



Note: Environment-friendly paper and soy-based ink are used for this report.



Since 2021, Tingyi (Cayman Islands) Holding Corp. has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

2021 MASTER KONG SUSTAINABILITY REPORT

KONG | 康師傅控股 MASTER KONG SUSTAINABILITY REPORT



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STATEMENT BY CHAIRMAN OF THE COMPANY AND THE SUSTAINABLE DEVELOPMENT COMMITTEE

Facing heightened volatility of economic, social and natural environment in 2021, Master Kong upholds the sustainable development concept of "Keep Our Nature Green" to accelerate digital and low-carbon transformation and integrate sustainable development practice in depth. We are committed to good quality. While bringing health and nutrition to our consumers, we have carried out a series of activities focusing on food safety, nutrition and health, energy saving and emission reduction, talent development and social investment.

We undertake our long-term commitment of sustainable development, strive to improve the Company's environmental, social and governance (ESG) standards, endeavour to improve the Company's ESG capabilities, and respond to concerns of stakeholders in all aspects. In May 2021, Master Kong joined the United Nations Global Compact (UNGC) as a member company, committing to the ten principles of the Global Compact that are based on the United Nations conventions and cover the areas of human rights, labour standards, environment and anti-corruption, to further expand the Company's sustainable development impact. This highlights the effectiveness of our work in sustainable development over the years, and will inspire us to keep up with our original aspiration and to make continuous progress. We are very honoured to share with you some of the key sustainable achievements of Master Kong in 2021:

Support "Carbon Neutrality"

Master Kong actively responds to China's "Carbon Peaking and Carbon Neutrality" goal and pushing forward the progress of the goal by performing duties on carbon and emission reduction step by step. In 2021, we conducted the first Comprehensive Carbon Inventory Project among domestic food and beverage companies, covering Scope 1, Scope 2 and Scope 3 of carbon emission, and set environmental targets related to energy consumption, water consumption, greenhouse gas emissions and waste emissions in conjunction with the results of the carbon inventory. Meanwhile, we actively identify the risks opportunities posed by climate change, thereby contributing to mitigating the impact of climate change.

Commitment to Good Quality

Master Kong adheres to the bottom line of food safety and continuously increases the investment in food safety. In 2021, we focused on digitalization, talents training, food safety promotions, external cooperation and etc., constantly improving food safety quality. Meanwhile, we continued to practise the diversified product strategy, and fittingly fed the thirst for healthy of consumers. We have released various low-sugar and sugar-free new products, thus satisfying consumers' needs for quality life and giving impetus to the overall progress of the food and beverage industry.

Green operation

Constant efforts will also be directed at the comprehensive implementation of the green sustainable development philosophy, which involves advancing digital and intelligent transformation, improving operation efficiency, promoting energy conservation, water conservation, plastic reduction and carbon reduction, releasing label-free beverages, and

reducing wastes, thus doing its bit to realize the goal of keeping our nature evergreen. In 2021, we have achieved continuous improvement of the environment management level, enhanced employees awareness of green operation, thereby winning the recognition and trust of the society.

Digital Transformation

All along, Master Kong actively makes effective plan for the upgrade of digital transformation, and continuously improves the Company's management. In 2021, we carried out digital transformation focusing on food safety, production and management and HR, so as to empower sessions involving production, storage, logistics and sales with digitalization technology. At the same time, we are committed to working together with our supply chain partners to promote digitalization and win-win cooperation in the industry, as well as to advance the sustainable development of the industry.

People-oriented

In line with the philosophy of "People-oriented", Master Kong values the contribution and development of employees, unswervingly protects the interests and well-being of employees, shape the all-round talents with "Diligence, Integrity and Competence", and create an excellent, harmonious, smart, reassuring workplace, therefore enhancing physical and mental health of employees.

Giving back to the society

As the leading enterprise of the food and beverage industry, while developing the Company, Master Kong has always been committed to actively giving back to the society. In 2021, we continued to invest heavily in community investment. We carried out public welfare activities in various areas such as food safety science popularization and water

*Keep the original
aspiration, Keep
moving forward*

education. We supported for "Healthy China 2030", actively promoting the Chinese winter sports. We timely provided assistance in emergency and devastating events including pandemic prevention and control and natural disasters. We supported the rural reconstruction, and deepened cooperation between schools and enterprises. By such methods, we undertook social responsibility and fulfilled our corporate citizenship obligations.

Looking forward to 2022, "the Year of Master Kong's 30s", we are well poised to constantly work together and create. By complying with the trend of consumption segmentation and channel diversification, we continue to sustain our efforts in concentrating on major flagship products as well as accelerating product mix adjustment. By doing so, we push ourselves to satisfy diversified consumer needs and to enhance the brand reputation. Through win-win cooperation with partners, we are committed to create "LIFE + DELICACY" and to turn a new page of Master Kong's development hand in hand.

Wei Hong-Ming
Chairman

STATEMENT BY CEO AND VICE CHAIRMAN OF THE SUSTAINABLE DEVELOPMENT COMMITTEE

As a member of the United Nations Global Compact, Master Kong actively implements new development concepts, internalizes sustainable development practices such as environmental friendliness and digital transformation as an important part of corporate strategy. We deeply integrate the fundamental demands of stakeholders with our own industry characteristics, adhere to the good quality of "delicious, nutritious and healthy", actively promote the green development and transformation of the industrial chain, and continue to practice "Keep Our Nature Green".

As a national brand with social responsibility, Master Kong takes food safety as foundation. We actively respond to the "Healthy China" strategy, continuously study the core of dietary nutrition, protect national health with aerospace-grade quality and the tongue with strict food safety management. We serve consumers with healthy, delicious and diverse dietary products and delivers the taste of China.

In the health protection system, we have successively invested RMB 500 million to establish an International-level Food Safety Testing Center. The food safety management team of nearly 2,000 people conducts more than 3.5 million inspections every year. We strive to achieve strict monitoring and traceability management of the entire industry chain through procedures such as supplier management, raw material incoming inspection, and production process control, so that people can enjoy happy meals.

With the upgrading of consumers' concept, Master



KEEP OUR NATURE GREEN



Kong is also constantly exploring new technologies, new methods and new systems that can ensure product quality and food safety. We continue to launch a series of healthy upgrades and innovative products, and carry out research work on sugar reduction, salt reduction, and lipid reduction to meet the diversified needs of the consumer market. From "farm to table", we work together to develop nutritious meals that meet Chinese tastes and dining habits, and create each product with ingenuity. In 2021, under the background of "carbon peak" and "carbon neutrality", low-carbon has become a national consensus, and the concept of sustainable development has gradually become a new consumption

fashion and trend. As a well-known national brand in China, Master Kong actively practices the way of green development, promotes green consumption with green production and green operation, and protects the homeland with a low-carbon and environmentally friendly development model.

Master Kong actively responds to the plastic reduction initiative. On the premise of meeting product quality requirements, we are accelerating the reduction of plastics in multiple links including bottle body, label, and outer packaging, and conducting research on recyclable green design and recycling. In 2021, we handed over the recycled waste PET to a qualified third-party factory to make polyester fabrics, packaging plastics and other recycled products, reducing the generation of more than 900 tons of waste plastics. At the beginning of 2022, we released the first "unlabeled" beverage product to try to remove the bottle label and sell it in the form of a full box of multi-entry packaging as the smallest sales unit, which is more convenient for recycling and reuse. We have taken the lead in completing a comprehensive carbon inventory, formulated environmental goals for 2025, and continued to implement a number of energy-saving technological transformation projects.

We always believed that the practice of sustainable development requires the joint efforts of all sectors of society, and requires companies and consumers to explore together. Over the years, Master Kong has continued to carry out public welfare activities in food safety science popularization, education on water and green consumption, creating social value and improving

Keep Our Nature Green

public scientific literacy. In 2021, we placed PET empty bottle recycling machines in Shanghai Disney Resort, so that young people can understand the importance of PET recycling through learning and use, practice the concept of environmental protection with practical actions, and establish the value of protecting nature.

In the future, Master Kong will adhere to the pursuit and responsibility of inheriting Chinese food culture, and explore higher quality, advanced technology and healthier products. At the same time, we will also continue to actively undertake the responsibility of protecting the environment, integrate the low-carbon green concept into the entire supply chain system, continue to innovate on the road of embracing the "double carbon", and strive to open up new ideas for sustainable high-quality development. New space to better serve consumers.

Richard Chen
Chief Executive Officer

ABOUT THE REPORT



Tingyi (Cayman Islands) Holding Corp. ("Tingyi", "Master Kong", "the Group", "the Company" or "us") refers to "the Global Reporting Initiative (GRI) sustainable development reporting Standards (GRI Standards)" and "the International Organization for Standardization (ISO) "ISO26000: Guidance on Social Responsibility Guide (2010)", comprehensively sort out the management status of its own sustainable development, and took the initiative to evaluate the sustainable development issues concerned by major internal and external major stakeholders, and reviewed, evaluated and reported the progress of its corporate sustainable development work in 2021 based on the company's development strategy. For information regarding the governance section, please refer to the Corporate Governance Report as incorporated in this annual report.

This report underpins Master Kong's actions to implement the Sustainable Development Goals (SDGs) of the United Nations as the main line, presenting Master Kong's sustained efforts and achievements in the field of sustainable development. As a leading company in China's food and beverage industry, Master Kong shoulders the mission of "Promoting Chinese Food & Beverage Culture", adheres to the vision of "Being the Most Respected Food & Beverage Company", and upholds the sustainable development concept of "Keep Our Nature Green" when staying closely with stakeholders and actively fulfilling social responsibilities. We deeply understand the impact of our operations to different elements of economy, environment and society, and the importance of "a good development is sustainable development". We continue to explore and improve our performance in sustainable development. The Company dedicates to sharing corporate values with stakeholders, enhancing social welfare and enjoying "Life + Delicacy" with them.

We expect to introduce and demonstrate our true performance and achievements in sustainable development to all sectors of the society through the preparation and release of this report and highlight our contribution to the society in this field.

REPORTING SCOPE:

Reporting Organizational Scope:

The major office sites and factories with normal operation in China of Tingyi (Cayman Islands) Holding Corp.

Reporting Period:

From 1 January 2021 to 31 December 2021. For the sake of the completeness of the report, it also covers some relevant contents occurred in 2022.

REPORTING STANDARDS FOR PREPARATION:

This report mainly refers to the Sustainable Reporting Standards of the Global Reporting Initiative ("GRI Standards") and ISO26000: Guidance on Social Responsibility (2010) of the International Organisation for Standardisation ("ISO26000").

FORMS OF REPORT DISTRIBUTION:

This report is published in both printed and electronic forms. Electronic reports can be found on our website www.masterkong.com.cn.

If you have any comments on our sustainability performance and this report, please send an email to sustainability@masterkong.com.cn. This report is published in both Chinese and English versions. In case of any inconsistency between the two versions, the Chinese version shall prevail.

ABOUT MASTER KONG



\$11.6 billion

Market capitalisation as of 31 December 2021

Tingyi (Cayman Islands) Holding Corp. are principally engaged in the production and distribution of instant noodles and beverages in the People's Republic of China ("PRC"). It was listed on the Main Board of the Stock Exchange of Hong Kong in February 1996, with its headquarters in Shanghai, China.

Market capitalisation as of 31 December 2021 was US\$11.6 billion. The Company is a constituent stock of Morgan Stanley Capital International ("MSCI") China Index and Hang Seng China (Hong Kong listed) 100 Index.

As a popular brand in China, Master Kong has been well received and supported by Chinese consumers after years of hard work and accumulation. At present, the Group's three main categories of products highlight the predominant position in Chinese food and beverage market. Nielsen data in December 2021 shows, on the basis of sales volume, the Group has achieved market shares in instant noodles and instant tea (including milk tea) of 45.7% and 43.4% respectively in 2021, winning invariably the leading position of the market. In the overall juice drink market, the Group has gained a market share of 18.9% in the drink market, ranking the second place. According to Global Data December 2021 data, Pepsi carbonated soft drinks had 33.1% market share and held a second position.

Being a leading brand in the fast-moving consumer goods industry, Master Kong holds the industry responsibility of food safety and quality guarantee. Through constantly building and improving management system, establishing risk prevention management system and implementing robust control over food safety, Master Kong makes extensive efforts to ensure product quality and safety, and provide consumers with safe, tasty and healthy products.

In the future, the Group will still lay its focus on the production and distinction of food and beverages, keep close connection with stakeholders and actively fulfil social responsibilities with the mission of "Promoting Chinese Food & Beverage Culture", the vision of "Being the Most Respected Food & Beverage Company", and the sustainable development concept of "Keep Our Nature Green".

Leadship in the market

 **45.7%**
Instant Noodles Market Share

 **43.4%**
Ready-to-Drink Teas (incl. milktea) Market Share

Second position in the market

 **18.9%**
Overall Juice Drink Market Share

 **33.1%**
Pepsi Carbonated Drinks Market Share

Corporate Governance

Master Kong is committed to establishing and maintaining sound corporate governance to benefit our consumers and stakeholders, including shareholders, employees, partners and communities.

Governance Framework

The Group's Board of Directors ("the Board"), chaired by Mr. Wei Hong-Ming, is fully responsible for the Company's overall business operations, including leading the collaboration among different departments, through efforts in guidance and monitoring, the advance and development of the functions of the departments.

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making. The Group is committed to achieving a diverse board of directors, selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In 2021, the Board is currently comprised of 9 Directors in total, including 3 independent non-executive directors, accounting for 33.33%; and 1 female director, accounting for 11.11%.

The Board has an Audit Committee and a Remuneration and Nominating Committee. The Audit Committee is responsible for assisting the Board of Directors of the Company to ensure the objectivity and credibility of the financial statements. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, the preparation of financial statements, annual and interim reports and integrity of accounts, risk management and internal control systems, as well as maintaining good corporate governance standards and practices. It also acts as an important link between the Board and the Company's auditor in matters within the scope of the group audit. The Audit Committee is provided with sufficient resources to perform its duties and will meet regularly with management, internal auditors and external auditors, as well as review their reports. The Remuneration and Nomination Committee was set up to review the structure, size and diversity of the Board, identify individuals suitably qualified to become Board members, assess the independence of the independent non-executive directors, advise the Board on the remuneration

of individual executive directors and senior management, and consider and approve the remuneration packages of the Directors and senior management of the Group, including the terms of salary and bonus schemes and other long-term incentive schemes. The Committee also reviews the structure, size and composition of the Board from time to time, assess the performance of the Executive Directors and approve the terms of the Executive Directors' and recommends to the Board on appointments of Directors and the succession planning for Directors, and to ensure that the appointment and re-appointment of Directors are in accordance with fair and transparent principles. In the fiscal year, the Committee is in charge of reviewing the structure, size and composition of the Board; reviewing and making recommendations on the diversity of the existing Board members; checking resumes of director candidates and making recommendations to the Board on the re-appointment of Directors; making recommendations to the Board on remuneration packages of senior management.

During the financial year ended 31 December 2021, eight Board meetings, three Audit Committee meetings and two Remuneration and Nominating Committee meetings were held.

Risk Management and Internal Control

The principal spirit of the internal control and risk management procedures established by the Group is in compliance with five elements in the COSO (The Committee of Sponsoring Organisations of the Treadway Commission) structure, i.e. control environment, risk assessment, control activities, information and communication, and monitoring. The goal of risk management is to keep the overall risk of the Group within acceptable levels and to lay a good foundation for the Group's long-term development. Meanwhile, it can achieve the goal of defining the management structure and authorisation so as to enhance the operational



Enhance Operational Performance



Enhance Work Efficiency



Protect Asset Security



Reliability Of Financial Reporting

performance and efficiency as well as asset safety protection, which ensures the reliability of financial reports while complies with the requirements of national regulations.

The risk management system established by the Group sets "pursuing sustainable development and assuming social responsibility" as management objective. The management process includes risk identification, risk assessment and evaluation, risk control and overall monitoring. Firstly, the risk management objectives are set through a systematic and scientific approach. Risk identification and management framework are then developed by conducting interviews with management and risk seminars. Thirdly, risk assessment is carried out with full participation from senior management in the discussion and then risk response strategies are formulated. Finally, risk control activities and supervision are implemented continuously.

Under the supervision of the Board, the Group has established three lines of defence for risk management within its organisation structure, responsibility and authority framework. The Audit Committee will assist the Board to review the design and operation effectiveness of the risk management and internal control system of the Group. As of 31 December 2021, the Group has been carrying out self-assessment of internal control, and has established a rigorous and effective self-examination and self-inspection system, achieving full coverage of self-assessment in management cycle. Meanwhile, the Group further expanded supervision of subsidiaries, prioritised the formulation of management standards for high-risk processes, and on the basis of industry competition and operation needs, established streamlined and feasible approval authority for expenditure and human resources. In addition, the Group has also been focused on proper oversight of compliance with regulations and other work. No material deficiency in risk management or internal control was identified in the internal audit conducted by the Internal Inspection Department.

Support "Carbon Neutrality"

As the leading enterprise in China's food and beverage industry, Master Kong actively responds to the call of both international and domestic society on coping with climate change and reducing greenhouse gas emissions, promote energy conservation and emission reduction, so as to support "Carbon Neutrality".

In 2021, Master Kong conducted its first Carbon Inventory Project, comprehensively clarifying, calculating Scope 1 and Scope 2 carbon emissions data and determining the main Scope 3 carbon footprint in upstream and downstream of the value chain. This carbon inventory has given us a more comprehensive picture of the carbon footprint of Master Kong's products and services, laid an important foundation for the subsequent formulation of carbon reduction targets and setting of carbon reduction pathways, bringing relevant knowledge to our employees.

Based on the Carbon Inventory Project, and considering historical operation experience and future business deployment, Master Kong has set environmental development goals including reduction of energy and water consumption, emissions and wastes. In the foreseeable future, the Group will continue to actively carry out relevant activities, strive to achieve the environmental targets and conduct regular supervision.

In addition, Master Kong identified the effects and opportunities posed by climate change on production and operation of the Company, and proactively established counter measures. The major risks identified by the Group are physical risks, including extreme weather caused by climate change, disruption to production, transportation, storage and sales due to natural disasters, damage to equipment and personnel, and fluctuations in the supply and price of raw materials.

Commitment to Good Quality

Master Kong regards food safety as its foundation and strictly abides by relevant laws and regulations. We continue to enhance our risk management, improve the ethics and professionalism of our employees and strengthen our product process management to achieve a high level of food safety assurance for building a "Peaceful China".

In 2021, Master Kong increased investment in the area of food safety. Master Kong has invested RMB 500 million in the establishment of the Innovation R&D Centre, which has been accredited by China National Accreditation Service for Conformity Assessment (CNAS), with over 1,500 food safety monitoring indicators and over 3.5 million tests per year. The Company's food safety and quality control team has grown to over 1,800 employees, who monitor the whole process of the industry chain. At the same time, the Company has actively introduced external consultancy resources and focused on strengthening the upgrade and stable operation of the food safety/quality management system.

The Group attaches great importance to the food safety talents training. We select outstanding graduates from key universities across the country with a major in food. At the same time, we recruit quality control managers from factories across the country and provide them with special training in areas such as food safety standards and regulations, analysis and testing, risk monitoring and assessment auditing, and guide employees to implement the "food safety first" concept in their work, so as to achieve the goal of total food safety management and to further enhance professionalism of the employees.

The Company actively responds to various national nutrition and health policies, including the *National Nutrition Plan (2017-2030)*, and incorporates nutrition and health into various R&D activities such as product formulation design, product innovation and technical cooperation. In 2021, the new products developed by Master Kong continued to meet consumers' needs for nutrition and health, promote the reduction of oil and salt in products through technological innovation, and release various low-sugar and sugar-free new products including "Sugar-free Ice Tea" and carbonated soft drink "Bubly Sparkling Water" that contain no sugar, no calorie, and no fat.

