 people, and over 800 reports related to the competition were published by major media, with a total exposure of nearly 2.7 million views.

In addition to the offline activity of "Chinese Cusine National Championship", Haitian continued the influence of this event to the online platform, exclusively title sponsored the



program "Who Is Cusine Championship" on Zhejiang TV, allowing the chef community and food lovers to deeply understand the functions and usage of multiple categories of products through multi dish content implantation, once again narrowing the distance with consumers.

※ Sponsored several variety shows to enhance the consumer reach of Haitian products and brands

Haitian has been actively embracing consumers in the new era. In 2022, Haitian met consumers in a diversified way by sponsoring multiple variety shows. In the second quarter of 2022, Haitian exclusively title sponsored Hunan TV's "Spring Flowers Will Blossom" with an average rating of 1.31% for 12 episodes, which ranked the top of Hunan TV's ratings for the same period; the program was simulcast on the Mango TV platform with 1.53 billion times of broadcast. From June to August of 2022, Haitian oyster sauce's exclusive title sponsored show "What to do! Talk Show Special" was broadcasted on Tencent Video, with a total of 1.618 billion times of broadcast and 459 Weibo hot searches. Through the exclusive title sponsorship of the high-profile variety show, the channel for consumers to understand Haitian products was continuously widened.



Customer service system

Haitian insists on taking consumer demand as the guide, builds a comprehensive and multi-channel customer service system, and establishes a timely and quick consumer response mechanism. We continue to improve the service experience of customers through continuous smooth service channels, optimization of telephone reception and perfect service evaluation system, and quickly meet the pre-sales - during-sales - after-sales service needs of all types of customers.

- Customer service channel: we have established a customer center, through 400 (400-8899-813) customer service hotline, WeChat public account, customer service mailbox and other service channels to communicate with customers and answer questions in a timely manner.
- Consumer complaints: we treat and handle consumer complaints seriously with dedicated line and personnel to receive them. We allocate professional customer service and marketing specialists to appease and resolve customer concerns in online or offline form according to customer needs, to achieve response, follow-up and process at the first time, and to maintain high efficiency in solving customer problems. In 2022, the complaint processing rate reached 100%, and the processing satisfaction rate reached 94%.
- Satisfaction research of distributors' customer: we regularly conduct satisfaction research of distributors' customer, which touches on various dimensions such as product quality, service quality and market situation, collects opinions from distributors' customers in all aspects, and promotes optimization and improvement to continuously improve our product quality and service level. As of the end of the reporting period, our distributors' customer satisfaction score reached 91.8%.

Customer demand response

We continually upgraded the traditional product and developed a new packaging product with a novel concept that solves consumers' pain points. Due to the sticky nature of oyster sauce products, consumers often experience pain points such as pouring too much or too little, and it is inconvenient to keep the bottle mouth clean and hygienic. To upgrade the consumer experience, we have designed a controlled-volume bottle for oyster sauce products to solve the inconvenience of using oyster sauce in traditional glass bottles and to avoid over-pouring or under-pouring. The new packaging is made of food-grade PET material, which makes it easy for consumers to squeeze out the oyster sauce products, and at the same time, it is easy to keep the bottle mouth clean and hygienic, so that more and more consumers can enjoy more hygienic, convenient and practical seasoning products.



The upgraded Haitian Oyster Sauce squeeze bottle

06

Green operation and environmental action

Haitian regards the green development as the top priority, insists on innovation of products and management, and integrates the green development into its development. We have improved resource utilization rate and tried our best to achieve energy conservation and emission reduction by integrating upstream and downstream industries so as to reduce the impact on the environment and conveyed a concept of sustainable development by Haitian brand.



2022 highlights:

※ Green operation and environmental action

- Haitian has established **5R green packaging principle** (Reduce-Reuse-Recycle-Regeneration-Rejection) for the supply chain, and actively promoted the implementation. Part of the achievements in 2022 are as follows:
 - Reduce: We used lightweight packaging bottle, saving **14,500 tons** of glass, **1,000 tons** of PET particles, **150 tons** of PE, **617 tons** of base paper and **6.5 tons** of film material;
 - Reuse: We reduced the use of disposable packaging, saving **more than 500 tons** of base paper;
 - Recycle: We completed the reserve of **two** cullet suppliers and the applied technology of RPET, laying a foundation for increasing the compliant recycling of packaging materials;
 - Regeneration: We advocated for the use of renewable material and actively promoted the de-filming of paper tag. This action has covered **90%** of the Haitian products;
 - Rejection: We **reject to use** any packaging material with toxic side effects;
- This year, Haitian has optimized procurement model and adopted the patterns, such as supplier on-site production, reducing material transportation by **over 50,000 vehicle-times** and saving transportation packaging materials by **800 tons**.
- Haitian has enhanced the construction of energy consumption detection device and system and has achieved **100%** coverage of its plants, providing a strong guarantee on the cleanliness of energy used by Haitian.
- This year, Haitian production base has taken full advantage of the self-built monocrystalline silicon photovoltaic power generation project, which has an annual capacity of **7 million kWhs**.
- This year, Haitian achieved the substitution of cooling water for tap water for the purposes such as equipment washing by leveraging water treatment technology, saving **over 550,000m³** of tap water, and was included in "**2022 Provincial Water-saving Benchmarking Enterprises List**" released by Department of Industry and Information Technology of Guangdong Province and Water Resources Department of Guangdong Province.
- In the current year, Haitian recovered **over 280,000 tons** of waste and by-products, which were processed into raw materials of feed, with **nearly 100%** utilization of waste and by-products.
- This year, Haitian saved **7,249 tons** of standard coal, equivalent to reducing GHG emissions by over **53,024 tons** of CO₂e, through its energy efficiency renovation project.

6.1 Improving Environmental System

The Company insists on implementing the concept of green operation, strictly complies with relevant laws and regulation such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Air Pollution and etc. and formulates the relevant internal systems accordingly.

6.1.1 Green operation system

National and Governmental Provisions

Environmental Protection Law of the People's Republic of China
Law of the People's Republic of China on Prevention and Control of Air Pollution

Internal Systems

Manual of Environmental Management
Identification and Evaluation Procedures of Environmental Factors
Requirements and User Guide for Environmental Management System
Regulation on Environmental Testing Management
Corporate Environmental Emergency Response Plan
Provisions on Operation and Administration of Boiler Flue Gas Treatment
Emergency Response Plan of Boiler Flue Gas Treatment



6.2 Improving Green Operation Level

During the full - cycle of production and manufacturing, we devoted ourselves to improving green operation level of all links so as to reduce impact on environment in all respects; meanwhile, we promote advanced energy-saving technology and concept to upstream and downstream partners so as to green development on the industrial chain.

6.2.1 Sustainable procurement

Haitian attaches great importance on how to reduce environmental impact during the procurement process of raw materials. Therefore, we promote the procurement of environment-friendly raw materials so as to reduce the impact on the natural and ecological environment caused by the cultivation of raw materials and the acquisition of seafood.

Procurement of Seafood

Haitian gives high priority to the sustainable procurement of seafood. The Company always integrates the concept of "sustainable development of marine ecosystem" into the whole procurement process, joint hands with partners to promote the efficient use of marine pastureland, promote the diversity of seafood to improve product quality, and actively leads seafood partners to carry out harmless treatment on production wastes to maximize the long-term development of marine ecological balance and establish "Blue Ocean Economy".

- Efficient use of marine pastureland:** in 2022, Haitian closely focused on the goal of "high-quality development", preliminarily established species sorting and breeding criteria of seafood. In 2023, Haitian will continue to work with partners to improve industrial system, and improve the yield per mu by optimizing species and aquaculture technology, and finally achieve sustainable output of fishery resources in the marine pastureland area.
- Making full use of the "Blue Granary":** In 2022, Haitian developed a wide range of seafood, and the rich and diverse range of products created more possibilities for making full use of the "Blue Granary", enriching product lines and meeting consumers' diversified demands, and which was more favourable for sustainable development of marine ecosystem;
- Environment-friendly treatment of seafood production waste:** Haitian has been actively advocating seafood partners to carry out efficient and harmless treatment on seafood production waste over the years. In 2022, Haitian's partners used advanced technology in the industry to process over 90,000 tons of oyster shells into soil conditioner, overturning the long-term used treatment methods such as landfill and ash burning in the industry, so as to solve the environmental problems caused by local oyster shells to a greater extent and achieve sustainable ecological development.

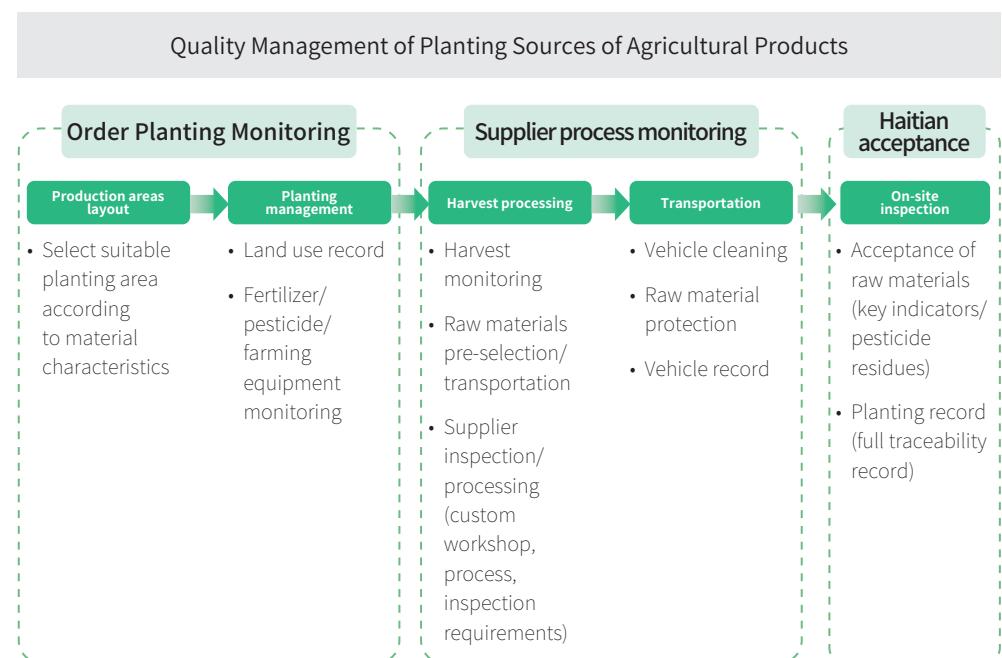
Procurement of other raw materials (including agricultural products)

Haitian adheres to "sincerely making quality-oriented products", continuously makes greater efforts in procurement and application of green raw materials to provide more nutritious and healthier products and services with higher quality for consumers.