In addition, relying on Shanghai Instant Food Engineering Technology Research Centre, Master Kong actively seeks for external cooperation, makes use of quality international and domestic academic resources to promote high-end research and development of food safety technology and the transformation of R&D results, and actively provides useful references for the formulation and updating of national food safety standards. In 2021, the Company continued to vigorously promote the "Food Safety Science Popularization Public Welfare Line", and participated in educational and publicity activities on food safety such as the Seventh National Public Winter Activities, so as to continuously strengthen the food safety awareness in all sectors of society.

Master Kong's contribution in the fields of food safety management and nutrition and health has been widely recognized by society. In 2021, Master Kong received the "2020-2021 Year Excellent Product Innovation Award of China's Instant Food Industry", the "2020-2021 Best Innovation Award in China's Instant Food Industry", the "19th China Food Safety Conference Safety Management Top Ten Enterprises" and the "Food Quality and Safety Award". In the future, Master Kong will always place food safety as the priority of enterprise operation and management, achieve "quality of space product" and provide people with safe, tasty, nutritious and healthy food products.

Brand Promotion

Master Kong explores and focuses on the interests of young people, continuously creating diversified and interesting brand activities that are closely related to current consumer trends and upgrading the brand image. In 2021, the Group catered to new trend and hotspot of national style, national comic and national trend, launched a series of themed brand marketing campaigns, created from three dimensions: products, content and interactive forms, continuously innovated marketing methods and channels to enhance brand value. Master Kong collaborated with well-known national style musicians and the popular variety show "IN CHINA" to support young national style music creators to revive the public's memory of the classics, which is in line with the classic and rich taste of Master Kong's "Roasted Beef Noodles", so as to keep the classics

alive; Master Kong instant noodles joined hands with top national comics and national handheld game, released products reflecting "IN" stream hotspots of interest to young consumer groups, stimulating social communication in circles. During the Chinese New Year period in 2022, Master Kong used "Bring blessings to CNY with Kang" as the communication theme to pass on wishes of "family peace and prosperity" and deliver brand aspiration.

By constantly changing business model, Master Kong won various awards on marketing, and continuously deepened the brand recognition. In 2021, the Group received MMA China Media Strategy Hero APP Joint Marketing Silver Award, and MMA Global Silver UGC User Generation/ Impact Marketing Award.



Green operation

For a long time, Master Kong upholds the philosophy of "Keep Our Nature Green" and actively takes responsibility for environmental protection. In 2021, the Group focused on the areas of energy and water conservation, emission and carbon reduction, plastic reduction and packaging management and sustainable raw material procurement, improved the environmental management level of the company, reduced the negative ecological impacts, and actively practised the principle of green development.

In terms of energy and water conservation, Master Kong's production bases actively promoted the implementation of energy and water conservation projects in accordance with the planning and arrangements formulated at the beginning of the year. The Group formulated various internal management systems, continuously promoted refined management of energy and resources use, analysed and diagnosed opportunities for energy and water conservation in factories, rationalised production process and replaces outdated processes and equipment with high energy consumption, organized relevant employees trainings, and incorporated the effect of energy and water conservation into the performance appraisal indicators of relevant posts. In 2021, a number of Master Kong's factories were honoured as "Excellent Energy-saving Enterprise" and "Excellent Water-saving Enterprise" by the China Beverage Industry Association.

In terms of emission and carbon reduction, Master Kong strictly complies with related laws and regulations. With the internal management systems formulated, management responsibilities of relevant positions clearly defined, production process and equipment optimized, skills of relevant personnel upgraded, Master Kong mitigated the impact of production and operation on the environment. In 2021, the Group focused on projects such as deep treatment of waste gas, wastewater treatment system capacity increase and maintenance, and improvement for ultra low waste gas emission, thereby actively reducing pollutants emissions.

In terms of plastic reduction and packaging management, Master Kong conducted relevant research and exploration at all stages of the product production cycle to reduce the use of plastics and packaging materials while meeting product quality requirements, and planned and implemented special projects in this regard. Meanwhile, the Group actively conducted recycling and disposal of products and waste packaging, and handed over waste with use value to qualified waste disposal units for recycling, secondary processing and utilization. In 2021, Master Kong Beverage Business crafted environmentally friendly recycled goods with waste PET bottles, thus reducing waste plastic by more than 900 tonnes in total.



Digital Transformation

The digital transformation is of great significance to Master Kong's enterprise operation and sustainable development. In 2021, the Group carried out digital transformation focusing on food safety, production and management and HR, thereby continuously upgrading the Company's management level.

Master Kong actively carried out digital transformation upgrading to empower various operation links including production, storage, logistics and sales with digitalization technology. In 2021, Master Kong's businesses continued to promote the LineView production line online monitoring and data collection system, Transportation Management System (TMS) and Efficient Consumer Response (ECR), thereby strongly supporting the Company's production efficiency and energy saving and consumption reduction and many other refinement work, achieving scientific control of production stage, improving the overall efficiency of the supply chain and efficiently responding to need for supplies. The Group continued to promote the digitalization of food safety. By improving the full traceability system, planning and launching digital information systems such as Laboratory Information Management System (LIMS) and Product Lifecycle Management (PLM), Master Kong has achieved transparent management of the flow of raw materials and finished products.

At the same time, Master Kong flexibly applies digital tools in HR, continuously streamlining the management processes, promoting the operation of the HR intelligence system, mini application and workflow, so as to improve work efficiency and employees experience and to comprehensively accelerate the Company's digital transformation.

While focusing on its own digital transformation, Master Kong is committed to working with supply chain enterprises to promote the healthy and sustainable development of the industry. In 2021, at the 18th China ECR Conference, Master Kong and more than 60 highly influential enterprises jointly launched the Enhancing the Efficiency of Retail and Supply, Green and Collaborative Development initiative to promote digitalization and win-win cooperation in the industry and comprehensive green transformation.

↓ 900 tonnes

Master Kong Beverage Business crafted environmentally friendly recycled goods with waste PET bottles, thus reducing waste plastic more than



Employee Care

While strictly adhering to the concept of "People-oriented and culture as the soul" as well as relevant laws and regulations, Master Kong endeavours to protect the legitimate rights and interests of employees, advocates to implement employee care, and strives to provide employees with a favourable and harmonious working environment, thereby archiving a win-win situation of enterprise and employees development.

The Group actively forms an institutional guarantee for the implementation of work safety and prevention of occupational diseases. The Group also adopts various measures to safeguard the health and safety of employees in a comprehensive and multi-dimensional manner, including providing employees with a full range of protective gears, organising regular health checks and safety drills, carrying out safety education and skills training and organising safety monitoring and inspection. With prevention and control of the COVID-19 pandemic becoming a regular management process, the Company actively follows the requirements of local pandemic prevention and control authorities to strictly implement information registration, disinfect the premises and check personal health, so as to create a safe working place.

Meanwhile, Master Kong attaches great importance to employees development and improvement, endeavours to cultivate all-round talents with "Diligence, Integrity and Competence", and establishes a sound training system. The Group provides employees with customized and functionally diverse courses and opportunities to

help employees upgrade professionalism and skills and enhance competitiveness in the workplace. In 2021, the Group continued to optimize online learning model and enrich learning resources, with a total of 728,900 hours of training, and 125.14 hours of training per person.

Master Kong has always deeply understood the importance of building a corporate culture, placed high emphasis on combining correct corporate values with practical work, and enhanced employees recognition and sense of belonging for corporate culture building. In 2021, the Group held seven major Culture Building Committee meetings, embedded the content of corporate culture building into the training for supervisors at all levels, organized more than 1,500 activities to promote culture building, and launched internal activities to select outstanding employees in each business, setting a good example for employees. At the same time, we actively listen to the feedback and expectations of employees, and launch the "Happen for Yourself, Praise for the Future" all 60,000-employee culture climate research project, continuously optimizing and promoting cultural construction.

>728,900 hours Total hours of training

125.14 hours Total hours of training



Giving back to the society

RMB **87.3** million

Master Kong invested to support social development

272,000 hours

Voluntary service hours

As an industry-leading brand, Master Kong values the harmonious integration of enterprises and society, actively participates in community construction and public welfare activities and helps with the spread of sustainable development to the public, so as to create higher values for the society and to achieve the joint development of the Company and all stakeholders.

In 2021, taking "Sustainable operation, giving back to society" as the first priority, the Group carried out public welfare activities in various areas such as food safety science popularization, water education, support for sports, caring for the society, helping the "agriculture, rural areas and farmers" and deepening cooperation between schools and enterprises, to actively fulfil social responsibilities and contribute to serving the society. In the current year, Master Kong invested approximately RMB 87.3 million in various channels and methods to support social development, provided approximately 273,000 hours of voluntary service, and received the Award for Best Social Responsibility(s) Case of China in 2021, 2021 "Embroidery Spirit" New Era Model Charity Spirit Award, demonstrating that we have been recognised by all sectors of the society.



ENHANCING THE SUSTAINABLE DEVELOPMENT PROCESS AND ENJOYING 「LIFE + DELICACY」

With the mission of “Promoting Chinese Food & Beverage Culture” and the vision of “Being the Most Respected Food & Beverage Company”, Master Kong upholds the sustainable development concept of “Keep Our Nature Green”, communicates closely with stakeholders and actively fulfils its social responsibility.

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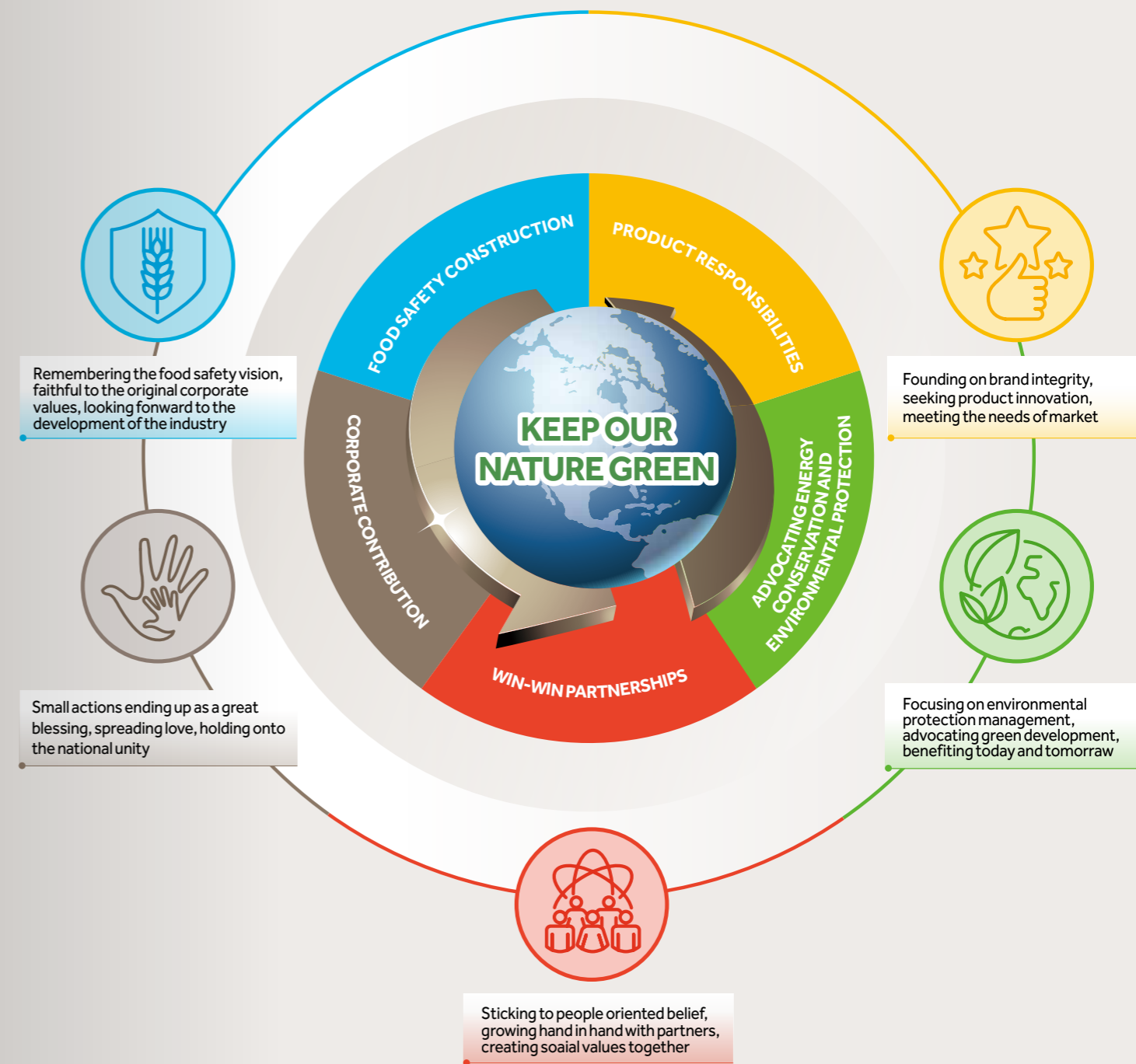


SUSTAINABLE DEVELOPMENT CONCEPT



With the mission of "Promoting Chinese Food & Beverage Culture" and the vision of "Being the Most Respected Food & Beverage Company", Master Kong upholds the sustainable development concept of "Keep Our Nature Green", communicates closely with stakeholders and actively fulfils its social responsibility. We continue to explore and refine our performance in the areas of environmental, social and governance (hereinafter referred to as "ESG"), and are committed to sharing our corporate values with our stakeholders to enhance social well-being and enjoy "LIFE + DELICACY" together with our stakeholders. Master Kong believes that "sustainable development is good development". In 2021, in line with the country's "New Vision of Development" and the "14th Five-Year Plan", we have adopted "Healthy China", "Focus on Food Safety" and "Sustainable Development" as our annual corporate priorities, and have carried out a series of activities focusing on food safety, nutrition and health, and energy saving and emission reduction.

We are constantly exploring the actual needs of society, combining the fundamental demands of stakeholders with the characteristics of our own industry, **making food safety, product responsibility, energy saving and environmental protection, win-win partnership** and **corporate contribution** as the five core tasks of ESG, actively leveraging our industrial strengths and increasing our investment in order to continue to make innovative contributions in the field of corporate sustainable development.



SUSTAINABLE DEVELOPMENT

GOVERNANCE STRUCTURE

In 2021, Master Kong upgraded the former Corporate Social Responsibility Committee to the Sustainable Development Committee. The Sustainable Development Committee is chaired by the Chairman and CEO of the Company, with members of the Operating Committee as members, and comprises four working groups: Beverage Resources, Instant Noodle Resources, Product Development, and Communication. The Committee guides work implementation and performance evaluation on the basis of a clear corporate ESG strategy and development direction, regularly deliberates and makes decisions on work objectives, report disclosure and related material matters, and reports on work progress to the Board of Directors. Each working group continues to promote the implementation of relevant projects in accordance with its annual work plan and reports regularly to the Sustainable Development Committee and the Company's senior management on the progress of its work.

- Beverage Resources Working Group:** Focusing on plastic reduction and packaging management, the Working Group actively promotes special projects for beverage PET bottle weight reduction, light weight bottle caps and paper straw replacement.
- Instant Noodle Resource Working Group:** Focusing on water conservation, energy saving and emission reduction management, the Working Group focuses on promoting special projects such as oil boiler waste gas recovery, boiler emission reduction and water recycling to improve the Company's energy management.
- Product Development Working Group:** Focusing on the development and expansion of healthy and nutritious products, the Working Group actively promotes research projects on salt reduction, sugar reduction, fat reduction and nutritional fortification to meet consumers' needs for nutrition and health.
- Communication Working Group:** Focusing on enhancing the Company's sustainable development impact, the Working Group works with various working groups to organize activities such as healthy diet promotion and healthy research cooperation from the perspective of food safety, healthy China and sustainable development, and continues to promote the Comprehensive Carbon Inventory Project.

At the same time, Master Kong is gradually promoting the "business-owned" ESG management model, further leveraging the strengths of each business industry, enhancing the relevance and practicability of ESG management, and making continuous efforts to implement the sustainable development concept of "Keep Our Nature Green".



Master Kong's PET Sustainable Development Project Wins "the Award for Best Society (s) Case"



"COP26 Green Low-Carbon Economy Transformation" Forum at the Fourth China International Import Expo



Master Kong Received Corporate Governance & ESG Excellence Awards



Master Kong Received Best Practice for Achieving SDGs 2021 (Sustainable Production and Consumption) Certificate

UPHOLDING THE UNITED NATIONS SUSTAINABLE GOALS AND INITIATIVES

Adopting a global perspective, Master Kong has always reviewed our development strategy and daily operation management. We have been actively responding to and upholding the United Nations Sustainable Development Goals (SDGs). Collaborating with stakeholders, we have been committed to a better life and delicacy.

After being selected as one of the outstanding cases in the China Corporate Sustainable Development Report released by the United Nations Development Programme (UNDP) in 2020, Master Kong joined the UNGC as a member company in May 2021, committing to the ten principles of the Global Compact that are based on the United Nations conventions and cover the areas of human rights, labour standards, environment and anti-corruption, to further expand the Company's sustainable development impact. Seizing this important opportunity of our membership with the UNGC, we hold ourselves to more stringent standards and commit to sustainable development. In October, the Group was awarded the "the Award for Best Society (S) Case" at the 2021 Cailianshe-ESG Summit for its sustainable development project of PET bottle recycling at Shanghai Disney Resort. In November, Master Kong participated in the "COP 26 Green Low - carbon Economy Transformation" Roundtable Forum at the Fourth China International Import Expo to share our latest achievements in driving the green low-carbon transformation in the upstream and downstream of the industry chain and the challenges and opportunities we encountered on the road to scientific carbon reduction. In December, the Group was awarded Hong Kong Corporate Governance & ESG Excellence Awards by the Chamber of Hong Kong Listed Companies (CHKLC) and Centre for Corporate Governance and Financial Policy School of Business, Hong Kong Baptist University, becoming the first food and beverage company to receive this award in many years. In February 2022, Master Kong was awarded the Certificate of Best Practice for Achieving SDGs 2021 (Sustainable Production and Consumption) by Global Compact Network China (UCNC).

Key SDGs addressed by Master Kong's Core Mission of Sustainable Development	FOOD SAFETY DEVELOPMENT	PRODUCT RESPONSIBILITY	ENERGY CONSERVATION AND ENVIRONMENTAL PROTECTION	WIN-WIN PARTNERSHIPS	CORPORATE CONTRIBUTION
<p>Our Actions</p> <ul style="list-style-type: none"> Improved the internal food safety management system and promoted digitalization Increased investment and monitoring indicators in food safety Innovated food safety technology and improved product quality Reinforced talent training and team building in food safety Increased technical exchanges and cooperation with cross-regional partners and peers to jointly improve the overall food safety level of the industry Launched the food safety publicity campaign and health promotion 	<ul style="list-style-type: none"> Supplied customers with safe, nutritious and healthy food to satisfy various kinds of demands Protected consumers' privacy and information security in all respects Listened to the demands and suggestions of customers, and improved service quality and efficiency Built product image and enhanced the brand influence through responsible labeling, advertising and intellectual property management 	<ul style="list-style-type: none"> Set environmental management targets based on the actual situation of our operation Strictly controlled discharge of pollutants, actively carried out energy and water conservation, and promoted low-carbon transition Optimized and reduced the consumption of product packaging, and recycled and reused waste packaging Focused on climate change risks and built sustainable supply chains 	<ul style="list-style-type: none"> Enhanced the environmental and social risk management for suppliers and required them to commit to the "nine mandatory requirements" Promoted the digital management of supply chains, covering the upstream and downstream of the value chain Shared big data and consumer insights with partners, provided technical support and coaching to suppliers, and drove technology upgrades Built a diverse workforce, created harmonious employment relationships and protected the legal rights of employees Continuously strengthened the health and safety management system and implemented production safety and occupational disease prevention and control measures Supported career development and created learning opportunities for employees 	<ul style="list-style-type: none"> Engaged in public welfare undertakings and promoted sustainable development Focused on social emergencies and actively provided caring assistance Actively promoted the strategy of serving rural revitalization, and provided more support to rural business Deepened school-enterprise cooperation and developed outstanding talents for society 	<ul style="list-style-type: none"> 2 零饥饿 3 良好健康与福祉 6 清洁饮水和卫生设施 9 产业、创新和基础设施 17 促进目标实现的伙伴关系
<p>Our Achievements in 2021</p> <ul style="list-style-type: none"> The Food Safety Quality Assurance (FSQA), which was accredited by the China National Accreditation Service for Conformity Assessment (CNAS). Over 90% of the normal operating plants of Instant Noodles Business were audited of the "whole quality system of instant noodle processing oil" by SGS and CQC. All normal operating plants of Master Kong Beverage Business and Pepsi Beverage Business were certified under ISO22000 (Food Safety Certification System), FSSC22000 (Food Safety Certification System) and Hazard Analysis Critical Control Point (HACCP). Continuously improved the whole process traceability system to achieve the transparent management of the flow of raw materials and finished products Cooperated with Shanghai Jiao Tong University, Jiangnan University and other universities, and the National Institute for Nutrition and Health of the Chinese Center for Disease Control and Prevention, the Chinese Institute of Food Science and Technology/China Beverage Industry Association, and the State Administration for Market Regulation For the eighth consecutive year, launched the food safety publicity month campaign 	<ul style="list-style-type: none"> Developed vegetable-based meat and recipes for 24 product categories, including "Corn Fresh Vegetable Noodles" and "Udon", to make them more nutritious and healthy Completed the development of sugar reduction for "Ice Tea", "Pear with rock sugar" and "Jasmine Honey Tea", as well as the development of new products such as "Sugar-free Ice Tea" and "Sugar-free Ice Tea (with Dietary Fibre)" The annual satisfactory resolution rate of customer complaints reached 97.3% Fully implemented the intellectual property management measures, took active action to defend its rights and provided relevant publicity and training to our staff 	<ul style="list-style-type: none"> Conducted the first Carbon Inventory Project, covering the upstream and downstream of the value chain Handed over the waste PET bottles for recycled polyester fabric, packaging plastic and other environmentally friendly recycled goods, reducing the production of more than 900 tonnes of waste plastic in total 100% of paper suppliers such as cartons purchased had Forest Stewardship Council (FSC) certification 36.8% of palm oil suppliers in the Instant Noodles Business obtained Roundtable on Sustainable Palm Oil (RSPO) certification, and 30% of white sugar suppliers in the Master Kong Beverage Business and Pepsi Beverage Business had obtained Bonsucro certification, Master Kong's dairy suppliers have been certified by Toitū Envirocare 	<ul style="list-style-type: none"> Assessed the environmental and social risks of 876 suppliers Continuously facilitated the implementation of the Supplier Relationship Management (SRM) system and trained upstream suppliers and relevant personnel of Master Kong supply chain Continuously promoted the digital management of human resources Conducted customized and functionally diverse courses and projects, with 728,900 training hours in total, and 125.14 training hours per person. 	<ul style="list-style-type: none"> Community investment was approximately RMB 87.3 million and hours of employees' volunteering activities were approximately 273,000 hours Continued to carry out the public welfare activities such as "Food Safety and Aerospace Science Popularization, "Education on Water" and "Sports Nutrition Cooperation" Continued to promote scholarship programmes nationwide, promoted the Master Kong Library Project, and cared for the education of left-behind youth Immediately participated in disaster relief and material assistance in areas affected by disasters such as rainstorms, typhoons and earthquakes, delivering warmth and care Established an "Environmentally Friendly Vegetable Base" in the Kangba Nuo'er area of Kangbao County, Hebei province, which helped to establish a total of 200,000 mu of vegetable bases in the area, acquiring about 500,000 tonnes of agricultural products and driving the employment of about 150,000 farmers Established school-enterprise cooperation with 35 universities and 78 vocational schools nationwide Added a new strategic university partner, Tsinghua University, and deepened cooperation with Yuanpei College of Peking University, Peking University School of Medicine and Waseda University 	<ul style="list-style-type: none"> 1 无贫穷 2 零饥饿 3 良好健康与福祉 4 优质教育 8 体面工作和经济增长 10 减少不平等 11 可持续城市和社区


In the future, we will also continue to take a number of actions to actively implement the SDGs and make unremitting efforts to contribute more to the sustainable development of individuals, families, communities, nations and the planet.

STAKEHOLDER COMMUNICATION AND KEY ISSUES MATERIALITY ASSESSMENT

Through continuous communication with various stakeholders through various channels, Master Kong actively understands the expectations and requirements of our stakeholders and strives to meet their needs in a practical manner while developing our business. The Company will continue to develop, improve and enhance its management in accordance with the expectations and requirements of its stakeholders, and strive for sustainable development of the enterprise.

In 2021, based on the communication with stakeholders, Master Kong reviewed and confirmed the level of importance of each key sustainability issue to the Company's business development and stakeholders, and presented the results of the assessment in a materiality matrix for key issues, and responded to each issue in this report based on the results.

Main Stakeholders and Communication Channels

 Descriptions of Stakeholders	Communication Channels and Responses
Shareholders and Investors Domestic and overseas legitimate equity and debt investors to Master Kong	General meetings of shareholders, annual reports, interim reports, results announcements, roadshows, etc.
Employees Personnels who sign a formal employment agreement with the Company and who serve the Company on a regular basis	Staff activities, staff congress, staff training, staff manual, corporate publications, etc.
Distributors (including clients) Companies, stores or individual businesses that legally distributing various branded products of Master Kong	Product exhibitions, industry surves, customer service hotlines and satisfaction surves, etc.
Suppliers Companies, stores or individual businesses that legally supplying production materials, accessories and office supplies to Master Kong	Open bidding meetings, strategic cooperation negotiations, exchanges and visits, etc.
Government and Agencies Food, taxation, environmental protection, safety and other authorities; local governments; the SFC and other regulatory agencies	Field visits, official correspondences, policy implementation, information disclosure, etc.
Media Newspapers, TV stations, Internet companies and other media agencies that have established legal partnerships with Master Kong	Business interviews, cultural promotion, featured activities, etc.
Communities and the Public Local communities, the public, non-profit organizations, etc.	Community activities, employee volunteer activities, public welfare activities, social cause support, etc.
Universities and Research Institutions Universities, colleges and research institutes partnering with Master Kong	Recruitment presentations, training programs, seminars, academic exchanges and cooperative research projects

Level of Importance of key ESG Issues

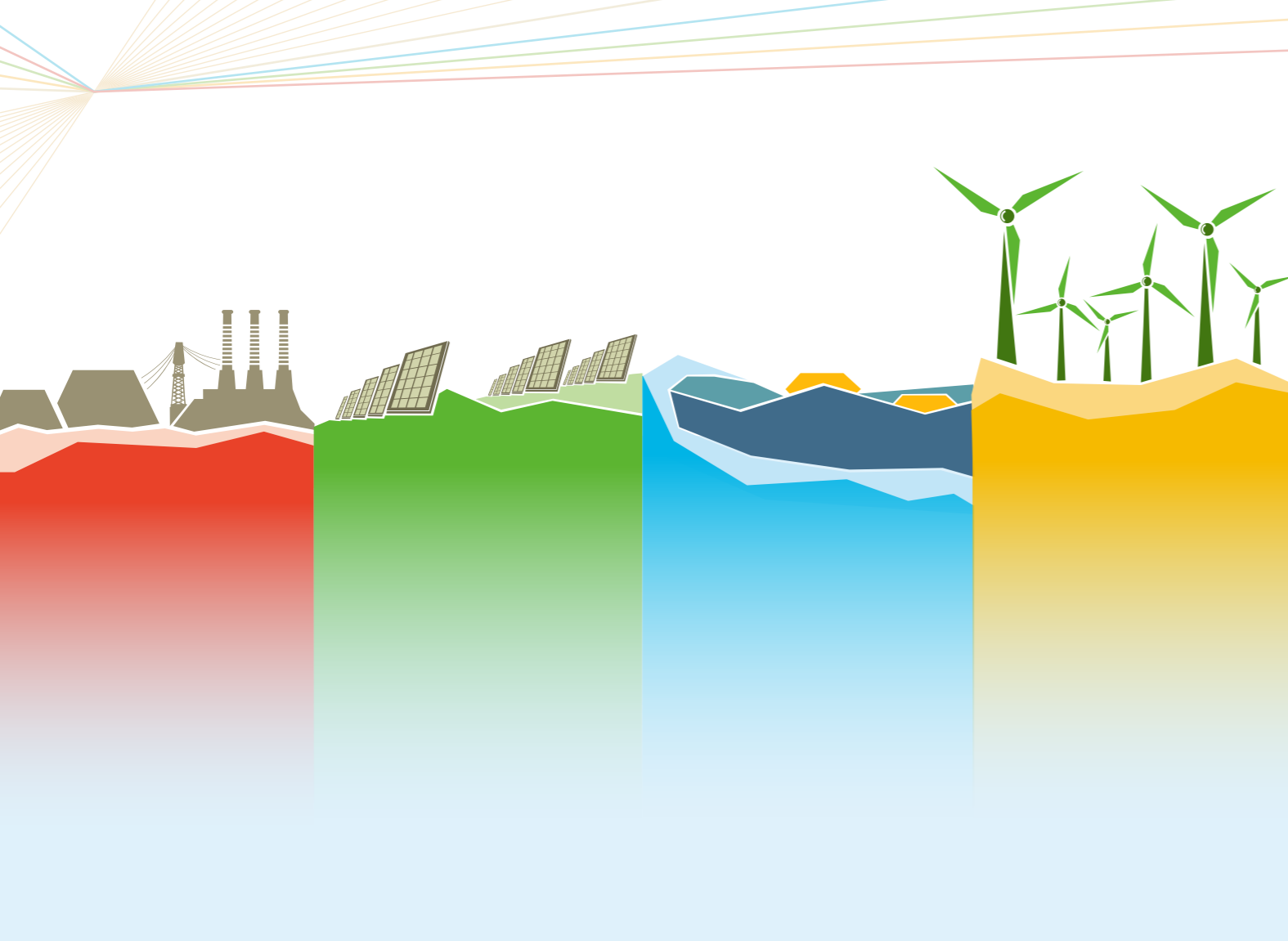


TOPIC: MOVING TOWARDS "CARBON PEAKING" LEADING 「LIFE + DELICACY」

The issue of climate change is a major concern for the international community, and it has become a consensus among all sectors of the international community to reduce GHG emissions, mitigate climate change risks and explore climate change opportunities. At the 75th General Debate of the United Nations General Assembly, China announced that it aims to peak its CO₂ emissions by 2030 and work towards carbon neutrality by 2060, demonstrating its commitment as a responsible power and the progressive carbon reduction efforts of all sectors to help the country achieve its goals of "carbon peaking" and "carbon neutrality".

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As a leading company in China's food and beverage industry, Master Kong implements the concept of energy conservation and consumption reduction in its own operations, and uses digital tools to record and analyze the environmental impact it generates. Based on a comprehensive data base, Master Kong conducted a Carbon Inventory Project to clarify its own carbon emissions this year, covering the carbon emission categories of Scope 1, Scope 2 and Scope 3, and set environmental targets in terms of energy consumption and greenhouse gas emissions in accordance with the results of the Project.

At the same time, Master Kong actively identifies the impact of climate change on itself, assesses the risks and opportunities brought about by the impact, and formulates corresponding countermeasures to mitigate the impact of climate change.

LAUNCHING CARBON INVENTORY PROJECT, IDENTIFYING CARBON FOOTPRINT

Carbon Peaking

Carbon Neutrality

Against the backdrop of the Carbon Peaking and Carbon Neutrality targets proposed by the country, and in order to better understand its own carbon emissions, the Company conducted its first Carbon Inventory Project in mid-2021, covering the upstream and downstream of Master Kong's value chain, comprehensively calculating Scope 1 and Scope 2 carbon emissions data and determining the main Scope 3 carbon footprint in upstream and downstream of the value chain. In this inventory, we applied the LCA (Life Cycle Assessment) methodology, and based on common standards and criteria such as the National Development and Reform Commission and the IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Emissions List, we accounted for Master Kong's own Scope 1 and 2 Greenhouse Gas emissions, as well as Scope 3 (including procurement of agricultural products and packaging materials, transportation and distribution, employee travel and commuting, product storage and logistics, product consumption and final

disposal). This carbon inventory has given us a more comprehensive picture of the carbon footprint of Master Kong's products and services, which has provided us with a direction and clues for our subsequent carbon reduction work, and laid an important foundation for the subsequent formulation of carbon reduction targets and setting of carbon reduction pathways. On the occasion of this Carbon Inventory Project, we conducted training on carbon reduction for all business-related staff, to familiarize more staff with carbon reduction for better promotion.

In the future, Master Kong will carry out targeted carbon reduction work in accordance with the key carbon emission areas and the actual situation, and gradually plan the implementation path for carbon reduction, while taking a leading role in the value chain and collaborating with upstream and downstream partners and consumers to move towards carbon neutrality.

SETTING ENVIRONMENTAL MANAGEMENT TARGETS

Guided by the Company's sustainable development philosophy "Keep Our Nature Green", we have set our environmental development targets based on the actual situation of our production and operation, combined with analysis of past environmental data and planning for future corporate development, including:

Energy and water consumption:

- Using 2017 as the base year, the combined energy consumption per RMB'million of revenue (MWh/ RMB' million) will decrease by 12% in 2025.

- Using 2017 as the base year, water abstraction per RMB'million of revenue (tonnes/RMB'million) will decrease by 8% in 2025.

Waste:

- The recycling rate (actual sales volume/theoretical production) of the main production-based raw material waste is not less than 97%.

Emission:

- Using 2017 as the base year, greenhouse gas (Scope 1 and Scope 2) emissions per RMB'million of revenue (tonnes/ RMB'million) will decrease by 18% in 2025.

- Emission concentrations of major air pollutants (nitrogen oxides, sulphur oxides, soot and dust) from all plants meet or exceed national standards.

- Wastewater (COD) discharge concentrations meet or exceed national standards.

Master Kong will maintain continuous monitoring of the progress of achieving the above-mentioned environmental targets, and regularly review and report on the achievement of the environmental targets.

12%

The combined energy consumption per RMB'million of revenue will decrease in 2025

8%

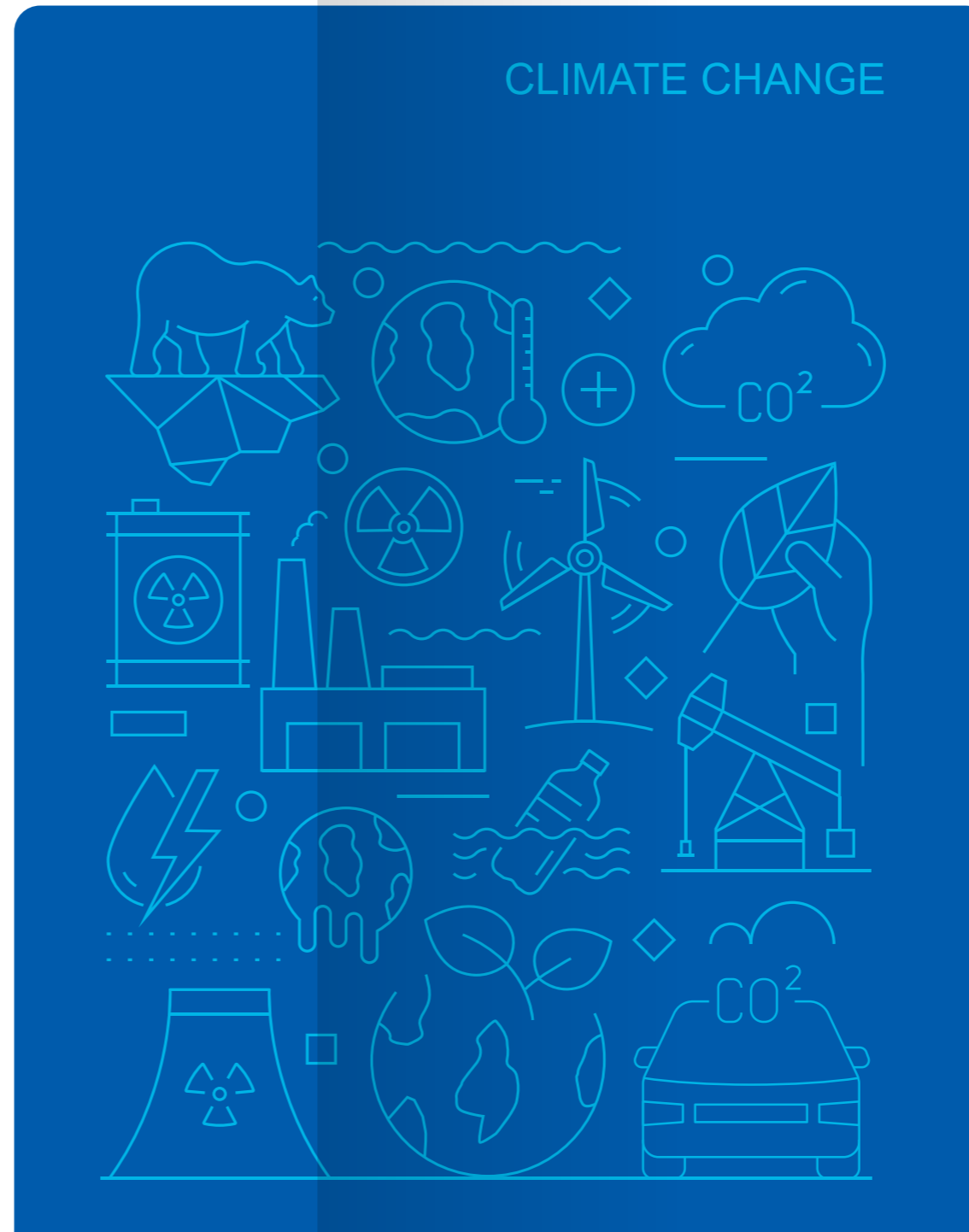
Water abstraction per RMB'million of revenue will decrease in 2025

18%

Greenhouse gas (Scope 1 and Scope 2) emissions per RMB'million of revenue will decrease in 2025

>97%

The recycling rate of the main production-based raw material waste



RESPONDING TO CLIMATE CHANGE

Master Kong maintains a constant focus on the issue of climate change and actively assesses the impact of climate change on our production and operations. We identify the key risks posed by climate change and proactively consider and establish counter measures, while we also actively identify the relevant opportunities that climate change may bring.

Climate change increases the likelihood of extreme weather events including floods, droughts, typhoons, heavy rains, snow and freezing temperatures. Extreme weather occurring in the locations where the Company operates may adversely affect the production, transportation, storage and sale of Master Kong's products and even cause property damage, affecting the Company's sales plans and revenue. Based on the characteristics of the geographical environment where we operate, we conduct a comprehensive analysis of the possibility of various types of natural disasters, identify the types of natural disasters that may affect the normal production and operation of the Company and the degree of danger, and formulate the *Special Emergency Plan for Natural Disasters* so that in the event of a major natural disaster, we can handle and carry out rescue in a timely manner in accordance with the predetermined plan, so that the impact of the disaster can be effectively controlled within a short period of time to ensure the personal safety of employees and the safety of the Company's property. We also keep an eye on the weather and stock up on emergency supplies in advance in the event of extreme weather warnings to ensure the stable operation of the energy supply and water supply and drainage systems in the various high-voltage power houses so as to minimise losses.

Extreme weather conditions may cause suppliers to be unable to supply us with raw materials on a consistent basis and may also cause a reduction in agricultural production, which may lead to fluctuations in the price of production materials and affect production costs. To address such risks, we maintain long-term partnerships with a number of qualified suppliers for the same raw material at the same time to ensure a wide range of suppliers' raw material supply, thereby mitigating the risk of interruptions in raw material supply due to extreme weather conditions. In addition, we actively conduct price analysis of raw materials to identify the types of raw materials that are significantly affected by weather and keep an eye on weather factors that may have an impact on their prices, while we lock in prices in advance when entering into contracts with suppliers to control production costs.

FROM PEACE OF MIND TO NUTRITION AND HEALTH, ENJOY 「LIFE + DELICACY」

With the corporate mission of "Promoting Chinese Food & Beverage Culture", Master Kong regards food safety as its foundation. With a zero tolerance attitude towards food safety risks, our professional capabilities and advanced equipment ensure the quality of our products from farm to fork with "quality of space product", ensuring "Food Safety" for consumers.