- Procurement of green and healthy products:** In 2022, Haitian focused on promoting the procurement of green and healthy products, planning development of organic and green products, and rapidly stored and developed a series of organic and green raw materials including soybeans, wheat, rice, wheat flour, white sugar, vinegar germ, chili pepper, fragrant mushroom and ketchup, etc.

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. Through in-depth layout of upstream and downstream sources, Haitian standardizes each working process and workflow, promotes the supply chain corporates to improve the traceability system and creates a premium supply chain and improves quality and security of food.



Actively guiding suppliers to jointly implement the concept of sustainable development

Haitian actively leads expansion of the concept of sustainable development on the industrial chain by incorporating results of energy conservation and emission reduction into the comprehensive quality assessment on suppliers to build benchmarking cases of sustainably developed suppliers.

- In the past seven years, the energy consumption index of a certain supplier of raw materials has been constantly decreasing, accumulatively reducing water consumption by 7.23 million tons, electricity consumption by 93.41 million kWh, steam consumption by 141,400 tons, and the main restricted emission pollutants COD by 64.6%, ammonia nitrogen by 58.6%, SO₂ by 92.8% and NO_x by 35.7%;
- A certain supplier makes comprehensive treatment on biogas residues and biogas by means of upgrading equipment to produce solid and liquid organic fertilizer. The solid organic fertilizer is directly returned to the farmland while the liquid organic fertilizer is enclosed and returned to the farmland via the underground pipelines, during which a transmission system of underground pipelines as long as one hundred kilometers for liquid organic fertilizer has been built, and a supporting irrigation facility integrating biogas slurry, water and fertilizer has also been built so as to effectively improve the soil and enhance the soil fertility.
- Haitian has successfully promoted a supplier's product process upgrade to achieve energy conservation and emission reduction. The supplier reduces use of natural gas energy by 15 million m³ and use of 7,500 composite packaging tonnage bags per year by means of optimizing process of links such as drying and packaging during the production process.

6.2.2 Green packaging

Under the premise of quality assurance, Haitian actively responds to the national "dual-carbon" policy, establishes and abides by the 5R principle of green packaging to provide consumers with healthier, environment-friendly and green packaging of products to contribute to the environment protection.



Case: Practice case of the 5R principle of green packaging of Haitian

Reduce (light-weighting) - Haitian continues to pay attention to the adaptation of market demand and product performance, achieves light-weighting packaging materials by means of equipment renovation, process upgrade, redesign, and development of new materials so as to use fewer resources to produce better quality products.

- 1 Glass bottles: light weighting of glass bottles with specifications of 800g, 700g, 500g and 260g was achieved so as to reduce utilization of glass materials by approximately 14,500 tons/year and light weighting of more glass bottles will be subsequently promoted;
- 2 PET bottles: light weighting of PET bottles with specifications of 750ml, 800ml, 1.28L and 1.9L was achieved so as to reduce the material used for PET particles by approximately 1,000 tons/year and the coverage rate of light-weighted PET bottles will be subsequently improved;
- 3 Plastic lids: PE raw materials were reduced by 2 tons/year and raw paper by 15 tons/year through simplifying the outer packaging of 2kg plastic handle lid;
- 4 PE cans: gram weights of 6kg, 1.63L and 800ml cans were optimized so as to reduce PE materials used by 150 tons/year;
- 5 Cartons: over 30 carton types were optimized so as to reduce raw paper used by 617 tons/year;
- 6 Roll film: light weighting of film materials was achieved so as to reduce unit roll film used and save film materials used by 6.5 tons/year;

Reuse - Haitian deepens into the upstream of the supply chain, guiding suppliers of raw packaging materials to use reusable outer packaging and reduce the use of disposable packaging so as to build a sustainable development path.

1 Outer packaging of plastic lid: Haitian has continued to transfer the outer packaging of small-sized plastic lid from cartons to reusable iron cages so as to reduce raw paper used by 500 tons/year.

2 Outer packaging of raw materials: in 2022, Haitian changed the outer packaging of a certain raw material to reusable tonnage bags so as to reduce raw paper used by approximately 50 tons/year; in addition, Haitian actively promoted the optimization project of arrival specification of raw materials in accordance with the production site conditions and collaborating with internal and external forces, under the premise of quality assurance, it has greatly reduced the consumption of packaging materials in procurement activities by using big packaging instead of small packaging and simplified packaging instead of big packaging;

Recycle - Haitian promotes the integration of upstream and downstream resources of the supply chain, promoting primary or secondary recycling of packaging raw material to achieve preliminary achievements in broken glass and RPET* materials

1 In 2022, Haitian reserved two suppliers of broken glass and completed application technology reserve for RPET, and took great efforts to achieve recycling of packaging raw materials by deepening into the source of the industrial chain.

Regeneration – Haitian advocates the use of green packaging and guides green consumption, actively promotes the use of renewable packaging materials so as to make milestone achievements on paper tags and film bags, and will continue to practice the concept in the future.

1 Paper tags: Haitian actively removes the film of paper tags, which has covered more than 90% of Haitian's products so as to effectively reduce packaging waste.

2 Film bags: in 2022, Haitian passed the shelf-life verification for environment-friendly film bags and will gradually implement this technology to improve the recycling rate of film materials in the future.

Rejection – Haitian continues 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 to provide consumers with green and healthy products.

* RPET: the recycled PET materials

Key Performance

- In 2022, the proportion of glass bottle products decreased by 3% in Haitian's e-commerce channel, monthly average increase of lightweight products was up to over 100,000 bottles, resulting in reduction of plastic particles by 1,700 tons on a yearly basis;
- During this year, Haitian totally reduced more than 110,000 tons of glass used, which was equivalent to 22 million m³ of natural gas resources saved

6.2.3 Green Logistics

- **Establish a "factory-in-factory" model with suppliers to eliminate packaging and transportation steps.** Haitian establishes strategic partnership with bottle suppliers, allowing the suppliers to establish production lines of bottle in Haitian's factory and directly connecting the suppliers' production lines with Haitian's production lines so as to completely eliminate the packaging and transportation links and effectively reduce carbon emissions. In 2022, Haitian improves coverage rate of lines to 95%, reduce logistics by more than 50,000 vehicles /year, and use of packaging and winding film used by 800 tons/year;
- **Establish an "adjacent factory" model with suppliers to reduce transportation distance.** In 2022, Haitian established strategic partnership with carton supplier by "adjacent factory" model so as to reduce the one-way transportation distance by 50km, thus reducing carbon emissions by 210 tons in 2022. In the future, Haitian will continue to promote the clustering of upstream and downstream resources and build low-carbon supply chain;
- **Reducing energy consumption of transportation by means of using intensive transportation methods and improving loading capacity per container, as well as optimizing transportation solutions for raw materials and selecting transportation means.** Wherein, as of 2022, the coverage rate of marine freight of bulk raw materials such as sugar has reached over 85%, which has greatly saved energy consumption during the transportation.



Case: Haitian continuously promotes optimization of logistics model and transportation means

Optimizing logistics model: improving turnover rate and proportion of multimodal transport

- Improving turnover efficiency of factory-to-terminal of Haitian Gaoming: the number of weekly transfers by drivers increased from 2 trips per day to 4.5 trips per day, increasing the efficiency of turnover trips by 1.25 times, which can reduce exhaust emissions through reducing the number of vehicles by increasing the turnover rate.
- In 2022, Haitian promoted multimodal transport in multiple regions, the proportion of multimodal transport was improved from 1% in 2021 to 4% in 2022, reducing carbon emissions of transport per ton.



6.2.4 Green Office

- Haitian promotes internal and external paperless office.** In 2022, Haitian promoted the project of electronic procurement contract. After the project is implemented, electronic contracts have replaced paper contracts to a large extent, the signing rates of electronic contract in the year reached more than 68%. Meanwhile, we actively promoted our partners to join the activity of paperless office. The implementation of electronic delivery inspection reports for packaging materials provided by the suppliers since July 2022 had significantly reduced the use of office printing paper.

• **Reasonably planning lighting design in the plant area to make full use of natural lighting.** The lighting design in the plant area of Haitian makes full use of the natural lighting conditions to install "skylights" in reasonable locations in the plant area, so that the natural lighting can provide sufficient light for the plant area through the windows and reduce the electricity consumption.

• **Advocating the concept of green office.** Haitian leads its employees to actively participate in actions related to energy saving and emission reduction and contribute to building a green energy-saving and low-carbon development society. We lead our employees to focus on electricity saving, water saving, paper saving and green commuting in daily office, etc. to create a low-carbon and environment-friendly green office atmosphere. We use energy-saving lighting sources in all respects and control the switch of the air conditioning system according to temperature change in different seasons; strictly monitor water consumption in office areas and regularly inspect and maintain the water pipe network to reduce waste; build online office systems and video conferencing systems to reduce staff travel and promote the use of new energy transportation vehicles.

• **Promoting environment-friendly awareness.** Haitian popularizes the concept of energy-saving, emission reduction and green office to employees by releasing publicity materials of corporate culture, conducting flash mob of "cultural mobile booth" and setting up a "green and low-carbon" booth.



Promotion activity of green office developed by Haitian

6.3 Energy Conservation, Emission Reduction and Waste Management

6.3.1 Systems of energy management

The Company strictly abides by relevant laws and regulations including the Energy Conservation Law of the People's Republic of China, the Clean Production Promotion Law of the People's Republic of China, the Metrology Law of the People's Republic of China, the Circular on the Issuance of the Implementation Plan for the Energy Conservation and Low Carbon Action of Ten Thousand Enterprises, the Decision on Strengthening Energy Conservation Work, the Comprehensive Work Plan on Energy Conservation and Emission Reduction, the Circular on the In-depth Implementation of the National Energy Conservation Action", the Administrative Measures for Industrial Energy Conservation and the Administrative Measures for Electricity Conservation. Meanwhile, we have formulated files and documents regarding energy management procedures including the Energy Management Manual, the Energy Management System, the "Administrative Provisions on Steam Utilization of Haitian (Gaoming), the Administrative Provisions on Temporary Energy Utilization, the Administrative Provisions on Compressed Air Utilization, the Administrative Provisions on Electricity Supply and Consumption, the Control Procedures for Management Program of Energy Consumption Quota Targets and Indicators, the Procedures for Energy Monitoring-Measurement-Evaluation, the Guidelines for Discovering Energy Conservation Opportunities", the Administrative Provisions on Maintenance of Energy Metering Apparatus of Haitian", etc. in accordance with our goals of green and sustainable development; in addition, the relevant policies formulated by the government of the regions where different plants are located will be followed.

Key Performance

- Factories of Haitian reached a coverage rate of 100% for testing energy consumption.
- As of 2022, Gaoming base, the largest production base of Haitian, had established a management system in accordance with ISO 50001 Standard.
- Haitian was awarded with the green medal of "Environmental Credit Evaluation of Enterprises in Guangdong Province"

6.3.2 Reducing emissions

In addition to our strict management system for GHG emissions, we also have strict control standards for other exhaust gas such as particulates (flue dust), SO₂, and NO_x emissions. In 2020, Haitian completed the emission renovation for the production boilers to make emissions of boiler flue gas meet the "ultra-low emission" standard of "Emission Standards of Air Pollutant for Boilers in Guangdong Province" (DB44/765-2019). Dust removal efficiency was improved to $\geq 99.8\%$, and comprehensive desulfurization efficiency $\geq 97\%$.



Case: Haitian reduces GHG emissions by multiple measures

1. Recycling project of wastewater and biogas

- Add pressure booster and stabilization system, conveying system, combustion system and self-developed program control system of combustion control for biogas so as to recycle the biogas;
- During the reporting period, the Company recycled a total of 3,133,800 m³ of biogas and reduced GHG emissions by 37,964 tons of CO₂e;
- In 2022, the Company generated 21,794 tons of steam for recycling via this project.

2. Recycling project of residual heat and steam

- (1) The new recycling project of residual heat was completed and put into use in June 2022, 1,041 tons of steam consumption and 305 tons of CO₂e were reduced in the year;
- (2) Haitian launched recycling projects of steam condensate heat, air compressor heat and secondary steam residual heat in 2022, 43,321 tons of steam consumption, equivalent of saving 4,549 tons of standard coal, and 12,693 tons of CO₂e were reduced in the year;



Key Performance

In 2022, Haitian saved 7,249 tons of standard coal, equivalent to reducing GHG emissions by over 53,024 tons of CO₂e, through its energy efficiency renovation project.

6.3.3 Saving water resources

Based on strict compliance with relevant laws, regulations and policies such as the Water Law of the People's Republic of China, the National Action Plan for Water Conservation and etc., Haitian has formulated management systems for water consumption such as the Assessment Measures for Water Consumption Quota and the Administrative Provisions for Condensate Recovery System based on the sustainable development demands of the industry, so as to strengthen management of target water consumption, reduce the impact of production and operation on local water resources, raise awareness of water conservation of upstream and downstream of the industrial chain, to strive for achieving the ultimate goal of sustainable development and perpetual utilization of water resources.

We directly or indirectly reduce water consumed by production via continuous promotion of water saving projects such as condensate recovery, cleaning optimization, recovery of steam exhaust and renovation of plate heat exchanger. Meanwhile, each operating base adjusts measures for recycling of water resources and saving water based on its own production links.

In January 2023, Foshan Haitian (Gaoming) Flavouring and Food Co., Ltd. was selected in the "List of Water-saving Benchmarking Enterprises at Provincial Level in 2022" issued by Department of Industry and Information Technology of Guangdong Province and Water Resources Department of Guangdong Province.



Recycled water reuse

To save water resources, Haitian attaches great importance to the reuse of recycled water*. Upon recovery of recycled water, the plant area will use it for spraying exhaust gas arising from the fermentation, etc. to improve the utilization rate of water resources. In 2022, Haitian Gaoming plant recovered and utilized a total of 18,000 m³ of recycled water.



Steam condensate recycling

By applying the automatic detection system for steam condensate, Haitian ensures that the index of recovered condensate meets the requirements of the boiler, so as to reuse qualified condensate to the boiler, recovering heat energy and reducing the use of tap water. In 2022, a total of 280,495 m³ of steam condensate was recovered and utilized upon implementation of the project.



Cooling water recycling

Haitian's production bases reuse the recycled cooling water in accordance with relevant rules and regulations so as to improve the utilization rate of cooling water and reduce the direct use of tap water and drainage capacity, avoiding waste of water.

Wherein, Haitian soy sauce BD used cooling water instead of tap water by relevant technical means for cleaning equipment and other purposes, saving more than 550,000 m³ of tap water.



Recycling of Wastewater from factories and offices

Haitian's plants set up the wastewater treatment station to collect and treat wastewater generated from each project and domestic sewage generated by employees. The effluent after being treated by the self-built wastewater treatment station meets the relevant discharge standards issued by the government, and then will be discharged after being further treated by the wastewater treatment plant through the municipal sewage network and meeting relevant standards.

* Recycled water: Refers to non-potable water that can be used for purpose of household, municipal and environmental water after various types of discharged water has been treated to meet the specified standards for water quality.

6.3.4 Proper treatment of waste

Haitian promises to effectively manage and reduce discarded waste and promote recycling of resources throughout its business operations so as to facilitate transformation of recycling economy. We set up relevant targets and continuously improve our performance in waste management and high-value utilization by assessing the impact of the waste generated by our business and take waste reduction and carbon emission reduction during the procurement process into full account.

The Company classified daily waste and had different treatment methods for hazardous waste and general solid waste:



Hazardous waste

Haitian has strict requirements on environment management during the whole process of production, collection, storage, transportation, utilization and disposal, upgrades and renovates the temporary storage sites of hazardous waste by law and appoints qualified third-party disposal units for resource utilization or harmless disposal so as to strive to reduce the impact of hazardous waste on the environment.



General solid waste

We actively explore and apply new methods and technologies to reduce the generation of solid waste and improve the efficiency of integrated recycling by means of promoting internal and external integrated utilization and technological empowerment.

In 2022, Haitian recycles more than 280,000 tons of waste and by-products, used for conversion of raw materials of feed or for harmless treatment, with the utilization rate of waste and by-products approached 100%.

Subsequently, Haitian will continue to make investments to turn waste into treasure and recycle high value work and strive to maintain the utilization rate of waste and by-products at 100%. As the production value continues to rise, Haitian will keep the high-value development of investments in waste and raw materials of by-products at the same time to achieve win-win situation of commercial value and social value.

6.3.5 Application of new energy

We attach great importance on development and utilization of new energy and hope implement relevant energy-saving and low-carbon measures in each link of the Company so as to practice energy conservation and emission reduction and facilitate low-carbon life.



Case: Application of new energy: high-efficiency monocrystalline silicon photovoltaic power generation project

Haitian has invested approximately RMB 27 million in the project of photovoltaic power generation, which covered an area of about 70,000 square meters, used high-efficiency monocrystalline silicon photovoltaic panels for key devices, with the annual power generation capacity of about 7 million kWh. After it was launched in 2022, Haitian's production bases used a total of more than 2.87 million kWh of electricity generated by photovoltaic power generation project, saved 353 tons of standard coal, and reduced emissions of 2,062 tons of CO₂e.



The project of monocrystalline silicon photovoltaic power generation of Haitian

07

Employee development & industrial win-win

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 optimize 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.



2022 highlights:

※ Employee development and industrial win-win

- At the meantime of satisfying its own demands of development, Haitian also actively creates quality jobs for the society. This year, we have recruited a wide range of employees from the society and colleges and universities, providing **1,647** jobs for the society. Among the newly recruited employees, the fresh graduates accounted for **8.7%**, covering **more than 100** colleges and universities home and abroad.
- This year, the female staff accounted for about **19.5%** among the management and **22.2%** among the board members.
- This year, the Company has organized a variety of employee welfare activities, with **more than 34,000** participants. This greatly improve employee happiness.
- This year, the Company has helped **93 employees** improve academic qualifications through Oneiromancy program.
- This year, Haitian has provided physical examination benefit for **more than 5,500 employees**. In order to ensure the health of front-line production employees, on the basis of routine physical examination items, we provided extra physical examination items for **over 2,200** front-line production employees.
- This year, In order to better protect the safety and health of employees, we have carried out special safety trainings and emergency drills for total **9,873 person-times**.
- This year, the Company has actively explored employee mutual help mechanism, bringing **care and warmth to total 5 families** in need.
- In 2022, Haitian obtained ISO 450001 certification for **another 2 production bases**.
- Haitian has carried out supplier trainings, covering **production safety, quality control, business ethics** and other aspects so as to improve the suppliers' sense of responsibility and compliance level.
- Haitian advocates for open and transparent cooperation. **100%** of suppliers have **signed the Integrity Agreement** with the Company.



7.1 Development in Haitian

7.1.1 Recruiting talents

Haitian is committed to the concept of attracting all talents available and employing only those who are really talented. Haitian attracts and selects talents in a more fairly, impartially and scientifically manner by formulating recruitment management system, innovating and optimizing recruitment channels so as to timely obtain excellent talents for the Company.

7.1.2 System building

To standardize the recruitment, we have formulated the Company's Recruitment Management System, which clarifies the recruitment process, responsibilities of organizing recruitment and prevention of recruitment risk to avoid non-compliance behaviors in the recruitment process, for example, the Company shall avoid hiring immediate family members of the Company's middle-level and senior leaders; during the interview process, interviewers shall proactively recuse themselves if they meet their classmates, friends or former colleagues so as to avoid nepotism and impartiality, and provide a fair, impartial, open and transparent development opportunity for everyone.

7.1.3 Channel supporting

We actively attract external talents based on the Company's demands, continuously explore quality recruitment channels, maximize recruitment resources, and attract employees of different levels and backgrounds to join us. Meanwhile, in the recruitment process, we adopt a multi-dimensional personnel selection method to ensure the matching of personnel with the Company's positions.

Social recruitment:

We provide key positions to attract senior talents from the society to join us so as to stimulate the vitality of the Company and promote sound business development.

Campus recruitment:

We cooperate with government agencies and external third-party human resource agencies to carry out a series of recruitment activities such as campus recruitment in spring and autumn, "Talents Attracting Activity in Foshan", etc., and take online recruitment by taking advantages of the Internet. We continue to create diversified job-hunting channels offline, such as social channels, private resources, school-enterprise cooperation, marketing challenges and other campus activities, etc. Meanwhile, we invite job seekers to visit our internal office environment and industrial parks via the "Open Day Activity" to enhance the job seekers' experience, provide them with more perspectives for their evaluation and rational selection opportunities.



Key performance

Based on our own development needs, we strive to create more employment opportunities for the society. In 2022, we employed a total of 1,647 employees, including graduating students accounting for 8.7% from over 100 universities and colleges both at home and abroad.