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FOOD SAFETY

CONTROL AND CONSTRUCTION

Food safety is the foundation of our business and that consumers' trust in our brands is based on food safety. We strictly abide by the *Food Safety Law of the People's Republic of China*, the *Product Quality Law of the People's Republic of China* and other relevant laws and regulations, and continue to enhance our risk management, improve the ethics and professionalism of our staff and strengthen our product process management to achieve conscientious business. We believe that building a "Peaceful China" requires a high level of food safety assurance. In this connection, we have been making continuous efforts in the following areas to raise the standard of Master Kong's food safety management to the highest level.

1) Increase investment in the area of food safety.

Master Kong has invested RMB500 million in the establishment of the Innovation R&D Centre, which has been accredited by China National Accreditation Service for Conformity Assessment (CNAS), with over 1,500 food safety monitoring indicators and over 3.5 million tests per year. At the same time, the Company's food safety and quality control team has grown to over 1,800 staff, who monitor the whole process of the industry chain through external inspection of raw material suppliers, food safety assessment inspection, incoming inspection of raw materials, process inspection, factory inspection of finished products, and market sampling of products.

2) Improve the internal food safety management system.

The Company has actively introduced external consultancy resources to strengthen the authority of Food Safety Centre laboratory data, strengthen the basic skills of frontline monitoring staff, increase the frequency of monitoring product quality indicators, establish a product quality sampling system with a three-tier layout of Food Safety Centre/China National Accreditation Service for Conformity Assessment/ factory inspection rooms, and focus on strengthening the upgrade and stable operation of the food safety/ quality management system. We strictly comply with the requirements of relevant laws and regulations and national standards such as *National standard on food safety—Instant Noodles (GB 17400)*, *National standard on food safety—Beverage (GB 7101-2015)*. We send all products to qualified third-party inspection and testing

RMB
500 million

Master Kong has invested in the establishment of the Innovation R&D Centre

>1,500

Food safety monitoring indicators every year

>3.5 million

Food safety monitoring tests every year

>1,800 staff

Food safety and quality control team



▲ 2021 Master Kong Food Safety Promotion Month Launching Ceremony

institutions regularly to conduct quality testing. Taking "Roasted Beef Noodles" and "Ice Tea" as examples, we entrust a qualified third-party inspection and testing institution to carry out the inspection and testing of the physicochemical, nutritional, microbial and other indicators. Each of the evaluations meet all relevant national and industry standards and regulatory requirements. At the same time, according to the *Measures for the Administration of Market Product Quality Inspection*, *Measures for the Practice of Product Quality Inspection in Instant Noodles Business Market*, we entrust third-party agencies to take monthly samples of our products in the commercialization phase. The Quality Control Team of each business organize relevant testing personnel to testify and evaluate quality indicators such as physicochemical inspection, appearance, sensory, flavor and taste. We would provide relevant feedbacks to the production plant for analysis and improvement, forming a closed-loop control system to continuously improve the product quality.

3) Continue to improve the construction of food safety management system.

In 2021, all normal operating plants' of the Instant Noodles Business were certified under the FSSC22000 (Food Safety System

Certification) and maintained good operation of the system. Over 90% of the factories in normal operation have been audited of the "whole quality system of instant noodle processing oil" by Standard Global Services (SGS) and China Quality Certification Center (CQC), third party certification bodies, to ensure the safety of the oil used in the processing of instant noodles. In addition, the Instant Noodles Business continued to improve its "AIB+" internal audit terms based on the American Institute of Baking (AIB) audit standard, and built the Tianjin and Hangzhou plants as AIB+ demonstration plants to drive all production bases to improve food safety management through a benchmarking model. All normal operating plants of Master Kong Beverage Business and Pepsi Beverage Business are certified under ISO 22000 (Food Safety Certification System), FSSC 22000 (Food Safety Certification System) and Hazard Analysis Critical Control Point (HACCP). Among them, all of our bottled water plants have been annually certified by the National Sanitation Foundation (NSF) and all of Pepsi Beverage Business plants have participated in and successfully passed the AIB annual food safety audit. In addition, the Hangzhou Dingjin plant was certified as a CNAS microbiological laboratory. The bakery business plant obtained ISO9001 (Quality Management System) and ISO22000 (Food Safety Management System) certifications and the system is operating normally and passed the 2021 annual system supervision audit.

4) Launch the food safety publicity month campaign.

For the eighth consecutive year, Master Kong launched the food safety publicity month campaign with the main theme of "Reduce Waste, Build Prevention and Keep Safety". All staff participated in the campaign, carrying out more than 500 internal and external food safety promotion campaigns and holding food safety-related examinations to actively respond to and implement the Central Government's "Food safety main responsibility year action" and the General Administration of Market Supervision's call to "oppose food waste". At the same time, we regularly conduct food safety training for our employees, covering laws and regulations, Good Manufacturing Practice (GMP) requirements, supplier management, quality control, etc. We also conduct activities such as food safety knowledge competitions/job skills competitions to raise the awareness of food safety among all employees and strengthen the culture of quality and food safety.

5) Promote the "Food Safety Science Popularization Public Welfare Line".

Master Kong is highly concerned about the science popularization of food safety among young people and children, and has organized "Food Safety Open Classes in Primary and Secondary Schools" to help young people learn about food safety in a fun and relaxed atmosphere; and held "Food Safety Science Popularization Challenge Quiz" to present food safety knowledge in a fun and competitive form, with a total of over 4 million respondents. At the "How to Safeguard Food Safety for Minors Sub-forum" held during the National Food Safety Week 2021, Master Kong discussed the issue of food safety for minors with all sectors of the society, and mobilized upstream and downstream partners to work together to strengthen the defence of food safety for minors through technology empowerment and technology sharing.

6) Promote the digitalization of food safety.

Master Kong has continued to improve the full traceability system, and through continuous system renovation and technological refinement, the execution effectiveness of the food safety traceability system has been continuously enhanced to achieve transparent management of the flow of raw materials and finished products. Through cooperation with suppliers and customers and under the guidance of professional institutions, the Company has strengthened the upstream and downstream traceability of products

and launched pilot applications. In addition, Master Kong has successively planned and launched digital information systems such as Laboratory Information Management System (LIMS), Product Lifecycle Management (PLM) and Business Intelligence (BI) and other digital information systems to further implement and deepen information management.

7) External cooperation to improve social food safety governance.

Based on Master Kong's industry status and advanced food safety technology, the Company was approved to set up Shanghai Instant Food Engineering Technology Research Center to undertake food safety testing, research and development, scientific training and provide authoritative and impartial third-party services to the society. Relying on this platform, Master Kong makes use of quality academic resources at home and abroad to promote high-end research and development of food safety technology and the transformation of R&D results, and actively provides useful references for the formulation and updating of national food safety standards. The Company's Innovation R&D Center was recognized as a Foreign-funded R&D Center by the Shanghai Municipal Commission of Commerce. Master Kong and Shanghai Jiao Tong University and other universities continue to carry out industrialised research cooperation on food safety and product application development, and cooperate with the National Institute for Nutrition and Health Chinese Center for Disease Control and Prevention, Jiangnan University and Nankai University on food safety to help improve the level of food safety governance in society. In addition, the Company also actively participated in the formulation of a number of standards by the Chinese Institute of Food Science and Technology/China Beverage Industry Association, State Administration for Market Regulation and China National Center for Food Safety Risk Assessment (CFSA). There were no recalls of products and services for safety and health reasons during the year.

8) Emphasis on food safety talents training.

We select outstanding graduates from key universities across the country with a major in food and strive to develop complex industry talents. At the same time, we recruit quality control managers from factories across the country and provide them with special training in areas such as food safety standards and regulations, analysis and testing, risk monitoring and assessment auditing, and guide staff in the production and supply chain departments and quality control departments of each business to implement the "food safety first" concept in their work, so as to achieve the goal of total food safety management.



HEALTH AND NUTRITION PRODUCT DEVELOPMENT AND EXPANSION



The Fifth Plenary Session of the 19th CPC Central Committee set the visionary goal of "building a healthy China" by 2035 from the perspective of the overall development of the Party and the State, and made clear arrangements for the comprehensive promotion of the construction of a healthy China during the "14th Five-Year Plan" period. As a leading company in China's food and beverage industry, Master Kong understands the significance of improving the nutrition and health of its products. We recognize that with the continuous upgrading of consumption, consumers are no longer only concerned about the convenience and safety of products, but are increasingly focusing on the nutrition and health quality of products.

We deeply understand that "Without national health, there will be no comprehensive well-off society". The Company actively responds to various national nutrition and health policies, including the *National Nutrition Plan (2017-2030)*, and incorporates nutrition and health into various R&D activities such as product formulation design, product innovation and technical cooperation. In 2021, the new products developed by Master Kong continued to meet consumers' needs for nutrition and health, promote the reduction of oil and salt in products through technological innovation, do not use preservatives, and reduce the use of additives. We developed vegetable-based meat and refined the recipe for "Roasted Beef Noodles", and developed recipes for 24 product categories, including "Corn Fresh Vegetable Noodles" and "Udon", to make them more nutritious and healthy. We added calcium elements to the "Color Flute Roll" product for nutritional fortification to increase children's calcium intake and ensure their healthy growth. We added oats, wheat bran, purple potatoes and other kinds of coarse grains to the "Miaofu Sunshine Breakfast Cake" product to increase dietary fiber content; we also added eggs, dried fruits and other ingredients, and reduce sucrose and fats to make this product more nutritionally balanced. With our unremitting efforts in nutrition and health, Master Kong's "Udon" won the "2020-2021 Year Outstanding Product Innovation Award" of China's instant food industry, and the research results of fried/non-fried instant noodles have been accepted by *Frontiers in Nutrition*, the authoritative journal of food nutrition.

In terms of beverage research and development, we are committed to the development and adjustment of sugar reduction and zero sugar in the formulation and process of our main items. We have completed the development of sugar reduction for "Ice Tea", "Pear with rock sugar" and "Jasmine Honey Tea", as well as the development of new products such as "Sugar-free Ice Tea" and "Sugar-free Ice Tea (with Dietary Fibre)".

Master Kong is committed to meeting the demand of young consumers for products in smaller packs, which are more



Master Kong's "Udon" won the "2020-2021 Year Outstanding Product Innovation Award" of China's Instant Food Industry

"Soup Chef" won 2020-2021 Best Innovation Award in China's Instant Food Industry.

▲ Products of Smaller Packs to Meet the Needs of Younger Consumers

portable and exclusive, as well as more environmentally friendly. In view of this, Master Kong has launched new products such as small-size of "masterpiece of good soup" "Soup Chef" cup noodles (650ml and 510ml), smallpackage "Sugar-free jasmine tea" (350mL) and smallpackage "Sugar-free Ice Tea" (330mL). Among them, "Soup Chef" won 2020-2021 Best Innovation Award in China's Instant Food Industry.

On the basis of carrying out technological innovation of nutrition and health products, Master Kong also actively promotes the establishment of nutrition and health product standards, as well as participates in national and industry standardization. Currently, the *Hot Air Dried Instant Noodles* and the *Quick Frozen Noodles*, these two group standards have been approved by the Chinese Institute of Food Science and Technology for project establishment.



SPREAD HEALTH CONCEPT

Master Kong is committed to promoting Chinese Food & Beverage Culture and continuing to provide consumers with high-quality and diversified food and beverage products to enjoy a healthy lifestyle and lead a better life. We fully support and actively respond to the national nutrition and health policy, and continue to conduct relevant research together with various partners to meet the needs of different groups of people for nutrition and health, actively advocate the diet concept of reasonable diet and balanced eating and moving, guide consumers to make suitable food choices, and promote the nutrition and health of the general consumer population together with the government and industry partners.

During the year, Master Kong had adopted the concept of "Life + Delicacy" to help Chinese winter sports athletes and actively promote the concept of sports nutrition diet. At the beginning of 2021, the theme video of "New Year health is a blessing" had been spreading across the internet, with each video carrying good wishes for a healthy New Year for all, embracing a healthy New Year.

In February 2021, Master Kong participated in the 7th National Popular Ice and Snow Season by setting up a New Year Noodle House in the Ice and Snow Fair in Beijing Shougang Park to provide professional and nutritious dietary supplements to ice and snow enthusiasts. As at 31 December 2021, Master Kong held the "Delivery Ceremony of Master Kong & China Ice and Snow Customized Functional Products" and officially delivered to the Winter Sports Centre of the General Administration of Sport of China (the "Winter Sports Centre") "The second generation customized products of athletes - champion canteen". The champion canteen products have been tested by the Glycemic Index (GI) and certified as low GI products, which are effective in improving athletic endurance when consumed before exercise. In addition, Master Kong had also developed sports customized Express Chef's Noodles, champion canteen High Energy Beef Nutritional Noodles and Light Beef Nutritional Powder especially for athletes to meet their needs for muscle building and weight control.



▲ Freestyle Skier Xu Mengtao Displays a Customized Product

New Year health is a blessing

Master Kong successfully held "Delivery Ceremony of Master Kong & China Ice and Snow Customized Functional Products"



Master Kong "The Second Generation Customized Products of Athletes - Champion Canteen"

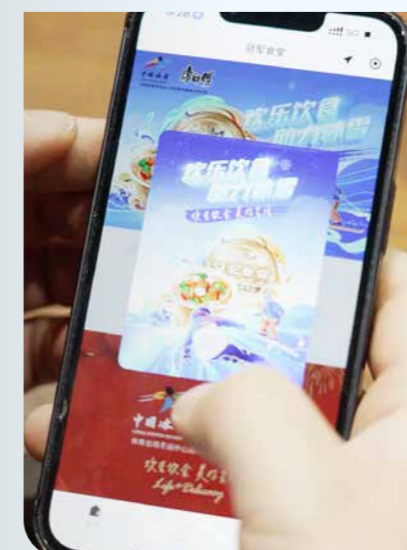


ACTIVITY: Serving meals to Chinese winter sports teams

Since its opening, the Master Kong Champion Canteen in Chongli, under strict closed-loop management, has been serving all kinds of delicious dishes, nutritious fruits and vegetables as well as various Master Kong products to Chinese Winter Sports teams for free from New Year's Eve to the Lantern Festival. From preparation to delivery, our staff did their best to provide delicious and nutritious meals for the volunteers and Chinese winter sports staff. In order to strictly adhere to the regulation on closed-loop management for pandemic prevention and control during the event, while meeting the needs of as many people as possible, Master Kong has also launched a special order

applet for Champion Canteen allowing for fast order placement, which is convenient and time-saving.

The two products in the Second Generation Champion Canteen series have a more reasonable calorie intake and lower fat intake. Lower GI helps to improve endurance, and the added dark leafy vegetables supplement vitamin B1, vitamin B2, niacin and other nutrients consumed during intense exercise. In alignment with these rigorous indicators, Master Kong's product development team made dozens of adjustments to the formula and more than 200 product samples to ensure that the athletes would leave no regrets on the field.



The process from production to delivery by Champion Canteen

INSIST ON COOPERATION WITH HONESTY TO BUILD 「LIFE + DELICACY」

As a leading company in China's food and beverage industry, Master Kong attaches great importance to consumer needs, continues to strengthen its brand marketing and intellectual property management, and is committed to promoting the collaboration and sustainable development of the industry chain to continuously enhance its brand image and value.

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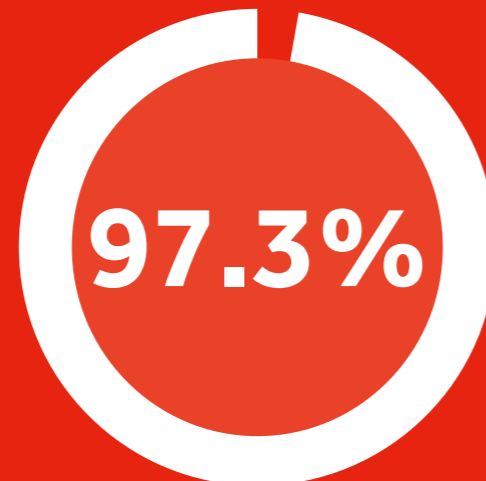


CUSTOMER SERVICES

We comply with the requirements of the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Personal Information Protection Law of the People's Republic of China* and other laws and regulations, and focus on listening to the voices of our customers.

The Company establishes and maintains smooth communication channels to understand their expectations and aspirations. The Company has set up a customer service centre to facilitate the collection and feedback of suggestions, enquiries and demands from consumers. Customer feedback is collected through our 400 hotline, corporate website and Sina Weibo. The customer service centre has established standardized operating processes such as the Customer Service Management Procedure to manage customer feedback. The customer service team is required to respond to customer feedback within the stipulated timeframe, continuously track and follow up until the case is closed, and visit customers to understand their satisfaction and ensure that the issues raised by customers are properly resolved. The customer service team and relevant business departments regularly sort out customer feedback, identify and analyze common problems, and develop optimized solutions. During the year, Master Kong received 13,401 customer complaints, with a satisfactory resolution rate of 97.3%.

We communicate with our customers and provide high quality services while protecting their privacy. We implement systematical and processed management of the information in accordance with the Customer Service Management Procedure and strictly adhere to the principle of confidentiality of customer information. In terms of capture and recording customer information, we do not record or keep important and sensitive information about our customers. In terms of information access, we endeavour to ensure data security in our internal systems and implement account login privilege settings to restrict the access rights and conditions of use of consumer information by our internal staff to ensure information security.



In 2021,
Master Kong's satisfaction rate in
customer complaint response reached



ADVERTISING AND INTELLECTUAL PROPERTY MANAGEMENT

With continuously brand management enhancement, Master Kong ensures that the Company complies with relevant laws and regulations during the communications with stakeholders, as well as when providing marketing, advertising and sales services. Such commitment has demonstrated the Company's values of social responsibility. We strictly abide by the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations to regulate the content of advertisements and labels to avoid any promotional content of exaggerates, falsely advertisements or any promotional content that misleads consumers, and to effectively protect the legitimate rights and interests of consumers. To ensure that the promotional content is true and compliant, the Company requires any external promotional materials and label designs to be reviewed by various departments such as legal affairs, research and development, and quality. And the materials and label designs will be published after departments have confirmed. In the area of brand promotion and product marketing, the Company continues to improve its control mechanism and encourages its partners and other advertising publishers and operators to perform in good faith and compete fairly. We attach importance to establishing and strengthening the relationship of mutual trust with consumers, actively implement the responsible marketing practice of the whole product life cycle to convey our brand spirit and product characteristics to consumers. In the product research and development stage, we formulated the Brand Manual based on the product highlights to precisely locate the segment market; during the product marketing stage, we formulate product promotion and marketing brochures to standardize product promotion activities, and review the compliance of labels and promotional materials in accordance with relevant laws and regulations to avoid misleading consumers. In addition, we organize and conduct training on responsible marketing and advertising practices for all relevant employees. We regularly organize responsible marketing and advertising

training for our marketing personnel on the implementation of marketing strategies, and conduct such training on monthly, quarterly, and annually basis. Moreover, we regularly carry out audit review on responsible marketing every year, conduct monthly self-inspections to ensure that issues are properly addressed. We are combining annual audits with occasional random screening to gradually improve the supervision of responsible marketing.

We emphasise the importance of respecting and protecting intellectual property rights and focus on the accumulation and application of intellectual property rights. In 2021, the Company fully implemented its intellectual property management measures and took active action to defend its rights. We have worked with a number of professional bodies to protect all aspects of intellectual property, including patents and trademarks. For our core trademarks, we have applied for registration and protection in many countries and regions around the world. We protect our own intellectual property rights while preventing and avoiding direct or indirect infringement of others' intellectual property rights by setting up a customs intellectual property monitoring line, registering with the relevant authorities in a timely manner, retrieving intellectual property information and conducting relevant analysis. We also provide relevant publicity and training to our staff to develop their awareness of intellectual property protection, so as to enhance our overall intellectual property protection capability and maintain our brand image.

In **2021**, the Company fully implemented its intellectual property management measures and took active action to defend its rights.