7.1.4 Protection of rights and interests, and diversity and inclusion



Compliant employment

In strict accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other various laws and regulations on the labor and social security system, Haitian fully implements the labor contract system, so as to promote the formation of a good employment environment and harmonious labor relations.

The Company has founded a trade union composed of employees in different positions and at different levels basically serving all staff, which provides solid organizational conditions for protecting labor rights and interests.



Prohibition of child and forced labor

Haitian explicitly prohibits child labor, and has developed corresponding policies and complete preventive measures for critical links such as recruitment and employment to prevent child labor. For example, before any labor applies for a work card or signs a labor contract, the system will verify ID card and other personal information, and automatically remind the labor not to go through relevant procedures as soon as it finds that the labor is under 18, so as to prevent the employment of child labor.

Haitian explicitly stipulates in labor contracts that forced labor is prohibited, and we effectively control the rationality of personnel scheduling and organize employee signature confirmation through systems like the Administrative Measures for Employee Attendance and Leave and the information system, to standardize employee attendance and ensure employees' rest and leisure.

In 2022, Haitian had no incidents of non-compliance with laws and regulations related to child and forced labor.



Special protection of women's rights and interests

By earnestly implementing 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 Employees and other laws, regulations and policies, we explicitly prohibit any harassment and bullying, and work to provide employees with a working environment free from harassment and bullying. We conduct training on the risk prevention of indecent incidents and strengthen workplace protection for female employees. In case of infringement of the rights and interests of female employees, we will develop a clear sexual harassment investigation and handling process and maintain zero tolerance for sexual harassment, and set up a special complaint hotline and mailbox as well as smooth complaint channels, and keep the identity of whistleblowers confidential.

For female employees who are about to or newly become mothers, to fully support their work-family balance, we provide maternity leave, maternity leave, breastfeeding leave, 1 hour of maternity rest per day, baby care rooms and other leaves, benefits, and facilities.



Diversity and inclusion

We are committed to providing employees with a diverse and non-discriminatory working environment, instead of treating employees differently on the grounds of gender, ethnicity, race, religion, age, marital status, family status, disability, etc. We recruit people from all over the world and different nationalities, treat each employee of different races, nationalities, genders and ages fairly and equitably, fully respect their freedom in religious beliefs, dietary habits, special holidays, etc., continue to purify relationships between colleagues and partnerships, and provide each employee with equal, open, diversified and transparent development opportunities.

As of the reporting period, the female staff accounted for about 19.5% among the management and female board members accounted for 22.2% of the board.

7.1.5 Employee evaluation and benefits

Adhering to the renumeration concept of "high renumeration, high efficiency and high responsibility" and the concept of all-round motivation, Haitian works to build a fair and competitive pay-for-performance system, providing employees with diversified benefits and enhancing their sense of belonging.

Performance evaluation

Haitian has established a complete employee performance assessment system. Adhering to the concept of "more pay for more work, more pay for good job", we implement the "dual drive" system of organizational 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 organizational vitality and creativity.

Remuneration system

Haitian designs a targeted renumeration system and structure, implements a comprehensive renumeration system including monthly salaries, bonuses, allowances, benefits, and long-term incentives, and pays employees in full and on time. Furthermore, we have formulated employee renumeration systems such as the Employee Remuneration and Reward System and the Administrative Measures for Vocational Qualification to promote employees to make contribution based on their positions; we have also built a fair, equitable, high-quality and efficient renumeration distribution system, and created a competitive renumeration system, so as to arouse employee motivation, and form a virtuous circle of creating value and raising income, and further stimulate the vitality of the organization and employees, and achieve win-win development of the enterprise and employees.

Diversified benefits

Haitian has built a diversified welfare system covering statutory benefits, basic benefits and characteristic benefits. To comply with the requirements of relevant labor laws, regulations and policies, we implement the requirements of policies and regulations such as the Labour Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China and the Regulations on Paid Annual Leave for Employees, pay social security and housing provident fund for employees, and protect employees' annual leave, marriage leave, funeral leave and other statutory holidays; we provide policies and facilities for female employees such as prenatal check-up leave, maternity leave, breastfeeding leave, an hour of maternity rest per day, and baby care rooms. On this basis, we provide employees with additional benefits such as inclusive benefits and characteristic benefits to enhance wellbeing and better care for their lives:

- Inclusive benefits: We provide employees with meal subsidies, medical examinations, commercial insurance, holiday gifts, travel subsidies, hardship subsidies, etc.
- Characteristic benefits: We provide employees with personal value-added allowances, help employees achieve their dreams of pursuing college education, etc.

7.1.6 Employee activities and care

It has always been the Company's goal to make every employee feel the wellbeing with Haitian's characteristics. We attach close importance to the physical and mental health of employees, for more balanced work-life, we have built employee activity centers to provide employees with free gyms, indoor basketball courts, badminton courts, table tennis rooms, dance studios, reading rooms, calligraphy, painting rooms and other places of activities; we have also established associations of basketball, badminton, table tennis, football, etc., and organized employees to do physical exercises regularly. Meanwhile, the Company has actively organized various activities such as team building, tourism, traditional holiday garden party, and internal and external interactive social events, to enrich staff's cultural life, create a pleasant working environment, and enable employees to work efficiently and live happily. In 2022, employee activities organized by the Company attracted 34,000 person-times participation in total.

Diversified activities

1

2

Case 1: Haitian's Cultural Pop-up Event (National Day Session)



With cultural pop-up activities as a bridge between employees and the Company , we positively guide employees to understand corporate culture covering patriotism, green and low-carbon, integrity and self-discipline, and quality orientation, so as to help employees better integrate into Haitian and enhance their wellbeing at work.

Case 2: Characteristic Activities on Holidays



Spring Festival: We carried out activities such as the Spring Festival garden party, the New Year dinner of employees who stayed at Foshan for the Spring Festival, and gifts to employees on duty on the New Year's Day to create a happy and peaceful festive atmosphere for employees during the Spring Festival.



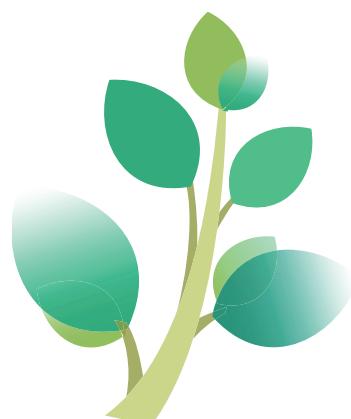
Women's Day: On the special holiday exclusively belonging to women, we gave holiday gifts to female employees; a number of female employees attended quality improvement courses organized and launched by us such as first aid skills training, accidental injury prevention, and household storage.



Dragon Boat Festival: To strengthen communication among departments, enrich the sparetime cultural life of employees, enhance team cohesion, and propagate Chinese traditional culture, we organized a series of activities with strong festival characteristics before and after the Dragon Boat Festival.



Mid-Autumn Festival: Before the Mid-Autumn Festival, we launched activities such as garden party, traditional festival games, Han clothing cosplay, DIY palace lanterns and handmade mooncakes, to present a Mid-Autumn traditional cultural feast for employees.



Case 3: Summer Cooling Activity



During the hot spell in summer, we launched summer cooling activities and distributed refreshing drinks to employees, so that they could feel cared by the Company.

Case 4: Sports Carnival Series Activities for Employees



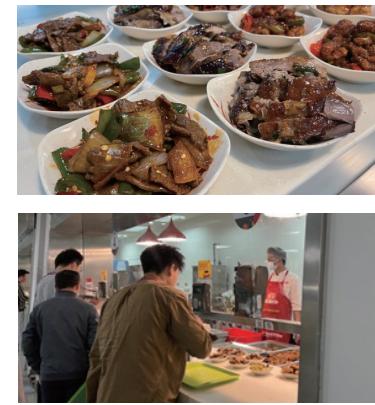
Through the combination of ball league and fun games, a platform was built for employees to communicate with each other and show their styles. In 2022, a total of 23 competition teams from 13 business departments/subsidiaries participated in the competition of four major events: football, basketball, badminton and table tennis; over 20 teams of parent-child families were involved the Parent-Child Fun Games.

Case 5: Social Events for Single Youth

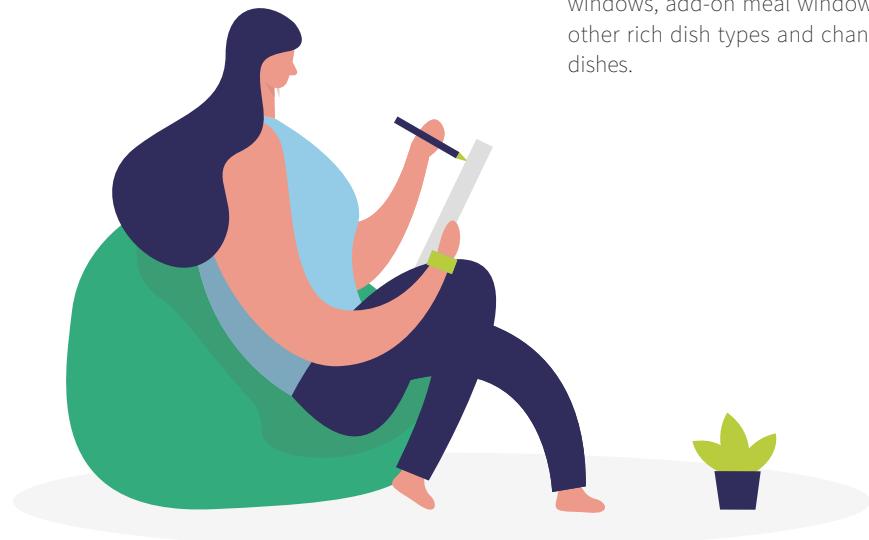


In order to build a dating platform for single young employees, enrich the spiritual and cultural life of young employees, and enhance their wellbeing and sense of belonging, we organized and launched an outdoor frisbee social event to provide opportunities for employees of the Company and surrounding businesses to enhance mutual understanding.

Case 6: Improvement of Dishes in Staff Canteens



Haitian cares for healthy diets of employees. In 2022, we improved the quality of dishes by adding one-dish-one-price windows, special meal windows, add-on meal windows and other rich dish types and changes in dishes.



Timely care for needy employees

Haitian took an active part in helping and comforting needy employees, and applied for the Company's Sunshine Fund for employees. In 2022, we brought hope to 5 needy families through the Sunshine Fund.



Key performance

- In 2022, Haitian offered health checkups to its employees over 5,500 person-times in total. To further protect physical health of employees at the production line, we have provided a supplementary health check-up program for employees at the production line over 2,200 person-times in addition to routine health checkup items.
- In 2022, Haitian offered more comprehensive health protection benefits for its employees, further optimized commercial insurance solutions, and purchased commercial insurance for over 70% of its employees.

7.1.7 Communication and interaction with employees

Haitian highly values the voice of employees, and continues to build smooth two-way communication channels between the Group and employees, so that employees can jointly participate in enterprise construction. We strive to protect the rights of employees to communicate at work from three aspects: "company information acquisition and publicity", "advice and suggestions for the Company" and "complaints and whistle-blowing", and accept overall supervision to create a healthy working environment.

Company information acquisition and publicity

We communicate the Company's policies, management orientation and enterprise information to employees by continuously building and refining information platforms, constantly organizing learning, etc., such as intimate brothers (sisters), team skill exchange and team symposiums.

Advice and suggestions for the Company

The Company highly values the opinions of employees, and encourages employees to offer advice and suggestions in the form of rationalization proposals. Each year Haitian launches employee satisfaction surveys regularly, and organizes staff symposiums to better protect employees' rights and interests. In 2022, we collected over 7,000 rationalization proposals from employees through various channels.

Complaints and whistle-blowing

Through the appeal/complaint/whistle-blowing platform built by us, employees can complain and blow the whistle on the Company's issues, which better protects employees' rights and interests, enables employees to take an active part in enterprise construction and sustainable development, and helps create an equal, respectful and diversified working environment.

7.1.8 Employee training and development

Diversified training system

According to the Training Management System, to integrate the needs of business development and employee growth, Haitian has built a diversified employee training system to provide employees with learning opportunities of self-challenge and continuous development. Moreover, to effectively improve both efficiency and accuracy of talent training, we have built a talent training system around the concept of "empowering employee growth, driving business development", and offered training at different levels based on job requirements, business requirements and employee perspectives.



New employee training programs

- **"Sailing Training Camp for Haitian Artisans" - talent development program for undergraduates and above fresh graduates**
Based on development needs of fresh graduates at all stages, coupled with characteristics of the new generation staff, we adopt the modes of theory + practice, online + offline, and tutor-led teaching to improve fresh graduates in terms of general quality, professional skills and cultural integration, so as to help them complete role transition as soon as possible, adapt to the workplace environment, and become familiar with corporate culture faster. In 2022, we offered nearly 3,000 hours of intensified training to new employees recruited from colleges, with average training duration per capita of 37 hours.
- **"Inclusive Training Camp" - onboarding training for socially recruited new employees**
In view of the various problems that new employees may encounter at each stage of recruitment, we help new employees recruited via social media clarify their job contents and development paths through tutor-led teaching and interviews with supervisors; by means of online course learning, offline intensified training, front-line production visits, fire drills and other training forms, we help new employees master the basic knowledge and skills after joining the Company. As of the reporting period, the Company has offered a total of 18 offline intensified training sessions, covering 1,860 person-times.
- **"Training for New Employees at the Production Line"**
To enhance the ability of employees to adapt to the working environment, and strengthen their production safety awareness and quality awareness, we have opened training courses for new employees at the production line. The training contents cover corporate rules and regulations, food hygiene knowledge, and safety production theoretical knowledge. In 2022, we have trained over 600 new employees at the production line with the training completion rate of up to 100%.



Ability and literacy training programs

○ "Drawing Sword Plan" - project manager talent training

To strengthen professional and management capabilities of our current R&D project manager team, and consolidate the building of project manager talent team, the Company combines external course introduction with internal excellent experience sharing to help trainees accelerate growth from different dimensions such as thinking innovation, project management and team management, and ensure the long-term sustainable development of the project manager team. In 2022, we launched the Phase I project training covering a total of 194 person-times in 1,218 training hours, with average training duration per capita of 49 hours.

○ "Pilot Plan" - module leaders reserve

To assure the Company sufficient high-caliber talents and build a solid middle and grassroots management team, we launched the "Pilot Plan" talent training program to cultivate business module leaders and their successors. Through internal recommendation and screening, a total of 52 talents were selected for this training program, covering a total of 224 person-times, with total training duration of 1,141 hours and average training duration per capita of 22 hours. During the one-year training period, trainees have provided better support for the Company and its businesses, and assisted the Company in achieving its business goals.

○ "Sailing Plan" - expatriate reserve and training

As its business layout spreads many parts of the country, to reserve expatriates in advance and improve the competence of talents, the Company launched the "Sailing Plan" talent training program. In Phase I, a total of 65 talents were selected through open recruitment and internal recommendation, covering a total of 1,281 person-times, with total training duration of 1,763 hours and average training duration per capita of 27 hours. Through a six-month training session as well as examination and assessment, the training program has enhanced the comprehensiveness and risk compliance awareness of expatriate management, and ensured that reserve expatriates can undertake responsibilities of new positions quickly.

Smooth promotion channels

Haitian has built a scientific, fair, smooth and driving management system for employee career development to help employees expand their career development space and promote the common growth of employees and the Company. The Administrative Measures for Qualifications explicitly divide career development channels of employees into management order, technology order, professional order and blue-collar order, and employees can develop in multiple paths either upward along the orders or horizontally across the orders. Furthermore, we have also refined post qualifications, sorted out and standardized qualification standards using the "3D+E" model which involves the four dimensions of job responsibilities (Do), capability and quality (Display), key accomplishments (Deliver) and work experience (Experience), and established a capability and quality database to perform quantitative capability evaluation.

We lay emphasis on both fairness and openness of employee promotion procedures. Therefore, we enable employees to clearly understand promotion standards, participation process, and final results through the information system, and guide employees to improve skills and outputs with reference to qualification standards, so as to achieve the common development of employees and the Company.



7.1.9 Occupational health and safety

Haitian puts a high value on the health and safety of employees, fully protects employees' occupational safety, and strives to create a safe and comfortable working environment for employees. We have developed a series of management systems and measures for employee health and safety, such as the Management System for Occupational Health and the Management System for the Production Safety Target, and explained and standardized safety rules such as factory operation areas, special hazardous operations, and emergency material management in detail. Besides, we have established an occupational health and safety management system according to ISO 450001, covering occupational safety management involved in the production and distribution of condiments. During the reporting period, two new bases of the Company have obtained ISO 450001 occupational health & safety management system certification. In the future, we will continue to promote more factories to obtain relevant occupational health & safety system certifications.

Safety management structure

We have clarified safety responsibilities at all levels of the factory, and successfully built a standardized, regulated and refined safety management structure. Haitian has established the Production Safety Committee as the leading organization for production safety, which is composed of key executives of the Company and leaders of each module. Meanwhile, to form the Company's safety execution team to take charge of daily safety management within the business entity, each business entity of the Company sets up a corresponding number of safety management personnel according to the scale or industry risk levels.

The Company's Production Safety Committee convenes a special occupational health and safety meeting quarterly to discuss the fulfillment progress of safety goals, the implementation of safety work requirements, future safety work plans, etc. By collecting employees' suggestions, performing satisfaction survey on working environment among employees, giving feedback on safety training effect, etc., we understand the opinions and suggestions of non-management employees on the Company's production and operating activities, working environment safety and other modules.

Safety risk prevention and control

Haitian regularly identifies and controls potential risks in each workplace, and sets job safety standards based on evaluation results, covering 100% of production positions, to ensure both health and safety of employees' working environment. In 2022, the Company performed a total of 158 inspections including routine self-inspection by workshops and posts, monthly joint inspections by branches and the Business Department, and irregular special inspections by the Safety Department, comprehensively checking and clearing potential safety hazards.

Safety culture building

To create an occupational health and safety culture atmosphere involving all staff, Haitian has organized and launched a variety of safety culture activities to. In 2022, through cultural activities such as "Production Safety and Public Safety Courses", "Family's Message on Safety" and "Fire Emergency Skills Competition", we fostered employees' awareness of "individuals are responsible for personal safety, being safe is the responsibility for family", and effectively improved the team's emergency response skills.

Occupational health and safety training

We put the emphasis on employee safety training, strengthen the fostering of employees' safety awareness, organize regular drills, and carry out training and publicity among safety officers to boost the safety management level of relevant personnel. The Company strictly implements the three-tiered safety education and training among new employees, and requires 100% of safety management personnel and special equipment operators to take appointment with certificates. In addition, the Company implements the "daily safety training" among on-the-job employees, and employees take turns every day to share post safety knowledge before shifts, so as to intensify employees' sense of participation and facilitate the improvement of safety awareness and skills. In 2022, we carried out a total of about 9,873 person-times of special safety training and emergency drills, and a total of about 191 person-times of training on safety technology and specifications among equipment management personnel.



Case: Special Improvement During Hot Spell

As extreme heat became more frequent and intense this year, to ensure employees' physical and mental health, the Company has implemented 162 special improvement projects for extreme heat and employee health and safety work projects by increasing and upgrading air-conditioning cooling facilities, equipping with mobile individual cooling facilities, rationally optimizing the staff scheduling mechanism, providing heatstroke prevention drinks and drugs logistics support and other means.

For example, we set up a soundproof room in the packaging workstation in a workshop to reduce the intensity of noise; we set up air conditioners in the packaging workshop and create pleasant working environment for employees.