ESG

SUPPLIER ESG MANAGEMENT

As a core enterprise in the value chain, we deeply understand the leading and driving role of our own behaviour on our suppliers. The Company established a comprehensive supplier management system. By continuously refining our supplier management capabilities, we are committed to working together with our supply chain partners to bring high quality products to our consumers.

In terms of supplier recruitment, Master Kong has formulated supplier development methods according to the types of suppliers, clarified the supplier introduction process and requirements, established supplier basic information files and evaluated their qualifications in accordance with the Supplier Evaluation – Information Evaluation Form. On-site audits of suppliers are carried out to examine and evaluate their factory environment, plant and facilities, production and quality management, waste discharge, and environmental and occupational health and safety management levels. To assess the level of food safety management of suppliers, we conduct sampling inspections during the on-site inspection phase, using both external inspections by third-party testing organizations and Master Kong's own inspections to conduct rigorous screening to ensure that they meet the relevant national food safety standards and Master Kong's internal food safety management requirements. Only those who pass all the above assessments will be qualified as Master Kong's suppliers.

In terms of day-to-day supplier management, Master Kong has developed a comprehensive approach to supplier appraisal operations, which provides a comprehensive assessment of each supplier's supply quality, delivery, service and cooperation, and rewards and punishments to suppliers based on monthly and annual appraisal results. In terms of supplier environmental and social risk management policies and practices, we continue to promote our supplier partners' awareness and understanding

of the Master Kong's Basic Agreement with Supplier on Environmental and Social Compliance, including environmental and social assessment requirements to the scope of supplier assessment, requiring our suppliers to meet relevant environmental and social laws and regulations where they operate, and to commit to the "nine mandatory requirements" for environmental and social compliance, including minimum age of employment, forced and bonded labour, business ethics, serious environmental pollution, serious health or safety hazards, working hours, wages, employee injury insurance and food safety. In addition, we have signed the Anti-Commercial Bribery Pledge with our suppliers and are committed to creating transparent and clean supplier partnerships. As of the end of this reporting period, we had assessed the environmental and social risks of 876 suppliers.

During the year, we carried out product safety and quality assurance trainings for segmented raw material suppliers regularly. For example, we conducted professional trainings on foreign body contamination prevention for dehydrated vegetables suppliers, which contained measures to identify the source and substance of the contamination, as well as preventive actions to reduce the impact of foreign body contamination of product. As for pickled sour mustard suppliers, we offered quality control instructions throughout the manufacturing process, ranging from the management on mustard farms and pickled process to foreign body contamination control. Besides, we also carried out trainings on the *National Food Safety Standards-Maximum Residue Limits for Pesticides in Foods (GB2763-2021)* and the *Announcement No. 536 of the Ministry of Agriculture and Rural Development of the People's Republic of China (Prohibited Use Pesticide)* for agricultural products suppliers; we carried out trainings on the *Detailed Rules for the Examination of Fruit Products*



Production Licenses (Draft for Comments) for plums suppliers. The trainings encouraged the suppliers to further understand and implement the latest annual requirements of quality and safety related laws, regulations and industry standards, and enhanced their product quality assurance management abilities. Moreover, we conducted trainings on *Administrative Measures for the Supervisory Inspection of Food Production and Trade* for raw material suppliers. The trainings urged them to implement their primary responsibility for supplier food safety and enhance their awareness of quality assurance.

Master Kong has put the concept of digitalization throughout the supplier management system of procurement, transportation and production, etc. Through the promotion and implementation of the Supplier Relationship Management (SRM) system, the digital management of the entire bidding process, such as issuing tenders, introducing suppliers, signing and approving base prices, purchasing

tenders and approving final bids has been achieved. We have replaced manual data input in the form of digital transmission, realized paperless operations, which reduces system duplication of data and greatly improves work efficiency and accuracy. We conducted training on the SRM system for suppliers and relevant personnel of Master Kong's supply chain to enhance their understanding of the system's functions and to continuously improve the efficiency of the system's utilization. At the same time, we continue to promote the implementation of Material Requirement Planning (MRP), which automatically calculates raw material requirements, reducing the labour cost of manual calculating raw material requirement planning and improving the accuracy. We follow the plan for procurement and rationalize production line operations to achieve smooth production, avoid overloading or idling of production lines, increase flexibility in scheduling and improve production efficiency.

Number of suppliers by region

SUPPLIER LOCATION	NUMBE OF SUPPLIERS
Numbe of suppliers	9 16
Hong Kong, Macau and Taiwan	4
Foreign regions	6



ANTI-CORRUPTION AND ETHICS MANAGEMENT

Master Kong is committed to creating a clean working environment. The Company strictly complies with the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China* and other laws and regulations, and has formulated anti-corruption-related management systems such as the *Management Measures on Employees' Integrity and Self-discipline Behaviour*, the *Management Measures on Employees' Rewards and Punishments*, and the *Operational Measures on Contract Inspection and Review*, and continuously improves the construction of the Company's anti-fraud mechanism. We prohibits directors and all employees from engaging in or profiting from any illegal or unethical economic behaviours and maintain a zero tolerance attitude towards all acts of corruption, bribery, extortion, fraud and money laundering, etc. and fully implements our daily supervision and inspection work.

In order to enhance the Company's compliance management, the Company and its employees and suppliers have signed the *Anti-Commercial Bribery Commitment Letter*, which clearly requires employees and suppliers not to offer or accept bribes. The Company also continues to build and promote a culture of corporate integrity, strengthening the monitoring and control as well as the education and promotion mechanisms to continuously cultivate the integrity awareness of directors and staff. In 2021, we released a 30-minute training course on the online learning platform on the "Management Measures for Employees' Integrity and Self-discipline" and conducted focused training for 150 frontline checkers from various businesses, and included the system in the content of the quarterly internal control on-site training for new staff to strengthen their awareness of integrity and compliance. We carry out anti-fraud promotion for employees by launching new employee training, enterprise

WeChat promotion, online learning platforms and other diversified training, which strengthens employee's awareness of ethical standards and build up an integrity culture. With the theme of "We are the people of Master Kong with principles", the Company has produced an integrity culture video to promote the culture of internal control and integrity to all staff through the corporate WeChat and the loop in the lift of Master Kong building. The video was viewed by 1,710 people on the corporate WeChat and received messages from staff in the building. We continuously promote a integrity culture and ensure that relevant trainings on anti-corruption, anti-fraud and other business ethical standards content covers all employees. For senior management, we share the *Company's Audit Fraud Investigation Report* via email and provide regular presentation and training to the Board on the progress of anti-corruption and anti-fraud work, to guide the Board and management to focus on key fraud risk areas and drive improvements in oversight management. In November 2021, we provided the Board with a presentation and training on the annual anti-corruption and anti-fraud.

Master Kong provides staff with a reporting email address and a reporting hotline for violations such as commercial bribery and fraud. We also encourage them to participate in the establishment of the Company's business ethical standards and compliance culture. We have formulated the *Whistleblowing Operation Procedures* to regulate the process of handling reports, the principles of reward and the relevant requirements for whistleblower protection, and strictly prohibit any form of retaliation against whistleblowers to ensure the effective transmission of whistleblowing information. We have announced the Whistleblower Acceptance Principles and Reward Provisions on the Company's official website, as well as the whistleblower hotline and email address. We encourage



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frontline inspectors from various businesses conducted intensive training

our employees, suppliers and other relevant parties to participate in real-name whistleblowing. According to the relevant national laws and regulations and the Company's internal policies, we strictly keep the whistleblowers' information confidential. If there is any information leakage, we will dispose of it in accordance with the Management Measures on Employees' Rewards and Punishments after verification. The Company has set up a Corporate Security Team under the Audit Department, which is responsible for the analysis, investigation and handling of whistleblowing cases. After investigation concluded, the Audit Department will issue an internal investigation report to analyze the causes of fraud, as well as make recommendations for improvements to strengthen the anti-fraud system. The Company has developed special contingency plans and handling mechanisms for incidents to enhance its ability to deal with related issues. As an important component of risk management, the Audit Department regularly reviews the effectiveness of the Company's major risk management and internal control systems. The Audit Department makes suggestions for improvements to address the deficiencies of the existing systems, which prevents corrupt behaviours such as employees taking advantage of system loopholes to violate laws and regulations. During the reporting period, the Audit Department conducted 27 special audits on the Company's internal control, risk management, procurement management and other segments, reviewed the effectiveness of the control system for business ethics and professional integrity involved in relevant projects, and comprehensively strengthened the Company's anti-corruption and anti-fraud management.

Master Kong Whistleblowing Official Website:

<https://www.masterkong.com.cn/contactus/index.shtml>

Master Kong Whistleblower Acceptance Principles and Reward Provisions:

<https://www.masterkong.com.cn/contactus/20150527/32285.shtml>



Hotline

021-31753602



Email

jianju@masterkong.com.cn



Mailing address

Building A, No.1688, Wuzhong Road,
Minhang District, Shanghai, China, 201103
Whistleblowing supervisor

In 2021, there was one case of embezzlement by an employee of a subsidiary discovered by the Company and referred to the public security authorities in accordance with the law. The employee was sentenced to 2 years' imprisonment after a court hearing, and the recovered proceeds involved were returned to the Company.



BRAND BREAKTHROUGH

To deduce the trend, we need this flavor

Master Kong is committed to enhancing the brand's influence among young consumers, focusing on hot topics related to young people, exploring and discovering the interests of young people, continuously creating diversified and interesting brand activities that are closely related to current consumer trends from three dimensions: products, content and interactive forms, and continuously upgrading the brand image. In 2021, national style, national comic and national trend are becoming a new trend and hotspot for young people. Master Kong is collaborating with Zhang Yixing, a well-known national style musician and representative of the outstanding youth of May Fourth in China, and the popular variety show "IN CHINA" to support young national style music creators. The programme team of "IN CHINA" selected classic songs from various eras and the contestants tapped into the connotation of "IN" for the youth of today in their innovative interpretation of

the classics. The reinterpretation of the classics is a way to revive the public's memory of the classics, which is in line with the classic and rich taste of Master Kong's "Roasted Beef Noodles". "We need this flavor" keeps the classics alive.

In 2021, Master Kong instant noodles joined hands with top national comics to launch a series of themed brand marketing campaigns, including "Doula Continent" x Rattan Pepper Beef Noodles, "Heavenly God Blesses the People" x Sour and Spicy beef with Aged Vinegar Noodles, the national handheld game "Game for Peace" x Sauteed Beef with Chili Sauce Noodles, and other "IN" stream hotspots of interest to young consumer groups, providing deep insight into consumer interest behaviours, stimulating social communication in circles, interpreting the "IN" stream and enhancing consumer recognition of the brand.



Roasted Beef Noodles "we need this flavor"

Family peace and Prosperity

Bring blessings to CNY with Kang

"Bring blessings to CNY with Kang" tied to the festive scene

Master Kong understands the Chinese family's expectation of the Chinese New Year festive scenario of "family peace and prosperity" and "Reunion makes the Spring Festival atmosphere more stronger". During the Chinese New Year period in 2022, Master Kong planed to use "Bring blessings to CNY with Kang" as the communication theme, focusing on the good luck of the New Year and establishing three major sections: "See Kang win good gift", "Wechat Emoji Rain Advertising" and "Wechat Shake". With the help of new technologies and channels such as AR and miniapplications, they tied up the Chinese New Year product use scenario, accumulated consumer goodwill and quickly built up momentum for the brand, making Master Kong drinks a must-have New Year standard for reunions.

At the same time, Master Kong recognizes the young consumer group's love stand-up comedy, an emerging

form of comedy, and deeply binds the stand-up comedy IP "Assemble! Pistachios". Through flexible and appropriate content implantation, we combined product scenarios with popular variety shows, strengthened our reach to young users, maximized communication effects, and enable consumers to have a deeper resonance with the brand proposition of "Bring blessing to CNY with Kang". In the future, Master Kong will continue to connect with young consumers and commit to building a national brand that is widely welcomed by young people.

With product innovation and business model changes, Master Kong has set a good example for the development of the food industry and has delivered more excellent marketing cases with reference value to the industry and has been recognized by the society.



"Bring Blessings to CNY with Kang"



BRAND BREAKTHROUGH

Releasing label-free beverages, practicing a low-carbon development path

In early 2022, the Carbon Reduction and Environmental Sustainable Development Forum and the launch of Master Kong's label-free products were held in Shanghai, where Master Kong launched label-free PET bottle packaging that practises low-carbon concepts, including Unsweetened Ice Tea and Lemon Flavoured Ice Tea. These are the first label-free beverage products launched by Master Kong and the first in the Chinese food and

beverage industry. The launch of these products shows Master Kong's consideration of environmental impact at the production stage of its products, reflects Master Kong's social responsibility to actively mitigate environmental impact and introduce low-carbon concepts into its product concepts based on its own development, and shows Master Kong's attitude of keeping our nature evergreen and exploring new ideas and space of sustainable development.



▲ The First Label-Free Product in China's Food and Beverage Industry: Master Kong Label-Free Ice Tea

Sharing the quality of life, Hanyangquan leads the industry trend

On November 7, 2021, the 4th China International Import Expo 2021 Sharing Economy Regulation and Development Forum was held in Shanghai. Master Kong's Hanyangquan natural mineral water has been used as the designated water for the forum three times at the site of the Expo, because of the high degree of agreement between the brand concept and the spirit of the forum.

Hanyangquan natural mineral water is a high-quality mineral water launched by the national brand Master Kong. It combines the new connotation of sharing with brand building and conveys the image of "gift of nature" with the spirit of sharing. Hanyangquan natural mineral water has become the high-end designated water for important domestic and foreign conferences and cultural activities with Chinese characteristics for many times. It has become the industry benchmark for leading natural mineral water is to show the world "a high-quality business card for natural and rare mineral springs".



▲ Master Kong Hanyangquan at the 2021 China International Import Expo site



▲ 2022 Carbon Reduction and Environmental Sustainable Development Forum and Launch of Master Kong's Label-Free Products

GREEN EVERGREEN, A CLEAN WAY TO ENJOY 「LIFE + DELICACY」

As a leading company in China's food and beverage industry, Master Kong actively takes responsibility for environmental protection, identifies and complies with the requirements of national environmental protection-related laws and regulations, establishes management policies and systems in the areas of environmental target setting, energy and water conservation, emission and carbon reduction, plastic reduction and packaging management, digital production, climate change response and sustainable raw material procurement, implements various project practices to reduce its negative impact on the environment, and continuously contributes to the realization of "Keep Our Nature Green".

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Plastic Reduction and Packaging Management	57
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Sustainable Sourcing of Raw Materials	61
ENVIRONMENTAL KEY PERFORMANCE INDICATORS	62



ENERGY AND WATER CONSERVATION MANAGEMENT

According to the planning arrangements made by the Sustainable Development Committee and its working groups at the beginning of the year, the Supply Chain Centre of each business of Master Kong implemented energy and water conservation projects at each production base to promote the implementation of energy and water conservation in the Company, and set up full-time management personnel at each production base.

At present, Master Kong has formulated the *Energy Management Code*, the *Energy Unit Consumption Assessment and Evaluation Method*, the *Energy Management Team System* and the *Energy Management Performance Penalty System* as the basis for the management process, the reference for work implementation and the guidance for energy saving performance assessment of energy saving work. We also continue to use management tools to promote refined management of energy use at each production base, analyse and diagnose opportunities for energy saving in factories, rationalize production process and replace outdated equipment with high energy consumption. Performance management indicators for energy consumption management have been set up in each business and production base to better assess the implementation of energy conservation, and the effect of energy saving and consumption reduction has been incorporated into the performance appraisal indicators of relevant posts and combined with incentives to enhance the importance of energy saving work by staff in relevant posts.


At the same time, we organize relevant training to enhance staff awareness of energy saving and management, promote the establishment of a corporate energy saving culture through various publicity channels and share energy saving experiences to achieve continuous improvement of the Company's energy saving management level.

17 plants of Master Kong Beverage Business and 13 plants of Pepsi Beverage Business were honoured as "Excellent Energy-saving Enterprise" by the China Beverage Industry Association for their respective outstanding energy saving management achievements.

 **17** plants of Master Kong's beverage business

13 plants of Pepsi's beverage business

"Excellent Energy-saving Enterprise" by the China Beverage Industry Association

 **16** plants of Master Kong's beverage business

13 plants of Pepsi's beverage business

"Excellent Water-saving Enterprise" by the China Beverage Industry Association

In terms of water conservation management, the Company has formulated the Water Conservation Management System as a reference and basis for carrying out water conservation work and requires production staff to operate in strict compliance with the system. In 2021, we carried out a "water balance tests" to understand the current situation of water consumption in the water supply network and each unit, and based on the measured water quantity data, we judge the reasonable level of water consumption and monitor water consumption in turn. We identified production processes and equipment with high water consumption, strengthened detailed control, promoted key water conservation projects, disseminated outstanding examples to all Master Kong factories and incorporated water consumption indicators into the performance appraisal system of relevant personnel. We actively explore opportunities for the use of water, construct and maintain water reuse systems, and make rational use of water in equipment cleaning and lawn irrigation to enhance the efficiency of water use. In the year of 2021, the annual volume of reclaimed water was 170,000 tons, which reusing in the eight plants of Master Kong Beverage Business. At the same time, we actively promote awareness and ways to conserve water resources, and strive to integrate the concept of "Cherishing, Conserving and Protecting Water" into all aspects of our daily production work. The 16 plants of Master Kong Beverage Business and 13 plants of Pepsi Beverage Business were once again awarded the title of "Excellent Water-saving Enterprise" by the China Beverage Industry Association for their excellent management practices.

Protecting Natural Mineral Water Sources

Master Kong deeply understands that the food and beverage industry is highly dependent on water resources and obtaining stable and sufficient water resources is essential for the development of the Company. The site of Master Kong's natural water plant was carefully selected after the calculation of the amount of water extracted and replenished, and the site was determined after the verification that the standards were met, and water source protection measures were strictly implemented when the plant was built, including:

- ▶ Applying for a mining license at the early stage of plant construction, developing and utilizing water resources in a scientific and reasonable way in accordance with the *Water Pollution Prevention and Control Regulation*, the *Groundwater Resources Management Regulation* and relevant local water resources protection plans, monitoring the amount of water extracted, protecting the water and strictly prohibiting over-exploitation;
- ▶ Delineating the protection scope of water sources, establishing a first-level protection zone around wells, preparing reminders for keeping them clean, and providing impermeable measures for temporary rubbish dumps and removing them timely;
- ▶ Making effective sewage collection systems during the construction period, and strictly prohibiting the discharge to surface water bodies or farmland.



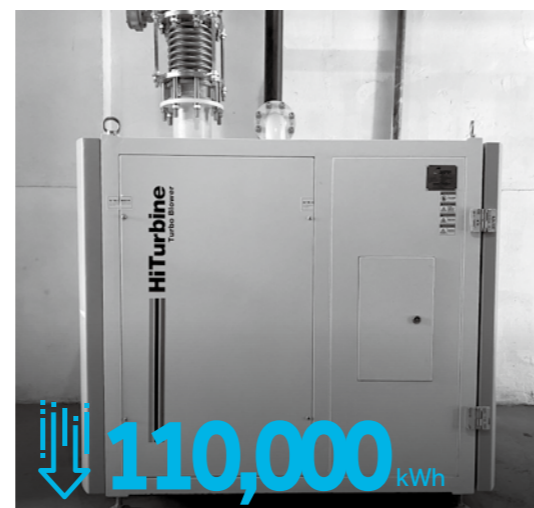
Steam humidification and energy saving renovation project for manufacturing noodles

Master Kong Instant Noodles Business factory uses a high-pressure pump to add steam condensate to the steam mains of the steamer. During the decompression process before entering the steamer, the high-temperature water is vaporized twice to produce steam, saving 1,600 tonnes of steam usage per year.



Promote EMS consumption management system

Master Kong Beverage Business promotes EMS energy management system in the factory, focusing on the electricity saving project of high pressure air compressors. Through measures such as optimizing equipment start-up, setting reasonable blowing pressure and adjusting equipment loading rate, the factory achieved a reduction in power consumption per unit of product, saving a total of approximately 40 million kWh of electricity in the year.