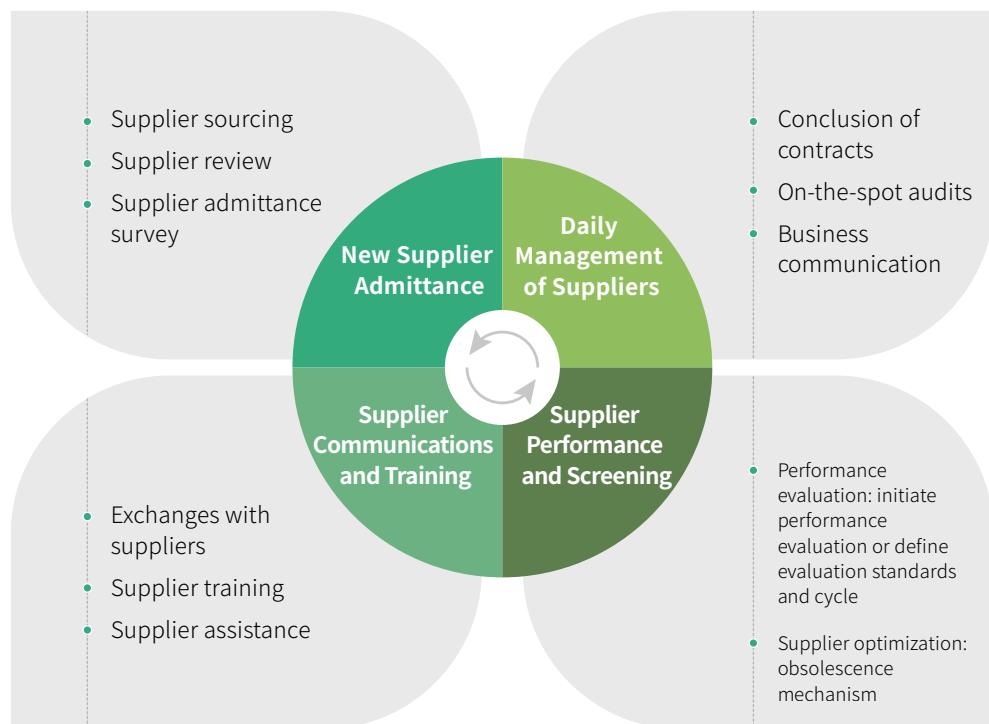


7.2 Developing a Mutually Beneficial Supply Chain System

7.2.1 Full process supply chain management

Adhering to the strict-in & strict-out and green management concepts, Haitian performs comprehensive and systematic management throughout the supplier lifecycle on the partner platform (SRM system). Through the online management of supplier admittance, contract signing, order placement, performance evaluation, supplier obsolescence, Haitian improves the supply chain operational efficiency, so as to enhance the agility of the supply chain, minimize risks of the supply chain, and drive the sustainable development of upstream and downstream industries.

Full process management of Haitian's suppliers



Case: Haitian implements the systematic procurement process management of the Partner Platform (SRM)

From 2018 to 2021, Haitian promoted a number of industry-leading information-based collaborative systems featuring comprehensive collaboration and instant response such as intelligent manufacturing and smart supply chain, and realized "seven collaborations" including qualification collaboration and planning collaboration, so as to achieve the collaborative management and supplier management throughout the full life cycle.

Management utilizing the informatization-based and intelligent system resulted in a management mode and platform of "co-construction, co-management, sharing" internally, and a fair, transparent and responsive collaboration mechanism and communication channel of "order-driven quality" externally.

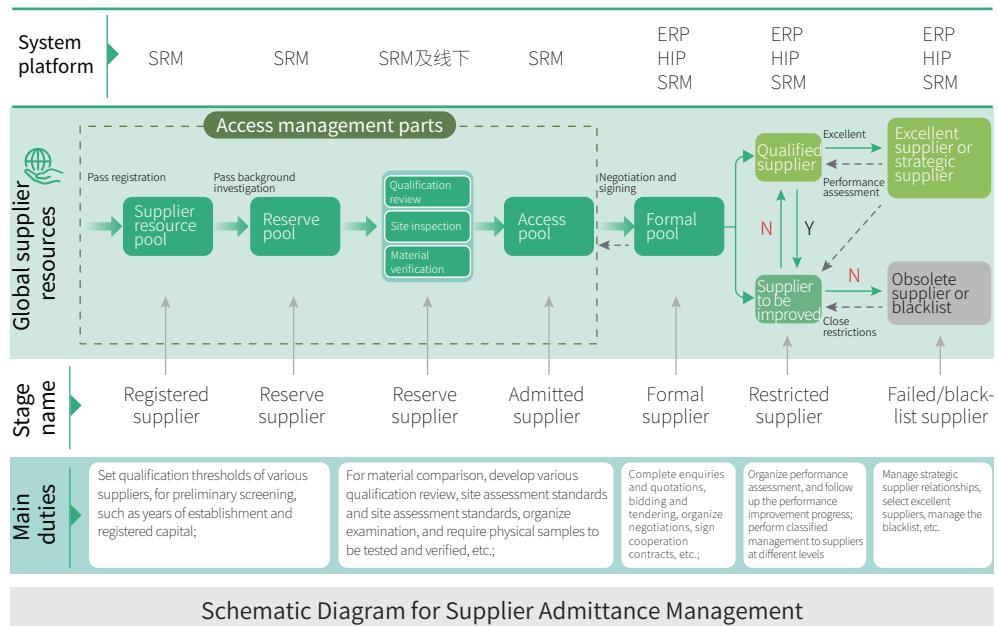


Schematic Diagram for Coordinated Management and Supplier Management Throughout the Whole Life Cycle on SRM

New supplier admittance

Though Haitian welcomes various excellent suppliers to contact and communicate, it develops strict review standards and procedures in terms of supplier admittance, performs background checks to suppliers' basic qualifications, technology and production capacity, equipment level, enterprise credit, etc., and conducts site inspection, sample certification and other procedures for reserve suppliers, so as to ensure that admitted suppliers meet Haitian's requirements and have the potential for long-term cooperation and sustainable development, which lays a good foundation for subsequent quality management, supply management, cost management, etc.

In 2022, Haitian had 73 new suppliers. As of the end of the reporting period, Haitian had a total of 504 suppliers.



Daily supplier management

Haitian performs daily management to suppliers in terms of clause constraints, on-the-spot audits, business communication and assessment mechanisms. After establishing the partnership, Haitian has signed the Integrity Clauses with all newly admitted suppliers, to ensure that suppliers have sufficient business ethics to guarantee supply safety as well as standardized and systematic production management.

Each year, Haitian assesses and classifies suppliers to promote continuous improvement of operating management level.

Cooperation with suppliers and supplier training

Being keenly aware of the significance of cooperating with stakeholders including suppliers, Haitian takes the initiative to link partners in upstream and downstream industries by organizing communication, exchange and training, and strives for common development along with suppliers.

Haitian has built a communication bridge with suppliers for information exchange, and realized a transparent, fair and healthy procurement platform for supplier admittance, contract, quotation, order execution, settlement and continuous performance optimization.

In addition, Haitian also attaches great importance to supplier training in terms of integrity management, quality and safety, social responsibility, etc., so as to guide standardized and sustainable development of the supplier team.

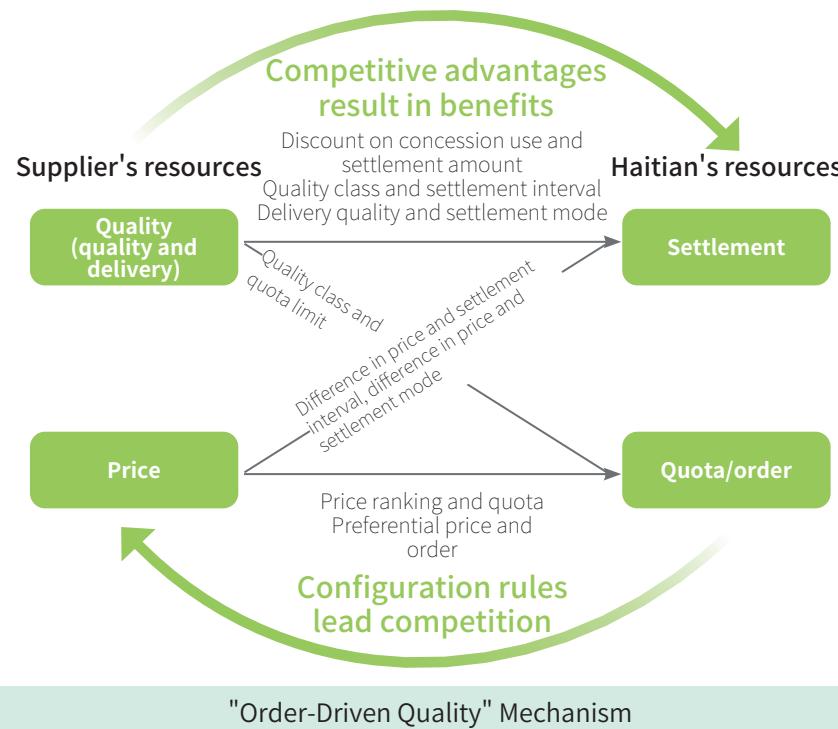
Supplier performance and optimization

Through performance assessment, Haitian guides 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. 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.



Case: "Order-Driven Quality" Mechanism

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 realize 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.



Distributor Management and Improvement

Haitian attaches great importance to establishing a long-term win-win relationship with dealers, and is committed to creating an open, fair and sunny relationship for dealers.

To this end, we sign the "integrity Agreement" with 100% of dealers and provide a variety of reporting paths to facilitate the exercise of supervision by dealers; We invested more than ten million yuan to independently establish a sales platform, complete the online management of "company → dealer → store", and meet the needs of dealers to place orders and provide after-sales service. At present, 100% of dealers have settled in the sales middle office system to help the electronic and efficient development of sales work.



Case: Haitian hold dealer training and communication meetings

In order to further deepen the cooperation with dealers, Haitian held more than 160 dealer training and communication meetings throughout the year to empower dealers and promote steady improvement of performance.



7.2.2 Supply chain risk prevention and control

In introducing and cooperating with suppliers, Haitian has been keeping an eye on the overall risk level of the supply chain, especially in terms of food risks, and the Company strictly implements both supervision and control over all links of food production, and materials quality, product production and supplier certification are among the focuses of supply chain risk control.

Quality and safety risk prevention and control

1 Advocating suppliers to obtain system certification

Haitian advocates suppliers to obtain relevant system certification to improve product quality and minimize risks in the production process. As of the end of the reporting period, Haitian's suppliers have obtained the following certification:

ISO 14001 environmental management system certification	ISO 9001 quality management system certification	ISO 45001 occupational health & safety management system certification	FSSC 22000 food safety system certification
British Retail Consortium (BRC) certification	FSC forest certification	Organic certification	

2 Constantly improving the raw material traceability system

In 2022, the Company continued to improve the production process supervision of various raw materials, promoted the continuous improvement and optimization of product traceability system of raw material suppliers, and achieved remarkable success in various raw materials.



Case: Major Raw Material Traceability System of the Company's Products

1. Soybean

Soybean is a major raw material of soy sauce products. In recent years, Haitian has joined hands with suppliers to develop standardized storage and processing processes and build cleaning workshops in soybean production areas, strictly controlling key indicators in all links, which has shaped standard processing management standards to replace conventional extensive processing modes in the industry, conveying the high-quality product concept to upstream suppliers and even farmers, to achieve 100% origin sourcing.

2. Oysters

Oysters are a major raw material of oyster sauce products. Haitian has intensified coordination and communication with suppliers of marine products year by year, and performed normalized management throughout all links including oyster harvesting, processing, inspection, warehousing and transportation. By 2022, 100% of the oysters purchased by Haitian can be traced to processing plants.

3. Agricultural and sideline products like chili and ketchup

Agricultural and sideline products like chili and ketchup are major raw materials of sauce products. By extending the purchasing business to the original planting end, we have defined information filing requirements for both links of planting + processing of key raw materials, and collected relevant data throughout the whole planting process from seeds, transplanting, field management (fertilizers, pesticides, etc.) to picking and testing, ensuring that 100% of the raw materials purchased by Haitian can be traced back to process management records of various links such as raw material storage, transportation, testing, processing, and production, so as to protect the food safety of raw materials to a greater extent.

3 Strictly implementing quality control of raw materials

We regularly organize internal professional teams to make food fraud analysis, risk analysis, and perform quality control through unannounced inspections, questionnaire surveys, material safety commitments, regular third-party sampling inspections, etc.;

Besides, we prioritize on-the-spot audits of primary products (agricultural and sideline products, seafood, traditional processed products) with prominent industry risk characteristics, evaluate the enterprise management level of suppliers systematically, and develop an early warning mechanism for supplier quality issues, which assures a healthy and safe supply network.

Prevention and control of corruption and fraud risks

The Company actively advocates a clean procurement culture, and works to prevent supply chain corruption incidents by constantly improving and strictly implementing internal management systems and requirements. Haitian enters into the Integrity Agreement with 100% of its suppliers, and offers integrity training to each supplier in the new supplier admittance process, purifying partnership with suppliers from the origin, and laying a foundation for building a transparent, fair and equitable procurement platform.



08

Social responsibility and Haitian undertakings

Adhering to the "three hearts(三心)" concept of " Conscience(良心), caring(爱心) and responsibility(责任心)", Haitian closely links the development of the company with social responsibility, pays attention to social needs, engages in public welfare projects, and demonstrates the spirit of corporate social responsibility and responsibility. Haitian actively engages in charitable activities, supports rural revitalization with practical actions, and helps vulnerable groups in society. By 2022, Haitian had invested over RMB 14 million in social welfare.



2022 highlights:

※ Social responsibility and Haitian undertakings

- This year, Haitian has helped leukemia patients by donating to "Oasis of Life" special fund, bringing hope to **46 families**.
- This year, Haitian participated in anti-epidemic public welfare action in Shanghai, and donated supplies for anti-epidemic front line in Shanghai, helping **4 hospitals, 4 mobile cabin hospitals, 17 subdistricts and communities** with anti-epidemic work.
- As of 2022, Haitian has helped accumulatively more than **65,000 people** through the Poverty Relief Day campaign.
- As of 2022, Haitian has donated **more than RMB 13 million** for educational undertakings, benefiting **more than 3,000** teachers and students. Haitian has also established Haitian Education Development Fund and carried out Educational Assistance Program to promote the development of public welfare undertakings in the aspects of aiding students in need, incentives for excellent teachers and students and improvement of school conditions.
- As of 2022, Haitian Kangze Foundation funded "Watch You - Accidental Injury Prevention and Control Education Project for Children", which has benefited over **10,000 children** up to date.



8.1 Aiding Rural Revitalization

Rural development and agricultural problem relate to national quality and economic development, and are the key issues in the process of comprehensively promoting rural revitalization. In 2022, the Ministry of Agriculture and Rural Affairs and the National Rural Revitalization Administration organized and conducted rural revitalization demonstration creation, striving to achieve that the national rural revitalization demonstration counties carrying out the creating work basically cover the municipalities (land, state and union) of the country in about 5 years. The Company actively responded to rural revitalization policy and comprehensively boosted rural revitalization by carrying out Poverty Relief Day and industrial assistance campaigns, and in the meantime of solidifying the foundation of rural industry development, comprehensively promote rural revitalization quality and strive to improve rural governance.

8.1.1 Poverty relief day campaign

Haitian gives back to the society with practical actions, practices corporate social responsibilities, and makes positive contribution to solidify and expand the connection between the achievements of poverty alleviation and rural revitalization. In 30 June 2022, Haitian Kangze Foundation participated in Poverty Relief Day campaign launching ceremony and subscribed donations of RMB 1.5 million, and currently has launched 5 rural revitalization projects, with expected beneficiary masses of over 4,000 people. For the past years, Haitian accumulatively donated more than RMB 13 million, helped over 65,000 people through Poverty Relief Day campaign, and won the "Cotton Cup" Copper Cup Award of Guangdong Poverty Alleviation issued by rural work leading group under the Guangdong Provincial Committee of the CPC for several times.



Case: Haitian Kangze Foundation won the honorary title of "Outstanding Contribution Award"

In June 2022, the rural work leading group under Foshan Municipal Committee of CPC granted Haitian Kangze Foundation the honorary title "Outstanding Contribution Award" in 2021 Guangdong (Foshan) Poverty Relief Day Campaign" and circulated a notice of commendation.



Case: Facilitating rural revitalization in Gaoming district, brewing a happy life together

In 2022, Haitian Kangze Foundation further carried out Poverty Relief Day Campaign in Gaoming District, Foshan Municipality, including Elderly Canteen, water supply network engineering, housing transformation for difficult groups, etc.

The elderly canteen in Qingtai Village Yanghe Town is the first village-level elderly canteen in Gaoming District. It offers fresh and delicious food to elders in need in the village every day, and is one of the elderly canteens established with the donation of Haitian Kangze Foundation in 2022. The granny Zhen who dines in the elderly canteen expressed with a feeling: "Before the establishment of elderly canteen, we have to buy food from the market, which is not so convenient, especially in windy and rainy day. Since the establishment of the convenient elderly canteen, we don't need to cook or buy food from market so that our children don't need to worry about us. We are happy to dine together."

As the pipeline network of tap water of Kengbian Village in Hecheng Subdistrict has been put in use for a very long time, it has rusted from the inside of pipes so that the domestic water safety of the villagers has been seriously affected. In July 2022, with the support of Haitian Kangze Foundation, the water supply pipe replacement project has been comprehensively carried out. A villager whose last name is Tan said happily: "The domestic water has become better and the mud and rust in the water have gone. The water is very clean even if it is fetched after a suspension of water supply, and solved the problem of our water difficulties."

8.1.2 Industrial assistance

Rural revitalization must support industrial assistance. Haitian actively participates in rural industry and revitalization campaigns and supports the rural infrastructure construction and promote public service quality through group assistance with a number of well-known enterprises. In 2022, Haitian's total expenditure on industrial assistance was RMB 410,000, benefiting more than ten thousand people.



Case: Village-enterprise connected assistance - aiding rural revitalization

• Tractor roads excavation project in Jieni Village, Pingyong Town, Rongjiang County, Qiandongnan Prefecture, Guizhou

Haitian Kangze Foundation established partner assistance relationship with Jieni Village, Pingyong Town, Rongjiang County, Qiandongnan Prefecture, Guizhou for a period of three years (2021-2023) to support the tractor roads excavation project. Up to date, the excavation of tractor roads has exceeded 14000 m², and this has improved the transportation condition for the villager to go to the farm, promoted farmland cultivation rate and improved industry development conditions, benefiting more than 1,000 people.



8.1.3 Supporting agriculture with employment, developing agriculture with quality, strengthening agriculture with brand

Haitian actively participates in various assistance campaigns and also attaches great importance to the close combination of rural revitalization and its development. It takes "boosting high-quality and green development of agriculture, strengthening agriculture through brand building" as the guideline, relies on its own industrial needs, actively responds to the call of the country, and facilitates rural industry revitalization.

Conduct preferential procurement and establish long-term and stable cooperation to support agriculture with employment.

In 2022, Haitian purchased several thousand tons of raw materials such as pepper, tomato, mushroom, garlic powder, involving nearly 30,000 tons of primary agricultural products. This effectively drove the development of agricultural industry in southwest, northwest and central regions; we established stable cooperation with part of the industry leading sugar factories in Guangxi and this guaranteed the sales of local sugarcane farmers to certain extent; we leveraged the local oyster farmers with quantity, with at least 1,500 people per day participating in the supply chain in response to Haitian's demands for oyster at peak time. Haitian fulfilled its social responsibilities by helping and supporting farmers, and achieved good results in terms of creating employment;

Actively popularize agricultural technique and extend industrial chain to develop the agriculture with quality.

In 2022, through the cooperation with suppliers in main producing area of mushroom, the Company assisted local farmers in completing extension of the industrial chain of mushroom and promoting the industrial chain value; in addition, the Company actively promoted the development of equipment capacity in the oyster industry and application of semi-automatic shell-opening equipment. This reduced the labor intensity of workers and is good for the efficient and high-quality development of the oyster industry;

Actively explore high-quality new producing area, build brand agriculture and strengthen agriculture with brand.

For example, Xishuangbanna, Yunnan and some other areas are also abundant in white granulated sugar made from sugarcane. However, the large quantities of cheap white sugar are seriously unmarketable due to the remote location and inconvenient transportation. Haitian successfully solved the transportation difficulty of local white granulated sugar in Xishuangbanna by relying on the suppliers' railway transportation resources in southwest region, and this improved the unmarketable situation of white granulated sugar in Xishuangbanna and other areas and helped local specialty industry to go nationwide. In addition, a seafood partner continuously expanded its size during the cooperation with Haitian and expanded its business to other seafood processing areas on the basis of the business with Haitian. Its sales has reached RMB 200 million and become a typical benchmarking enterprise in terms of strengthening agriculture with brand.

8.2 Engaging in Public Welfare Undertakings

Haitian is actively engaged in public welfare undertakings, formulating complete public charity strategy, and carrying out diversified public charity activities around education aid project, eco-environment protection, guarding life, relief of disaster and poverty and other areas. Meanwhile, Haitian regulates and manages funds for public welfare projects and voluntary service activities in accordance with Articles of Association of Foshan Kangze Foundation, Project Management System of Foshan Kangze Foundation, Administrative Measures for Special Fund of Foshan Kangze Foundation and other policies.

8.2.1 Education assistance project

Haitian has been devoted to the development of education undertakings. The collectivized school running, basic education "waist strengthening project" and other imperatives carried out by the Company also raised concern of the society. As of 2022, Haitian's donations for education undertakings exceeded RMB 13 million, benefiting more than 3,000 teachers and students.



Case: Haitian facilitating high-quality development of education undertakings in Chancheng

On 8 May 2022, Haitian Kangze Foundation donated RMB 10 million at the education conference of Chancheng District, Foshan Municipality, Guangdong Province to initiate the establishment of "Haitian Education Development Fund". The fund will focus on aiding students in need, improvement of conditions of school operation, education research, reform and innovation and other aspects, and devote to improving education quality and efficiency so as to promote the development of education undertakings of the district. It is expected to cover more than one hundred schools and benefit about 5,000 teachers and students.