Sewage station blower after replacement

Beijing Pepsi replaced a high energy consumption blower with a high efficiency air suspension blower, saving approximately 110,000 kWh of electricity



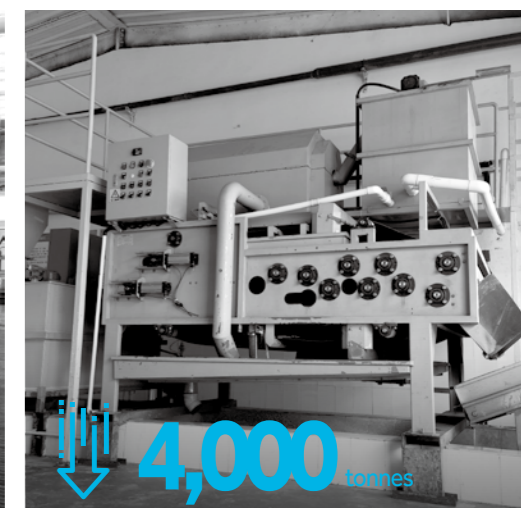
Neutralized water recycling project

After deep purification by Instant Noodles Business factory, the wastewater is treated to meet national water discharge standards and used for watering lawn, cooling down exhaust air, saving of water 340,000 tonnes



Recovery of concentrated water and backwash water

The concentrated water discharged from the production plant is collected in a recovery tank at the Langfang plant of Master Kong Beverage Business, where it is converted into ultrafiltered water by means of a booster pump, a high-pressure pump and an RO unit and recycled to an ultrafiltered water tank, and the unconverted concentrated water is discharged to a sewage catchment, saving approximately 48,000 tonnes of water per year.



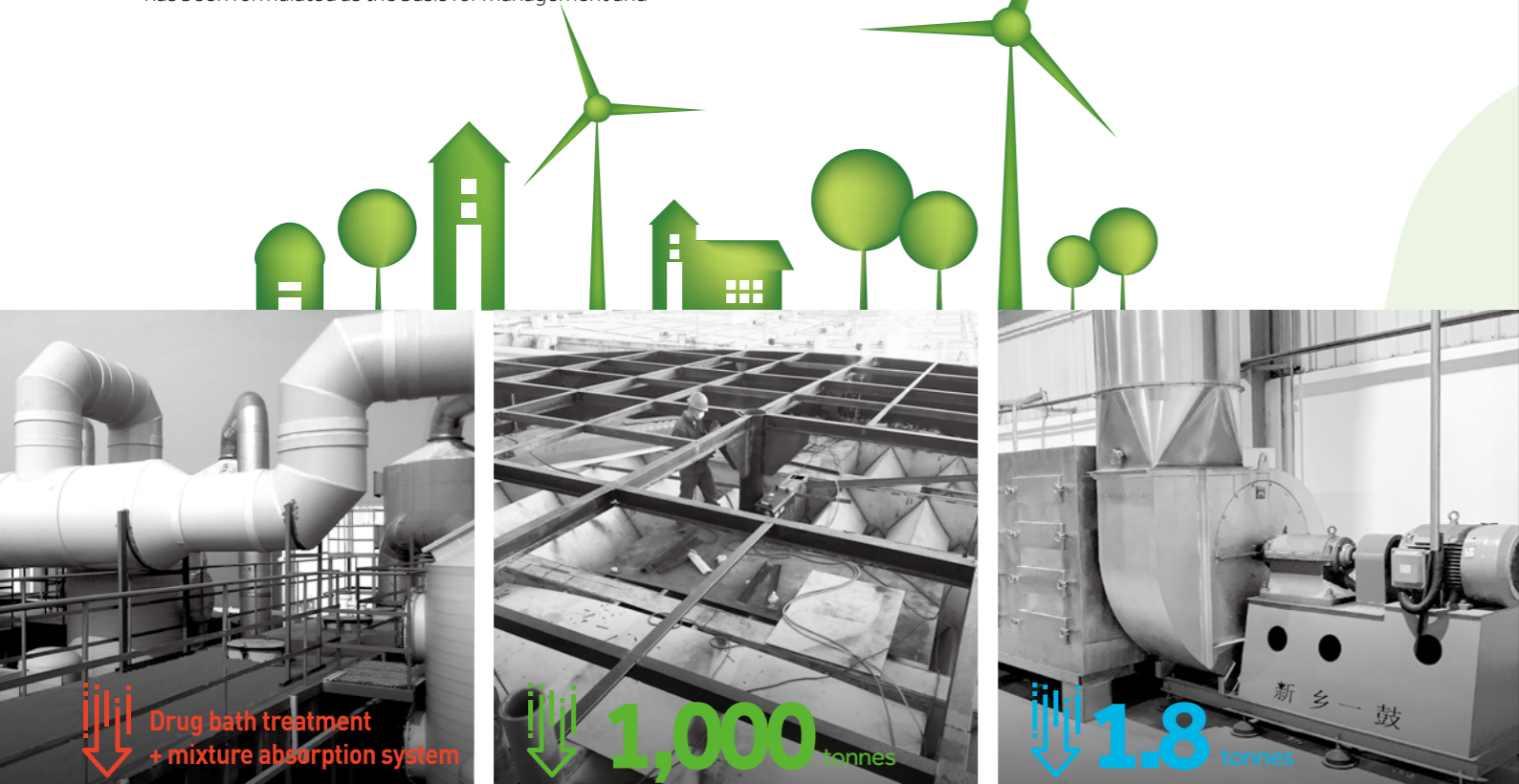
Sewage station sludge presses using neutralized water

Shenzhen Pepsi reuses the treated wastewater into the neutralized water treatment system to produce neutralized water for sludge pressing, saving approximately 4,000 tonnes of water resources per year.

EMISSION AND CARBON REDUCTION MANAGEMENT

For the management of exhaust gas, greenhouse gas, wastewater and waste emissions, we comply with the relevant laws and regulations of the country and the place of operation, including the *Law of the People's Republic of China on Environmental Protection*, the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, the *Comprehensive Emission Standards for Air Pollutants*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Technical Guidelines for Self-Monitoring of Emission Units*, the *Emission Standards for Boiler Air Pollutants*, the *Emission Standards for Odour Pollutants*, the *Emission Control Standards for Volatile Organic Compounds from Industrial Enterprises* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, etc. The internal management system for exhaust gas, greenhouse gas, waste water and waste emissions of Master Kong has been formulated as the basis for management and

control, with the management responsibilities of relevant positions clearly defined, corresponding emission reduction measures implemented, production processes optimized, advanced environmental protection facilities and technologies introduced, and various environmental protection special projects carried out to mitigate the impact of production and operation on the environment. We commission qualified units to conduct regular environmental monitoring to ensure that all pollutants are discharged in accordance with standards. At the same time, we upgrade the skills of relevant personnel and implement maintenance work for treatment equipments to achieve stable operation of the wastewater and waste gas treatment systems. For hazardous waste generated, we have commissioned qualified professional units to dispose of it.



In-depth treatment of waste gas

The Instant Noodles Business factory carries out deep treatment of waste gas, which pass through the original equipment and enter the drug bath treatment system + mixture absorption system to further degrade the organic substances remaining in the waste gas to meet the compliance standard and reduce the odour around the factory boundary.

Wastewater treatment system capacity increase and maintenance

The wastewater system capacity increase and anaerobic system maintenance were carried out at the Jinan, Urumqi, Shenyang and Yangzhou factories of Master Kong Beverage Business, with a total treatment capacity of approximately 7,000 tonnes per day, ensuring safe operation of wastewater treatment while reducing COD emissions by approximately 1,000 tonnes per year.

Improvement for ultra low waste gas emission

The Pepsi factory in Zhengzhou has installed volatile organic waste gas treatment systems for the blowing and preform processing processes respectively, reducing the emission of 1.8 tonnes of total non-methane hydrocarbons per year.

PLASTIC REDUCTION AND PACKAGING Management

Master Kong actively responds to the national plastic reduction policy and refines packaging management at all stages of the product production cycle, reducing the use of plastics and packaging materials while meeting product quality requirements, or using packaging materials with a lower negative impact on the environment, in order to implement the concept of sustainable development.

At the product production stage, the Company has developed internal management systems such as the Raw Material Overconsumption Standard, actively conducted relevant research and exploration from various components of product packaging, and developed a special plastic and

weight reduction plan program for packaging materials. In the product transportation stage, we analysed the product cargo transfer process and changed some products from bagging to tanker transport to reduce the unnecessary use of packaging in the transportation process. In terms of product recycling and disposal, we have developed systems such as the Factory Waste Management Measures as a basis for management, sorting, organizing and storing waste packaging, and handing over waste packaging with use value to qualified waste disposal units for recycling, secondary processing and utilization, so that waste packaging and other resources can be treated harmlessly.

Highlights of our work on plastic reduction and packaging management during the year include:

INSTANT NOODLES BUSINESS

Change from bagging to tanker transport of raw materials, reducing the consumption of packaging materials

Reduce packaging materials waste by recycling cartons

Reducing the use of packaging bags by switching to tonne bags for raw materials packaging

MASTER KONG BEVERAGE BUSINESS

Optimization of bottle labels from PVC to easily degradable PETG material, reducing environmental impact and reducing the use of PVC bottle labels by approximately **3,126** tonnes per year

Reducing the weight of 330ml and 500ml beverage bottles is expected to reduce the use of PET material by approximately **3,400** tonnes per year

Reducing cap weight of some products by 0.2g per cap, reducing raw material PE consumption by approximately **340** tonnes per year

PEPSI BEVERAGE BUSINESS

Reducing PET cap weight from **2.5g** to **2.3g** in some factories, reducing PET material use by approximately **413** tonnes per year

Reducing PET 500ml Pepsi sugarfree empty bottles from **23.2g** to **21g**, reducing the use of PET material by approximately **219** tonnes per year

Complete testing of PET 1L empty bottles from **35g** to **33g**, to be replaced step by step in 2022

BAKERY BUSINESS

Actively implementing the concept of environmental protection. Developing a plastic reduction plan based on the packaging characteristics of cookies.

We adopted the de-plasticized tray box packaging design to reduce the use of plastic packaging.

Produced a total of **2,781** tons of cookies without tray boxes, accounting for **17.5%** of the total, a year-on-year increase of **5.2%**

At the same time, we are working with third parties to experiment with recycling of packaging. Master Kong Beverage Business and Pepsi Beverage Business are working with partners on PET recycling research. In 2021, four plants of Master Kong Beverage Business in Guangzhou, Hangzhou, Hefei and Wuhan, as well as the Beijing plant of Pepsi Beverage Business, handed over waste PET bottles to units with plastic recycling qualifications for recycling into recycled polyester fabric, workwear, packaging plastic and other environmentally friendly recycled goods, reducing the production of more than 900 tonnes of waste plastic in total, and more than 1,400 pieces of workwear made from PET waste have been used by personnel in many of Master Kong's plants.



▲ Workwear Made from Recycled PET Materials

We have set plans and targets for plastic reduction and packaging management.

- Switching carton packaging from regular cartons to cut-edge boxes to reduce the use of paper.
- In 2022, launching the 15% lightweighting program for 380ml "Drink Boiled Water" beverage bottles from 20g to 17g.
- In 2023, achieving the target of thinning the wrapping film of certain products, which can reduce the use of plastic wrapping film by about 4 tons. We are actively working with suppliers to find new wrapping film alternatives, and strive to achieve the target of 100% product wrap recyclable design.
- In 2024, achieving the target of lightweighting of plastic trays for some products, which will reduce the use of plastic trays by approximately 46 tons.

In the future, in order to maximize environmental benefits, we will follow the plastic reduction initiative, continue to promote a number of research on packaging lightweighted and recycled practice.

DIGITAL PRODUCTION MANAGEMENT

We deeply understand the importance of digital transformation to the sustainable development of the Company, and are committed to actively promoting digital production management, promoting the digitalization, intelligence and automation work of the production supply chain system, building digital pilot factories and gradually realizing the intelligent transformation of factories. In January 2021, Master Kong obtained ISO/IEC 27001 certification for its information security management system.



▲ ISO/IEC 27001 Information Security Management System Certification Presentation Ceremony

In recent years, we have networked and centrally controlled the production equipments and devices in our plants to display and operate the operating status of production devices through centrally controlled digital panels, and to keep track of energy consumption and other production data in real time. In 2021, Master Kong's businesses continued to promote the LineView production line online monitoring and data collection system, which provides real-time monitoring of production line operation status and automatically calculates KPI indicators, generates factory production line efficiency reports and rankings, strongly supports the Company's production efficiency and energy saving and consumption reduction and many other refinement work.

Transport Management System (TMS) of Master Kong provides various functions such as route optimization, vehicle management, vehicle tracking and performance management. In 2021, Master Kong continued to deepen the use of the system to monitor transport vehicles in real time, count transport time and efficiency, reduce transport costs, implement dynamic route distribution mode, improve distribution efficiency, achieve interconnection and information sharing of logistics and distribution information, unify the dispatching and management of Master Kong's factories, carriers and transport driver





▲“Optimizing the Digital Ecology and Enjoying Smart Living” Networking Seminar

system, and empower the supply chain logistics system of each business in four dimensions: freight, efficiency, cost and service, realizing unified control of nearly 100 factories nationwide and the synergy and interoperability of over 100 transporters and more than 500 business offices of transporters across the country. For example, we have applied the system to the management of vehicles in factory parks, and through digital management modes such as vehicle arrival time booking and system queue calling, we have achieved scientific control of transport vehicles' time in factories, reduced waste of loading and unloading manpower and resources, and slowed down vehicle queue congestion. At the same time, the system enables full visualization of vehicle trajectories, prevention and management of transport abnormalities before and during the process, recording transport data throughout the process, providing real feedback on performance indicators such as supplier service and factory efficiency, and promoting logistics management improvement.

The use of TMS system is the embodiment of Master Kong's practice of green transport concept, through the application of the system, we have achieved savings in transport vehicles and fuel resources, according to internal calculations, this application can reduce nearly 20,000 tonnes of carbon emissions per year.

Efficient Consumer Response (ECR), aims to eliminate excess inventory and reduce unnecessary costs at all stages of the supply chain in order to meet consumer demand. The China ECR Committee promotes the application of ECR in various areas of the consumer goods industry and is committed to improving the overall efficiency of the supply chain and promoting the healthy development of the industry. As a board member of the ECR Committee, Master Kong continues to advocate win-win cooperation with partners to actively build a green and low-carbon supply system. In 2021, the 18th China ECR Conference was held in Hangzhou, where Master Kong and a number of leading companies in the food and beverage industry exchanged views on the topic of "Optimizing the Digital Ecology and Enjoying Smart Living". To coincide with

The "Smart Logistics Supply Chain Solution" was selected as one of the best practice projects for the 2020-2021 China ECR Outstanding Cases

>100 transports

>500

business offices of transporters realizing synergy and interoperability

20,000 tonnes

The use of TMS system could reduce carbon emissions

the 20th anniversary of the China ECR Committee, Master Kong and more than 60 internationally and domestically influential enterprises jointly launched the Enhancing the Efficiency of Retail and Supply, Green and Collaborative Development initiative to promote digitalization and win-win cooperation in the industry and comprehensive green transformation. The "Smart Logistics Supply Chain Solution" jointly created by Master Kong and vTradEx, a leading brand in supply chain solutions, was selected as one of the best practice projects for the 2020-2021 China ECR Outstanding Cases.

SUSTAINABLE SOURCING OF RAW MATERIALS

When sourcing raw materials, we pay attention to the quality of raw materials as well as the negative impact on the environment during the cultivation and production of agricultural raw materials and the production of cartons and other packaging materials, and include the environmental attributes of raw materials in the consideration of supplier management, and try to use more raw materials with environmentally friendly attributes.



Wood products procurement

100% of paper suppliers such as cartons procured by Master Kong have Forest Stewardship Council (FSC) certification.

Palm oil procurement

36.8% of palm oil suppliers in the Instant Noodles business have obtained Roundtable on Sustainable Palm Oil (RSPO) certification. 57% of palm oil products can be traced back to the place of origin and 43% to the trader.

100% of palm oil suppliers in the Bakery Business have obtained Roundtable on Sustainable Palm Oil (RSPO) certification, and some of the RSPO certificated palm oil products can be traced back to crushing plants.

White sugar procurement

30% of the white sugar suppliers of Master Kong Beverage Business and Pepsi Beverage Business have obtained Bonsucro certification.

Dairy Sourcing

Dairy suppliers of Master Kong have been certified by Toitū Envirocare, and dairy raw materials can be traced back to the pasture level.

ENVIRONMENTAL KEY PERFORMANCE INDICATORS



Total Greenhouse Gas Emissions ⁽³⁾ (Scope 1 & Scope 2) ⁽⁴⁾ (10,000 tonnes)	228.23
Greenhouse Gas Emissions per million of sales (tonne/million of sales)	30.81
Total comprehensive energy consumption ⁽⁵⁾ (MWh)	5,319,982.29
Comprehensive energy consumption per million of sales (Mwh/million of sales)	71.81
Electricity (MWh)	1,708,177.73
Electricity consumption per million of sales (MWh/million of sales)	23.06
Petrol and diesel (MWh)	14,654.62
Natural gas and coal (MWh)	923,684.46
Purchased steam (MWh)	2,673,465.48
Total water use ⁽⁶⁾ (m ³)	54,869,347.23
Water consumption per million of sales (m ³ /million of sales)	740.65
Total product packaging materials used ⁽⁷⁾ (tonne)	1,382,599.75
Packaging material used per million of sales (tonne/million of sales)	270.99
Total chemical oxygen demand (COD) emissions ⁽⁸⁾ (tonne)	122.97
Total hazardous waste (tonne)	601.52
Hazardous waste emissions per million of sales (tonne/million of sales)	0.01
Total non-hazardous waste (tonne)	188,587.32
Non-hazardous waste emissions per million of sales (tonne/million of sales)	2.55

In 2021, Master Kong's environmental Key Performance Indicators are listed below. Unless otherwise stated, the statistics scope of environmental data⁽¹⁾ covers the Master Kong building in Shanghai and all domestic factories directly managed⁽²⁾ by each business, while overseas offices are not included in the scope of statistics for the time being due to their small scale, and will be disclosed in due course according to the actual situation.



(1) Based on the nature of Master Kong's business, the main gas emissions in 2021 are greenhouse gases, mainly from the use of electricity and fuels converted from fossil fuels. Compared with 2020, Master Kong has further reduced the use of fossil fuels such as natural gas and coal, along with continued reductions in sulphur dioxide (SO₂) and oxynitride (NO_x) emissions, the impact of which is minimal and therefore not disclosed as a major gas emission in the current year.



(2) The domestic plants under the direct management of each of Master Kong's businesses include all plants of the Instant Noodles Business, Master Kong Beverage Business and Bakery Business located inside the country, as well as all domestic plants of the Pepsi Beverage Business except for the plants in Shanghai, Wuhan, Nanjing, Hangzhou, Shenyang, Tianjin, Jinan, Guilin, Fuzhou, Zhanjiang, Changsha, Xi'an and Kunming. Among which, Shanghai, Wuhan, Nanjing and Hangzhou plants of Pepsi Beverage Business are managed directly by Pepsi International, Shenyang, Tianjin, Jinan, Guilin, Fuzhou, Zhanjiang, Changsha and Kunming plants of Pepsi Beverage Business were no longer in operation during this year, and Xi'an plant of Pepsi Beverage Business ceased operations after mid-January 2021, therefore these plants were not included in the scope of this statistics.



(3) The scope of greenhouse gas accounting for Master Kong mainly covers carbon dioxide, methane and nitrous oxide. The greenhouse gas emission data is presented in terms of carbon dioxide equivalent and calculated in accordance with the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines for National Greenhouse Gas List (Revised in 2019). A carbon inventory project was implemented during the year to include purchased steam in the calculation of greenhouse gas emissions.



(4) Scope 1: covers greenhouse gas emissions directly generated by the Company's operations; Scope 2: greenhouse gas emissions from "indirect energy" resulting from the Company's internal consumption (purchased or acquired) of electricity and purchased heat.



(5) The comprehensive energy consumption is calculated through direct and indirect energy consumption, based on the conversion factors of the National Standard of the People's Republic of China General Rules for Calculating Comprehensive Energy Consumption (GB/T 2589-2020).



(6) Water consumption is for production and employee office use within the scope of the statistics. We have no problem in finding the applicable water sources.



(7) The amount of product packaging materials used is the total amount of major packaging materials used for all items of products in each of Master Kong's businesses.



(8) The total COD emissions are the sum of the COD produced by all the plants within the statistical scope and the final emissions after treatment by municipal sewage treatment plants.



CREATE AN EXCELLENT WORKPLACE AND SHARE 「LIFE + DELICACY」

The growth of employees is an important driver for business development. Master Kong attaches great importance to safeguarding the legitimate rights and interests of its employees, promoting their progress and improvement, and striving to safeguard occupational health and safety, and looking forward to working with them to become a better and more sustainable enterprise.

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DEEPLY DEVELOP HUMAN RESOURCES AND CREATE AN EXCELLENT WORKPLACE

Master Kong strictly abides by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of the Rights and Interests of Women*, the *Law of the People's Republic of China on the Protection of Minors*, the *Law of the People's Republic of China on the Protection of Persons with Disabilities*, the *Regulations on the Employment of Persons with Disabilities*, the *Regulations on the Prohibition of Child Labour* and other applicable laws and regulations, and has accordingly formulated the Measures for Recruitment of Staff, the Procedures for Appointment of Staff, the Management Measures of Staff Promotion, the Management Measures of Staff Resignation, the Management Measures of Staff Rewards and Punishments, as well as other systems and measures. Each business has also formulated applicable systems and measures according to its own situation to regulate the signing and termination of labour contracts, so as to ensure that all employment work is regulated and based on rules and regulations, and to effectively protect the legitimate rights and interests of employees.

EQUAL EMPLOYMENT

The Company has an equal employment policy, eliminating all forms of employment discrimination, establishing a recruitment, development and promotion system that is non-discriminatory in terms of gender, ethnicity and beliefs, and recruiting a certain percentage of disabled employees and guaranteeing equal pay and benefits. 351 disabled employees are in service this year, with 91 new employees. We oppose all forms of forced labour and child labour, and we strictly examine original and photocopies of identity cards when recruiting. If forced labour or child labour is found, we will strictly follow the requirements of the local labour bureau and immediately stop their work. Each business also regularly verifies the working hours of its employees through its internal system. The Company's internal control and auditing departments conduct reviews on recruitment and employment from time to time to avoid forced labour and to regulate the management of staff leave.

EMPLOYEE RIGHTS

The Company stipulates the working hours and holidays of its employees in the labour contract in accordance with the requirements of the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China*. Meanwhile, employees are entitled to annual leave with pay, personal leave, sick leave, marriage leave, bereavement leave, maternity leave, paternity leave and breastfeeding leave, etc. They can apply for leave in accordance with the corresponding leave periods and approval rights. The Company actively responds to and implements government policies, and will amend its internal rules and regulations in a timely manner in accordance with new local regulations (e.g. parental leave updated in the current year) to effectively protect the rights and interests of employees to take rest.

REMUNERATION AND BENEFITS

Master Kong has established salary management measures for employees, such as salary, performance and year-end bonus, and pays "five insurance and one fund" in full for employees in accordance with the requirements of the *Social Insurance Law of the People's Republic of China* and the *Regulations on the Administration of Housing Provident Fund* and other national laws and regulations, while adjusting the insurance and provident fund contribution ratios, upper and lower limits and minimum wage standards in a timely manner every year in accordance with policy requirements, so as to provide employees with competitive salary packages in the market. Depending on their own situation, each business adopts different levels of incentives such as monthly, quarterly and annual awards for outstanding staff, and provides additional subsidies for staff such as high temperature, high cold, heating, relocation allowance and rental subsidy. We also provide soft benefits such as travel, birthday benefits and health check-ups for our staff.

DIGITAL HUMAN RESOURCES MANAGEMENT

Master Kong is committed to streamlining our management processes to improve HR efficiency and employee experience. During the year, Master Kong continued to promote the digital transformation of HR, further optimizing the HR BI system and expanding the scope of BI report data based on the results of our work in 2020. Meanwhile, we continued to promote the operation of the HR intelligence system, pre-employment mini-application and HR workflow to improve the efficiency of HR operations and reduce management and staff costs to a great extent.

PROMOTE STAFF GROWTH AND DEVELOPMENT, CREATE A SMART WORKPLACE

Master Kong has always valued the training and development of staff. In order to better shape the all-round talents with "Diligence, Integrity and Competence" and to enhance the cohesiveness of the team, the Company conducts customized and functionally diverse courses for employees at different levels, and each business also formulates the corresponding training management system in accordance with its own situation. We provide training opportunities for employees in various categories, such as general corporate culture training, professional knowledge and skills enhancement training and management skills enhancement training, depending on their job level, career development stage and functional position. At the same time, through long-term collaboration with external professional training institutions, we work together to create enhancement training programmes that are tailored to the actual needs of Master Kong, bringing forward-looking and scientific knowledge and skills to our employees.

We have set up various training courses and programmes, with a total of 728,900 hours of training and 125.14 hours of training per person. In order to make it more convenient and effective for every employee to learn the various training videos delivered by the Company, and to meet the fragmented learning needs of the new generation of employees, we continued to optimize our online learning mode during this year, enriching our mobile learning resources such as "WEME Academy" and "E-learning", and updating the course content in a timely manner to ensure

that our employees can enhance their knowledge base and quickly improve their professional skills.

In 2021, each business arranged key training programmes to strengthen the management skills of middle-level supervisors and enhance internal organizational skills for the on-job department level, reserve management level and on-job management level according to plan. The M series of training courses for on-job reserve management capacity enhancement are centrally planned and graded, each of which is designed with highly targeted courses to enhance and strengthen from grass-roots staff to senior management. In response to the lack of practical exercises in online training, we have targeted diversified additional offline reinforcement courses to enrich the learning mode and content, so that employees can learn interactively online and offline.

2021 Total training hours

728,900 hours

Average training hours per person

125.14 hours



▲ Staff Training Course



SAFEGUARD EMPLOYEE HEALTH AND SAFETY TO CREATE A SECURE WORKPLACE

Master Kong strictly complies with national laws and regulations such as *the Law of the People's Republic of China on Work Safety*, *the Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and *the Fire Services Law of the People's Republic of China*. We have accordingly issued a series of internal management measures and emergency plans to form an institutional guarantee for the implementation of work safety and prevention of occupational diseases. The Company provides employees in front-line jobs with occupational disease risks or high safety risks with a full range of protective gears, such as eye protection, chemical protective gloves, ear plugs and safety uniforms, to effectively reduce the health impact on employees due to special workplaces and environments. To ensure safe production and operation, the employees of special jobs requires relevant license. To ensure safe production and operation, the employees of special jobs requires relevant license. In addition, we organize annual health checks for our staffs and actively organize fire safety drills to enhance their awareness of fire safety and their ability to protect themselves. All new employees are required to receive safety training before they are allowed to work in production operations. At the same time, all production bases of Master Kong conscientiously implement the relevant requirements and deployment of Environment,

Health and Safety (EHS) of the Company. We continuously and thoroughly carry out EHS management activities and strictly conduct annual EHS audits. We set up EHS specialists to continuously carry out safety education, and regularly organize EHS skills training and competitions to continuously raise the awareness of our staff on production safety.

In 2021, the prevention and control of the COVID-19 pandemic has become a regular management process. We had strictly implemented the registration, temperature measurement, health QR code checking of personnel in and out of our office buildings and production bases. We disinfected environment and implement other prevention and control work, provided free masks to our employees and reimbursed employees for the cost of nucleic acid testing incurred due to business trips. At the same time, we actively cooperate with and respond to the requirements of local pandemic prevention and control authorities, advocating and arranging for staff to be vaccinated with the COVID-19 vaccine in an orderly manner and registering the vaccination. For employees in medium to high risk areas, we flexibly adjust their attendance and workplace, and reasonably arrange for them to work from home or take leave to be committed to ensure their lives and health.



BUILD A CORPORATE CULTURE AND CREATE A BETTER WORKPLACE

The corporate culture of Master Kong has played an important role in the 29 years of its career. Nowadays, enterprises are resonating with the times and entering a new stage of high-quality and stable development. As enterprises go through the process of change and generational change, culture building becomes even more important. At the beginning of 2021, the Company formed a Culture Building Committee, with Chairman Wei Hong-Ming and Chairman Wei Hong-Chen as the core members.

Under the active promotion of the two Chairmen, seven major Culture Building Committee meetings and many communication sessions were held throughout the year. We have taken cultural construction as an ultimate goal of helping the sustainable operation of the Company. With the integration of the correct corporate values into all supervisors and employees as the primary task of cultural construction at this stage, so as to truly build a good enterprise with shared culture, organizational resonance,

growing together and incentive sharing.

In 2021, under the guidance of the Culture Building Committee, the Culture Building Secretariat cut through different angles such as learning, publicity, grassroots interviews and annual exemplary commendation, combining correct corporate values with practical work, and subconsciously raising all Master Kong people's awareness of cultural construction from the cognitive level to inner recognition.

We have embedded the content of corporate culture building into the training for supervisors at all levels, and we have conducted a total of 42 training sessions on culture building for supervisors from group level to director level, with a total of 124 hours of lectures and 1,590 people trained. In addition to understanding the history of Master Kong's development, the supervisors also gained a deep understanding of the Company's core values of "Diligence, Integrity, Ability, Honesty, Pragmatism and Innovation". At the same time, the Culture Building Secretariat adopted a combination of visits and case studies for the first time, to strengthen supervisors' understanding of responsibility and self-discipline by organizing a visit to the Integrity Culture Museum. This innovation to get supervisors learn about the national requirements of integrity for cadres, followed by internal case studies.

During the year, the Company organized more than 1,500 activities to promote culture building, and at the same time launched internal activities to select outstanding employees in each business: the "Kang noodles Hall of Fame" in the Instant Noodles Business, the "Ten best employees of Pepsi" and "amazing people in central position" in the Pepsi Beverage Business, and the "Heroes list" in the Master Kong Beverage Business, etc. Through internal examples of employee behaviour, we actively spread positive energy and make culture visible and tangible, so that employees have role models around them and have a direction to work hard.

Since the second half of 2021, when the *Grassroots Staff Voice Talks* system was planned, the Culture Building Secretariat, together with the regional offices, as preachers, listeners and practitioners of corporate culture. We have conducted more than 20 Voice Talks for frontline staff of marketing companies and supply chain departments, collecting and processing feedback on more than 100 items, including feedback on training, welfare, working environment, supervisory style, systems and processes.

1,590

people

Received training on culture building

1,500

Culture building promotion activities



▲ Grassroots Staff Voice Talks

etc. The feedback from employees covers a wide range of aspects such as training, welfare, working environment, supervisor's style, systems and procedures. The Culture Building Secretariat travels to the frontline every month to visit the general manager of the marketing companies, the head of the supply chain department and frontline staff to understand the perception of culture building at all levels and functions. We respect the characteristics of each business and each region, adjust the culture building methods and approaches in a timely manner, and steadily advance the culture building process.

At the Culture Building Committee meeting, we shared the culture building models of leading companies in China and the industry, and at the same time, with the help of scientific tools from external culture building experts, we launched the "Happen for Yourself, Praise for the Future" all 60,000-employee culture climate research project after indepth interviews with the Chairman and all Culture Building Committee members, collecting suggestions and analysing needs, in order to better address employees' worries and allow them to achieve greater potential in their positions, and together add to the beautiful vision of "Being the Most Respected Food & Beverage Company".

In 2021, although still enveloped in the general environment of the COVID-19 pandemic, Master Kong people, as always, faced bravely and struggled hard to ensure the safety of pandemic prevention and food safety, and to guarantee the resumption of work and production. We continued to provide material support to medical institutions and frontline personnel fighting the pandemic. In order to meet the needs of consumers, all Master Kong people stayed at their posts, winning the recognition and trust of consumers, as well as the respect of society for the enterprise.

Standing together through thick and thin. We believe that under the guidance of all members of the Culture Building Committee and the tenacious efforts of all Master Kong people, we will work together to make Master Kong a respected enterprise and live up to our historical mission of promoting Chinese food and beverage culture.



HUMAN KEY PERFORMANCE INDICATORS

EMPLOYMENT CATEGORY INDICATORS

Indicators	Data	
Total number of employees ⁽¹⁾	62,107	
Number of employees by gender	Male	40,351
	Female	21,756
Number of employees by age	Under the age of 30 (not inclusive)	20,888
	Aged 30 to 50 (both inclusive)	40,414
	Above the age of 50 (not inclusive)	805
Number of employees by type of employment	Full-time employee	62,107
	Part-time employee	0
Number of employees by region	Employee in North China	15,721
	Employee in Northeast China	6,942
	Employee in Northwest China	6,513
	Employee in East China	11,781
	Employee in Central China	4,134
	Employee in South China	9,976
	Employee in Southwest China	7,040
Total employees turnover rate ⁽²⁾	26.4%	
Employee turnover rate by gender	Male	27.9%
	Female	23.8%
Employee turnover rate by age	Under the age of 30 (not inclusive)	39.4%
	Aged 30 to 50 (both inclusive)	20.1%
	Above the age of 50 (not inclusive)	8.9%
Employee turnover rate by region	North China	21.3%
	Northeast China	22.4%
	Northwest China	29.1%
	East China	21.8%
	Central China	34.8%
	South China	27.7%
	Southwest China	27.1%

(1) The total number of employees is the total number of employees of Master Kong and its subsidiaries.

(2) Employee turnover rate = number of employees who left their jobs (including voluntary departure, retirement, dismissal and death) in the reporting year/total number of employees in the reporting year x 100%.

HEALTH AND SAFETY INDICATORS

Indicators	2021	2020	2019
Number of work-related deaths ⁽³⁾	0	0	1
Work-related death rate ⁽⁴⁾	0.000%	0.000%	0.002%
Number of working days lost due to work-related injuries	7,896	/	/

(3) Work-related death statistics are for the past three years for employees who died as a result of safety incidents.

(4) Work-related death rate = number of work-related deaths/total number of employees at the end of the year x 100%.

TRAINING INDICATORS

Indicators ^{(5) and (6)}	Data	
Percentage of employees trained by gender	Male	99.7%
	Female	99.3%
Percentage of employees trained by employee level	Percentage of senior management trained	100.0%
	Percentage of middle management trained	100.0%
	Percentage of other employees trained	96.5%
Number of hours of training per capita by gender	Male	82.1
	Female	102.2
Hours of training per person by employee category	Number of hours of training for senior management	136.5
	Number of hours of training for middle management	141.2
	Number of hours of training for other employees	124.6

(5) Percentage trained by employee category = number of employees trained in a category/total number of employees in a category x 100%.

(6) Hours of training per person by employee category = Total hours of training for a category of employees/Total number of employees in a category.

SERVE THE SOCIETY, CREATE VALUE AND ENJOY 「LIFE + DELICACY」


While developing the Company, Master Kong has always been committed to giving back to the society, being committed to integrating community investment and public welfare practices with its own business, actively undertaking social responsibility and fulfilling its corporate citizenship obligations.

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KEY PERFORMANCE INDICATORS

Approx. RMB  **8,730** million
Community investment in 2021

Approx  **273,000** hours
Hours contributed by employee volunteers in 2021

While developing the Company, Master Kong has always been committed to giving back to the society, being committed to integrating community investment and public welfare practices with its own business, actively undertaking social responsibility and fulfilling its corporate citizenship obligations. In 2021, Master Kong continued to invest heavily in community investment. We actively participated in public welfare and various social activities, promoted the concept of sustainable development, and continued to carry out public welfare activities in various areas such as food safety science popularization, water education, support for sports, caring for the society, helping the "agriculture, rural areas and farmers" and deepening cooperation between schools and enterprises, so as to create value through serving the society and contributed to the realization of "good life" for the people.

FOOD SAFETY SCIENCE POPULARIZATION

Raising public scientific literacy and popularizing food safety knowledge is an effective way to counteract food safety rumours. Over the years, Master Kong has been actively responding to the national food safety strategy, pooling the efforts of all parties, and continuously exploring ways to educate the public about food safety, and is committed to passing on food safety knowledge and concepts to the society through food safety science popularization to promote social governance of food safety.

As a long-term partner of China's aerospace industry, Master Kong is committed to building a comprehensive knowledge system, education system and application system that integrates "aerospace + food safety" to

Experience Camp for National Youth Space Dream



▲ Food Safety Science Popularization Fair



AEROSPACE + FOOD SAFETY

enhance the knowledge of aerospace and food safety literacy of all people, especially the youth.

During this year, Master Kong held the "Aerospace Science Popularization and Master Kong Food Safety Exhibition" and the "National Youth Space dream Experience Camp" in the "Hero" city of Wuhan to convey the concept of food safety. In addition to the classic exhibits, this year the "Space Station" exhibition and the "Moon Exploration Zone" experience were added. At the same time, the same product of "Space Noodles" to the "Star Noodle Restaurant" was prepared for visitors. During this year, we launched an online "Cloud Classroom" with new rural villages around Wuhan, using digital tools and a 'dual-teacher' classroom model to enable children from different regions to fulfil their dreams of spaceflight and improve their food safety literacy in the "Cloud". During the exhibition, over 100,000 visitors came to the venue to learn about aerospace and food safety, and over 50,000 primary and middle school students from 20 schools participated online, making a total of more than 160,000 people involved in the event.

The State Administration of Market Regulation and four other ministries and commissions jointly released the *School Food Safety Guardian Action Plan (2020-2022)*, which calls for strengthening food safety and nutrition education in primary and middle schools. In response to the national policy and to help promote food safety science popularization education in schools, the Company continued to vigorously promote the "Food Safety Science Popularization Public Welfare Line" in 2021.

With the theme of "Food Safety for All Fun and Light Science Popularization", the campaign aims to strengthen food safety in schools, deliver healthy and nutritious food knowledge and enhance young people's food safety awareness through activities such as open classes on food safety in primary and middle schools, online fun and science quiz competitions and hands-on tours for parents and children. During this year, we have added an online "Food and Nutrition Matching" interactive activity, with more than 50,000 primary and middle school students registered and more than 4 million quizzes answered. So far, more than 1,100 promotions have been carried out on more than 200 media platforms to promote "Food Safety Science Popularization Public Welfare Line".

Activity: Chasing the Aerospace Dreams: Master Kong's Space Dreams Experience Camp Helps Children Fulfil Their Dreams

On 29 April 2021, China sent into space Tianhe, the core module of the Chinese Space Station Tianhe. At this milestone moment, Master Kong held the third Dream Experience Camp offline event in Wenchang, Hainan. Yuan Hui, a volunteer teacher in rural China who won the honour in "Moving China" for years of contribution, led his students, along with more than ten young campers of the Master Kong Space Dream Experience Camp, who were selected from all over China, to witness the milestone moment of Chinese spaceflight.

The Space Dream Experience Camp, which is just for seeing big events in Chinese spaceflight up close, has been held twice in Wenchang in just six months. Last November, Master Kong's Space Dream Experience Camp organised children to watch the launch of Chang'e 5 in Wenchang; now, Master Kong's Space Dream Experience Camp has opened again to witness China's space industry ushering in the space station era together with the children.

Teacher Yuan Hui and children witnessed aerospace milestone at the beach



▲ Young campers visited the space science exhibition

EDUCATION ON WATER

The "Education on Water" project is a long-term public welfare activity initiated by the China Beverage Industry Association, aiming to cultivate good drinking and using water habits among primary school students and making them to be active practitioners and disseminators of "knowing, loving and saving water". This is the seventh year that Master Kong has been working on and innovating "Education on Water". We have successfully extended the "Education on Water" campaign to more than 10 cities, 30 schools and nearly 10,000 students across China.