On 13 December 2022, Haitian Kangze Foundation donated RMB 500,000 to Sugian Youxue Economic and Technological Development Zone Education Development Foundation, and jointly launched "Economic and Technological Development Zone Education Aid Project" with Administrative Committee of Sugian Economic and Technological Development Zones and Sugian Youxue Economic and Technological Development Zone Education Development Foundation.

In 2022, the Haitian Kangze Foundation won the honorary title of "Advanced Collectives in Caring for and Supporting Innovative Development of Education" issued by the People's Government of Chancheng District.

8.2.2 Eco-environment protection

Haitian attaches great importance to eco-environment protection undertakings. In the meantime of focusing on developing our own industrial economy, we also take actions to guard the green earth.



Case: Haitian signed the nursery stock donation agreement, committing to greening public welfare projects

On 18 February 2022, Haitian Gaoming company and the Greening Committee Office under the People's Government of Gaoming District, Foshan Municipality signed the nursery stock donation agreement, according to which the nursery stock will be donated in batches for afforestation and greening projects for public benefits, such as construction of non-commercial forest of Gaoming District, municipal service road, government gardens, beautiful countryside construction. The first batch of 1,973 nursery stocks donated by Haitian Gaoming company including phoenix sylvestris and others have been used in the projects such as Gaoming Binhe, Gaoming Rice Field Agricultural Park and others.



8.2.3 Guarding life

Voluntary blood donation

For years, Haitian kept organizing warm-hearted employees to help others and give back to the community through blood donation. In recent three years, the annual average number of employees of Haitian participating in voluntary blood donation exceeded 100, with average donation of 28,000 ml per year. This interpreted the dedication spirit of Haitian workforce by "lifting a finger" and presented the corporate social responsibility.



Case: Haitian won the "2021 Annual Voluntary Blood Donation Promotion Award (Unit Award)"

In 2022, Haitian's labor union fully aroused the enthusiasm of employees to participate in social welfare and jointly carried out voluntary blood donation activity with Foshan Central Blood Station. In June 2022, Health Bureau of Foshan City and Foshan Red Cross Society granted the plaque of honor of "2021 Annual Voluntary Blood Donation Promotion Award (Unit Award)" to Haitian as the commendation for the Company's support to blood donation work in the past year.



Assistance for treating major and serious diseases

Haitian continuously concerns about national health and devotes to solving disease problems for poor families and reducing accidental injury rate. To solve the difficulties of patients families, Haitian Kangze Foundation donated RMB 1 million to help the families with leukemia patients and patients of major diseases.



Case: Haitian donated RMB 1 million to "Oasis of Life" special fund to help leukemia patients, bringing hope to 46 families

In 2022, Haitian Kangze Foundation launched the "Oasis of Life" special fund relief action, donating relief fund of RMB 1 million to Li County of Gansu Province; as of the end of 2022, two batches of "Oasis of Life" special fund totalling to RMB 910,000 had been released to effectively alleviate the crying needs of families with leukemia patients, bringing hope to 46 families with leukemia patients. In 2022, the Red Cross Society in Li County of Gansu Province granted Haitian Kangze Foundation the honorary title of "Philanthropic Unit".



Red Cross Society in Li County granted Haitian Kangze Foundation the honorary title of "Philanthropic Unit"



"Really appreciate Haitian's donation. We will overcome the disease and help others as possible as we can in the future."

Excerpted from the letter from a leukemia patient under treatment

Injury prevention

To prevent and address accidental injuries to children and promote accidental injury prevention knowledge of those having close relations with children so as to protect the safety and health of children, Haitian Kangze Foundation funded the "Watch you - Children Accidental Injury Prevention and Control Education Project" of Foshan Maternal and Child Health Care Hospital to carry out 12 training activities in primary and middle school, kindergarten, enterprises and other units, with accumulative more than ten thousand children benefited from the project.



8.2.4 Relief of disaster and poverty

Haitian has actively provided support and contributed to the staffs in the defense line fighting against the epidemic. As of the end of 2022, Haitian had donated a total of RMB 12.56 million to fight against epidemic.



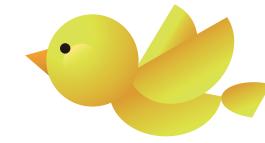
Case: Dabai energy pack - Haitian Kangze Foundation cheers for Shanghai !

In April 2022, Haitian actively delivered "Dabai energy pack" to support Shanghai. On 29 April 2022, multiple caring enterprises and charity organizations including Haitian, Kangze Foundation, The Paper and Shanghai United Foundation jointly and formally launched the "Dabai Energy Pack" - Shanghai anti-epidemic public welfare campaign. On 22 May 2022, the 6,470 "Dabai energy packs" donated by Haitian ultimately reached 4 hospitals, 4 mobile cabin hospitals, 17 subdistricts and communities.



09

APPENDIX



Key Performance

Scope	ESG metric	Units	2022	2021	2020
Environmental investment	Total investment in environmental protection	10 thousand yuan	7,850	1,211.40	1,318.99
Exhaust emissions	Exhaust emissions	Tons	220,431.68	269, 253.01	135,958.66
	Sulfur dioxide emissions	Tons	8.81	12.16	-
	NOx emissions	Tons	68.55	68.61	-
	Particulate emissions	Tons	1.35	7.26	-
Waste generation	The total weight of hazardous waste generated	Tons	21.74*	9.81	9.66
	Total weight of non-hazardous waste produced (domestic waste, waste paper, etc.)	Tons	4,597.00	6,442.00	40,466.00
Wastewater discharge	Sewage discharge	m ³	2,730,551.00	2,606,571.00	-
Energy consumption	Total power consumed	kWh	234,644,400.00	239,853,160.00	238,080,330.60
	Gas consumption	Standard m ³	2,714,008.00	2,749,700.00	2,930,594.72
Water consumption	Total water consumption	m ³	7,253,329.00	7,342,915.00	7,566,174.00
The number of employees	The total number of employees	People	7,313	6,678	6,058
	Labor contract signing rate	%	100	100	100
	Social insurance coverage	%	100	100	100
	Proportion of female executives	%	19.5	20	18.20

*The relative increase in the total weight of hazardous waste from previous years is due to the change in statistical caliber: In 2021, the report counted only the Gaoming production bases, and in 2022, the statistical scope was expanded to cover the four main Haitian bases.

Scope	ESG metric	Units	2022	2021	2020
Safe production	Information security incidents	Cases	0	0	-
	Safe production investment	10 thousand yuan	3,031	2,106	1,439
	Number of safety checks	Times	158	84	252
	The number of employees injured at work	People	11	18	9
Training	Number of employees trained	People	7,313	6,678	6,058
	Percentage of employees trained	%	100	100	100
	Number of senior management trained	People	21	11	10
	Percentage of senior management trained	%	100	100	100
	Number of middle management trained	People	199	256	170
	Percentage of middle management trained	%	100	100	100
	Number of staff trained	People	7,093	6,408	5,878
	Percentage of trained staffs	%	100	100	100
	Senior management training hours per capita	Hours	10.76	10	10
	Middle management training hours per capita	Hours	11.18	6.95	5.69
	The number of training hours per person of staffs	Hours	5.03	3.32	3.60

Scope	ESG metric	Units	2022	2021	2020
Training	Percentage of board members who have received training or information on corruption prevention	%	100	100	100
	The average number of hours the directors complete their training each year	Hours	1.06	2.00	2.00
	Percentage of regular employees who have received training or information on corruption prevention	%	100	100	100
	The average number of hours a regular employee completes training each year	Hours	5.21	3.15	1.52
Suppliers	Proportion of Integrity agreements signed with partner suppliers	%	100	100	100
	Number of suppliers	Numbers	504	276	234
Product and service responsibilities	Consumer complaint effective resolution rate	%	100	100	100
	Consumer satisfaction	%	94	95	94
	Amount of patent authorization	Numbers	228*	73	38
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	-
Social good And targeted poverty alleviation	Charitable and charitable donations	10 thousand yuan	1447.6	1594.2	1321.7
	Open Factory Tour	Ten thousand person-times	4.4*	27.62	18.29
Finance	Operating income	RMB	25,609,651,543.29	25,004,031,043.49	22,791,873,936.49

* The reason for the lower number of visitors to the open factories compared to previous years is due to the objective environment in 2022, and some factories are undergoing equipment upgrades, leading to the suspension of related open activities.

* The patent authorization quantity statistics include Foshan Haitian Flavouring and Food Co., Ltd. and its subsidiaries.

Scope	ESG metric	Units	2022	2021	2020
Economic performance	Net profit	RMB	6,203,166,580.06	6,671,470,525.66	6,409,030,013.71
	Net cash flow from operating activities	RMB	3,830,314,321.72	6,323,508,784.06	6,950,432,014.98
	Various taxes are paid	RMB	2,507,030,191.11	2,918,968,171.88	2,957,262,971.66
	Weighted average return on net assets	%	25.52	31.63	36.13
	Asset-liability ratio	%	21.07	29.51	31.72
	Total investment in research and development	RMB	751,338,973.38	771,919,701.92	711,748,662.76

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¹ 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 \(globalreporting.org\)](http://Gri-Universal Standards (globalreporting.org))).

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Reader feedback

Dear reader:

Thanks for reading the **2022 Environmental, Social and Governance Report of Foshan Haitian Flavouring & Food Co., Ltd.** In order to provide you and other stakeholders with more professional, valuable sustainable development information and improve our ESG report quality, please kindly answer the questions in the form.

Topic: Haitian Group 2022 ESG Report Feedbacks

Name _____

Company _____

Position _____

Tel. _____

E-mail _____

Please score the following questions from 1 to 5. (1 is the lowest score, and 5 is the highest score; please tick (✓) in corresponding blanks)

	1	2	3	4	5
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Are you pleased with this report?

What do you think of the clearness, accuracy and completeness of the indicators and disclosure in this report?

Do you think the structure of this report is easy to read?

Which part of this report are you most interested in?

In your opinion, is there any information that you need to understand but not reflected in this report?

Do you have any recommendations on our future ESG reports?

Feedback channels

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



For internal control, audit, anti-corruption and anti-bribery,
please contact 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: 0757-82836083
Fax: 0757-82873730

Securities affairs representative ► Tel: 0757-82836083
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Environmental Social and Governance



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