In order to let children actively participate in the game sessions and have fun, the Education on Water campaign adhered to the concept of "Light Science Popularization" and built an immersive and interactive classroom for children through the form of "teaching and playing". The pandemic has halted offline activities in many places, but Master Kong's "Education on Water" charity road has not stopped there. After building a Baidu encyclopedia entry for "Education on Water" last year, we launched the "Education on Water" channel on World Water Day on 22 March 2021 to bring "Education on Water" into the lives of more young people.

In line with the principle of health and safety first, this year's "Education on Water" offline campaign reached out to schools in five locations across China and added elements and sessions on beverage PET packaging recycling education. To better promote and develop the "Education on Water" campaign, we had designed the "Kangkang senior" cartoon IP image and launched the "Education on Water" 21-day challenge booklet this year. Through the 21-day challenge, students were able to establish the awareness of "knowing, loving and saving water" in their minds.

7 years
The "Education on Water"
public welfare activities

>10 cities

>30 More than
30 schools

▼ "Little Lab" Game



▲ Challenge Booklet for 21 days

▼ Kangkang Senior



▲ 康康学长



▲ "PET Empty Bottle Recycling" Game



SPORTS CHARITY EVENTS



The Chinese government attaches great importance to the important role of sports activities in enhancing people's physical fitness and health, and in 2016, the State Council issued the Outline of "Healthy China 2030" Plan, making clear plans to develop mass sports activities, promote a new fashion of fitness for all and advance the construction of a healthy China. As a national brand enterprise, Master Kong is committed to helping the country move towards "Healthy China 2030" and inspiring public enthusiasm for fitness.



In addition to being the sports nutrition partner of the Winter Sports Centre of the General Administration of Sport of China and actively contributing to snow and ice sports in China, Master Kong has also been supporting marathon events across the country for many years as the sports nutrition partner of marathon. We advocate the concept of scientific diet and focus on serving runners, providing them with sufficient energy supply before and after the race to ensure that they finish safely. Master Kong's "postrace bowl of noodles" has become a standard for many marathon runners. Master Kong has cooperated with several marathon events in China, covering millions of participants. In the future, Master Kong will continue to help the development of marathons in China with safe and reliable sports protection services. In 2021, we also supported basketball and cycling events in Guangdong, as well as badminton events in Chongqing, Henan and other parts of China. We have established partnerships with a number of badminton associations to help athletes fulfil their dreams on the playing field, while continuing to promote the development of sports for all and build sports in a healthy and orderly manner.

Activity: Master Kong Ice Tea Creates "Super Exciting" 3X League

On 8 May 2022, the first match in the Hunan Region of the Master Kong Ice Tea "Super Exciting" 3X League was held at Zhuzhou Wanda Plaza! The 20 young "Exciting" teams assembled and gave local fans a feast of basketball. The tournament aims to create the most exciting 3V3 basketball carnival in the nation, unlocking a "cold and exciting enough" experience, delivering the most fervent experience for basketball fans and giving every college student with basketball dreams a chance to make their dreams come true.



FOCUS ON SOCIAL CARE

In addition to its own development, Master Kong continues to bring into the strengths of the industry, focusing on social care, paying attention to the needs of the community and participating in community construction, spreading warmth to the society. In 2021, we continued to reach out to nursing homes, kindergartens, schools, hospitals, police stations, troops and remote areas across the country, sending love and care to hardworking urban workers such as medical staff, traffic police and sanitation workers in many places, passing on positive energy. The Company is also concerned about the growth of children and has been sending warmth to children through activities such as charity schooling for children, caring for autistic children and children with disabilities. Meanwhile, through the Foundation, Master Kong continues to promote scholarship programmes nationwide, build schools in Anhui, Fujian, Tianjin, Chongqing and Sichuan, promotes the Master Kong Library Project and continues to promote the care and education of left-behind youth in Chongqing.



▲ Master Kong Library Project

As an outstanding national enterprise, Master Kong has established and formed a rapid response mechanism for disaster relief after years of practice. In 2021, Master Kong was the first to participate in disaster relief and material assistance when Henan, Zhejiang and Sichuan were affected by heavy rainfall, typhoons and earthquakes. Among which, during the massive floods in Henan and Shanxi, under the guidance of government departments, Master Kong used its local marketing network and collaborated with distributors and logistics partners to deliver about 1.56 million instant noodles, purified water and other supplies to 108 affected units and charitable organizations. In July, due to the impact of strong typhoon

"fireworks", the flood control situation in Zhejiang Province was critical and various places were severely affected by the disaster. Master Kong set up a disaster support team and a team of volunteers to deliver drinking water and other support materials to the homes of the affected residents and the resettlement sites in a timely manner. In September, a 6.0 magnitude earthquake struck Luzhou County, Sichuan Province, causing casualties and property damage. Master Kong organized staff to deliver earthquake relief supplies to the government, aid stations and resettlement sites in the disaster area in time to provide energy supplies to the victims and rescue workers.



▲ "Peace is a Blessing in the Storm" Fighting Flood Support Action in Henan

ASSISTANCE IN FIGHTING THE PANDEMIC

In 2021, there were irregular outbreaks of the COVID-19 pandemic across the country. In front of the continuous challenges posed by the COVID-19, Master Kong has strictly implemented its pandemic prevention policy, made every effort to build up a tight line of defence against the pandemic and actively carried out its own prevention and control. While ensuring its own health and safety, Master Kong also responded to social relief and support immediately with donations, and assisted local communities and party committees in pandemic prevention and control, nucleic acid testing and logistical support, joining hands with people across the country to fight the pandemic, demonstrating corporate responsibility and accountability through practical actions.

In August 2021, when local pandemic was discovered in Wuhan, Hubei Province, Master Kong took the initiative to assume its corporate social responsibility and activated the emergency response mechanism, ensuring the safety of its employees while sending donated instant noodles, drinking water, coffee and beverages to medical staff and community workers in a timely manner. In December, when the pandemic broke out in Hangzhou, Ningbo and Shaoxing in Zhejiang Province, the situation was critical. Master Kong organized a timely donation of Master Kong instant noodles and drinking water to provide nutritional support and logistical support to local pandemic fighters.

Since February 2022, there has been a surge in the number of confirmed cases of COVID-19 in the country, and the daily increase of cases has touched the hearts of the nation. Always adhering to the corporate motto of "sustainable

operation and giving back to society", Master Kong has been actively contributing to the fight against the pandemic, safeguarding the market supply while ensuring its own pandemic prevention. Since 7 February, Master Kong has continued to provide more than 1.34 million pieces of instant noodles, drinking water, cakes and other supplies to Shanghai, Hong Kong, Liaoning, Jilin, Shaanxi, Jiangxi, Hunan, Heilongjiang and Henan, with a total value of more than RMB 4.2 million. Since the outbreak of the pandemic in Shanghai, a total of 300,000 pieces of instant noodles, drinking water, beverages, cakes and other foodstuffs worth more than RMB 1 million have been provided to the medical staff in the relevant hospitals, government departments and towns, volunteers, makeshift hospital, schools and staff of the Group.



▲ Medical workers at the makeshift hospital praise Master Kong's supplies



▲ Master Kong Joins Hands with the Nation to Fight the Pandemic

"As the pandemic lingers, Master Kong will continue to assist whenever the prevention of the pandemic requires!"

At the beginning of April, when Master Kong learned that the supermarkets around the accommodation of the workers in the construction of the makeshift hospital were closed in an emergency, and the food demand encountered difficulties, Master Kong coordinated at the first time and urgently arranged for the allocation of products. 600 boxes of Master Kong instant noodles were delivered to Chuansha early in the next morning, solving the meal problem for 2,000 workers; on 6 April, when received the demand for supplies from the government, Master Kong Shanghai office and Hangzhou office worked closely together, and delivered 10,000 boxes of instant noodles to Shanghai early in the morning of 8 April; when Master Kong learned that East China University of Political Science and Law was in urgent need of instant noodles to relieve the pressure of providing meals to students, the Company urgently decided to allocate supplies from its Hangzhou factory on the evening of 9 April and deployed transport vehicles overnight, so that the supplies arrived at the campus in the morning of 10 April. Batches of drinking water and foodstuffs were delivered to 19 frontline areas of pandemic prevention and control, including quarantine hotels, nucleic acid testing sites and key prevention and control communities.



▲ Relief supplies arrived at the front line of pandemic prevention and control



▲ Master Kong's products loaded from the factory as livelihood protection supplies

「Provided」
10,000 boxes of instant noodles

「for」
2,000 workers

While actively responding to the needs of the country, Master Kong was also concerned about the well-being of each employee. Employee care and pandemic prevention kits containing fresh vegetables and frozen instant food were prepared for thousands of employees in Shanghai, and delivered to the community one by one, conveying warmth and faith to every employee in Shanghai.



▲ Master Kong delivered supplies to staff



SUPPORT FOR AGRICULTURAL DEVELOPMENT

▲ Master Kong Establishes "Environmentally Friendly Vegetable Base" in Kangba Nuo'er Area

As a leading enterprise in deep processing of agricultural products, Master Kong has actively promoted the strategy of serving rural revitalisation, increased its support to diversified rural business entities, purchased millions of tonnes of bulk agricultural products every year, and helped farmers to increase their income and prosperity through agricultural products procurement and other forms, directly benefiting over 40 million farmers in China.

Taking advantage of its own technology and scale, Master Kong has been working with universities for years to conduct research on "active crop protection system" and explore new models to benefit the "agriculture, rural areas and farmers". The Company has established an "Environmentally Friendly Vegetable Base" in the Kangba Nuo'er area of Kangbao County, Hebei province, which is pure and pollution-free and has

excellent natural conditions. The Company has sent technical staffs to study the local natural environment and upgraded the industrial chain model of "Enterprise + Base + Farmers" to help local farmers build a new ecological agriculture through counselling farmers on planting, strict quality control at the production end and testing and supervision. Master Kong's Food Safety Centre conducts strict tests on soil, pesticide residues, heavy metals and many other indicators every year to ensure the safety and health of agricultural products and promote the development of the local agricultural recycling economy. At present, the base has helped establish a total of 200,000 mu of vegetable bases in and around the Kangba Nuo'er grassland, acquiring about 500,000 tonnes of agricultural products and driving the employment of about 150,000 farmers.

SCHOOL-ENTERPRISE COOPERATION

In 2021, Master Kong continued to develop and deepen school-enterprise cooperation, insisted on the concept of "deep ploughing in China, facing the world" to develop talents, established and deepened school-enterprise cooperation with 35 universities and 78 vocational schools nationwide, shared talent training resources, and provided the society with composite talents with both professional and practical abilities.

We insist on carrying out campus talent recruitment and actively try out new recruitment forms such as online briefings and online double interviews under the pandemic, organically combining employer branding and recruitment to build an internal talent ladder. We cooperate with a number of domestic universities to conduct research on food safety, production processes and technologies, and application development, and support the industrialisation of university innovations and core technologies. In terms of vocational education, we earnestly implement the spirit of school-enterprise cooperation and promote the "Master Kong order class" model to jointly support and complete talent training and employment with universities, creating a new situation of education and teaching in partner universities.

During this year, Master Kong added a new strategic university partner, Tsinghua University, and further deepened its partnership with Yuanpei College of Peking University and Peking University School of Medicine, while further deepening its industry-academia-research collaboration with Waseda University. We have established scholarship programmes with leading universities overseas to support a full range of strategic collaborations, including talent exchanges, corporate case studies and research projects. In January, we signed a letter of

intent with Waseda University for the "New 10-year Strategic Partnership". In April, we signed a donation agreement with Tsinghua University to establish the "Master Kong Global Talent Growth Fund at Tsinghua University" to support the training and exchange of global talent at Tsinghua University. In November, we donated to Peking University to set up an education development fund to support faculty building, talent training and technological innovation in universities, and were committed to creating an internationally influential industry-academia-research exchange platform through university-enterprise cooperation to enhance corporate competitiveness while supporting education.



▲ Online Signing Ceremony for the New 10-year Strategic Partnership between Master Kong and Waseda University



▲ Donation Ceremony for Master Kong Education Development Fund at Peking University



▲ Master Kong Donates to Establish "Master Kong Global Talent Growth Fund at Tsinghua University"

At the end of 2021, a three-way big data project between Master Kong, Jingdong and the Wharton School of the University of Pennsylvania was successfully concluded. In the process of digital transformation, Master Kong has continued to learn and draw on the advanced concepts of statistics and data analysis from the Wharton School, a world-renowned institution of higher learning, and has collaborated with the Wharton School to link up with ecommerce platforms such as Jingdong to support students in organizing data competitions, creating opportunities for students to learn from leading companies and providing strong support for industry development and talent training.



▲ Master Kong - Wharton School Online Leadership Forum

APPENDIX 1 | SOCIAL RECOGNITION AND AWARDS IN 2021

Serial No.	Awards
1	Best Practice for Achieving SDGs 2021 Certificate
2	2021 Hong Kong Corporate Governance & ESG Excellence Awards
3	The Award for Best Society (s) Case in China
4	2021 Pepsi International "Best Bottler" Honorary Title
5	The 3rd ISEE Outstanding Excellence Innovation Practice Award
6	"Green Water and Green Mountain Cup" 2021 Excellent Water-saving Enterprise in China Beverage Industry
7	"Green Water and Green Mountain Cup" 2021 Excellent Energy-saving Enterprise in China Beverage Industry
8	2020-2021 Year Excellent Product Innovation Award of China's Instant Food Industry
9	2020-2021 Best Innovation Award in China's Instant Food Industry
10	The Most Popular Convenience Food at the 21st China Convenience Food Conference
11	The 19th China Food Safety Conference Social Responsibility leader
12	The 19th China Food Safety Conference Safety Management Top Ten Enterprises
13	Chongqing Agricultural Products Processing Industry Demonstration Enterprise
14	Yangcheng Evening News 2021 "Embroidery Spirit" New Era Model Charity Spirit Award
15	The Award for Best Social Responsibility(s) Case of China in 2021
16	2021 Annual Recommended Case of People's Corporate Social Responsibility · Green Development
17	Top Ten Enterprises for Green Food in Yunnan Province
18	Key Industrial Enterprises in 2021
19	Green Manufacturing System Demonstration Unit - National Green Factory
20	2021 Honest Enterprise
21	Food Quality and Safety Award
22	MMA APAC Gold Award for Mobile Audio/Voice
23	MMA China Media Strategy Hero APP Joint Marketing Silver Award
24	MMA China Media Strategy Transmedia/Transmobile Integration Bronze Award
25	MMA Global Silver UGC User Generation/Impact Marketing Award
26	M360 Best Pan-Entertainment Silver Award for Variety
27	M360 Best Innovation Award Gold Medal of Whole Chain Innovation
28	2021 Golden Investment Awards Business Creativity Award

APPENDIX 2 | INDEX TABLE OF GRI STANDARDS

Disclosure Items	Disclosure Position
102-1 Name of the organisation	ABOUT MASTER KONG
102-2 Activities, brands, products, and services	ABOUT MASTER KONG
102-3 Location of headquarters	ABOUT MASTER KONG
102-4 Location of operations	ABOUT MASTER KONG
102-5 Ownership and legal form	-
102-6 Markets served	ABOUT MASTER KONG
102-7 Scale of the organization	-
102-8 Information on employees and other workers	CREATE AN EXCELLENT WORKPLACE AND SHARE "LIFE + DELICACY"
102-9 Supply chain	FROM PEACE OF MIND TO NUTRITION AND HEALTH, ENJOY "LIFE + DELICACY"; Supplier ESG Management; Anti-corruption and Ethics Management
102-10 Significant changes to the organization and its supply chain	-
102-11 Precautionary Principle or approach	ABOUT MASTER KONG Sustainable Development Concept
102-12 External initiatives	Upholding the United Nations Sustainable Goals and Initiatives
102-13 Membership of associations	Food Safety Control and Construction; Energy and Water Conservation Management; Education on Water
102-14 Statement from senior decision-maker	STATEMENT OF CHAIRMAN AND CHAIRMAN OF THE SUSTAINABLE DEVELOPMENT COMMITTEE; STATEMENT OF CEO AND VICE CHAIRMAN OF THE SUSTAINABLE DEVELOPMENT COMMITTEE
102-15 Key impacts, risks, and opportunities	Responding to Climate Change
102-16 Values, principles, standards, and norms of behaviour	STATEMENT OF CHAIRMAN AND CHAIRMAN OF THE SUSTAINABLE DEVELOPMENT COMMITTEE; Anti-corruption and Ethics Management
102-17 Mechanisms for advice and concerns about ethics	Anti-corruption and Ethics Management

1. Organisational profile

2. Strategy

3. Ethics and integrity

Disclosure Items	Disclosure Position
102-18 Governance structure	ABOUT MASTER KONG
102-19 Delegating authority	-
102-20 Executive-level responsibility for economic, environmental, and social topics	Sustainable Development Governance Structure
102-21 Consulting stakeholders on economic, environmental, and social topics	Stakeholder Communication and Key Issues Materiality Assessment
102-22 Composition of the highest governance body and its committees	ABOUT MASTER KONG
102-23 Chair of the highest governance body	-
102-24 Nominating and selecting the highest governance body	-
102-25 Conflicts of interest	-
102-26 Role of highest governance body in setting purpose, values, and strategy	Stakeholder Communication and Key Issues Materiality Assessment
102-27 Collective knowledge of highest governance body	-
102-28 Evaluating the highest governance body's performance	-
102-29 Identifying and managing economic, environmental, and social impacts	Stakeholder Communication and Key Issues Materiality Assessment
102-30 Effectiveness of risk management processes	ABOUT MASTER KONG
102-31 Review of economic, environmental, and social topics	-
102-32 Highest governance body's role in sustainability reporting	Sustainable Development Governance Structure
102-33 Communicating critical concerns	Stakeholder Communication and Key Issues Materiality Assessment
102-34 Nature and total number of critical concerns	-
102-35 Remuneration policies	CREATE AN EXCELLENT WORKPLACE AND SHARE "LIFE + DELICACY"
102-36 Process for determining remuneration	-
102-37 Stakeholders' involvement in remuneration	-
102-38 Annual total compensation ratio	-
102-39 Percentage increase in annual total compensation ratio	-

4. Governance

Disclosure Items	Disclosure Position	
102-40 List of stakeholder groups	Stakeholder Communication and Key Issues Materiality Assessment	
102-41 Collective bargaining agreements	-	
102-42 Identifying and selecting stakeholders	Stakeholder Communication and Key Issues Materiality Assessment	
102-43 Approach to stakeholder engagement	-	
102-44 Key topics and concerns raised	Stakeholder Communication and Key Issues Materiality Assessment	
102-45 Entities included in the consolidated financial statements	-	
102-46 Defining report content and topic boundaries	ABOUT THE REPORT	
102-47 List of material topics	Stakeholder Communication and Key Issues Materiality Assessment	
102-48 Restatements of information	-	
102-49 Changes in reporting	-	
102-50 Reporting period	ABOUT THE REPORT	
102-51 Date of most recent report	ABOUT THE REPORT	
102-52 Reporting cycle	ABOUT THE REPORT	
102-53 Contact point for questions regarding the report	ABOUT THE REPORT	
102-54 Claims of reporting in accordance with the GRI Standards	ABOUT THE REPORT	
102-55 GRI content index	APPENDIX 2: INDEX TABLE OF GRI STANDARDS	
102-56 External assurance	-	
GRI 103: Management approach disclosures	Management approach for economic performance	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	-
	201-2 Financial implications and other risks and opportunities due to climate change	Responding to Climate Change
	201-3 Defined benefit plan obligations and other retirement plans	-
	201-4 Financial assistance received from government	-
GRI 103: Management approach disclosures	Management approach for market presence	
GRI 202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-
	202-2 Proportion of senior management hired from the local community	-

5. Stakeholder engagement

6. Reporting practice

GRI 201: Economic Performance

GRI 202 Market Presence

Disclosure Items		Disclosure Position	
GRI 203: Indirect Economic Impacts	GRI 103: Management approach disclosures	Management approach for indirect economic impacts	-
	Topic-specific disclosures	203-1 Infrastructure investments and services supported	-
		203-2 Significant indirect economic impacts	-
GRI 204: Procurement Practices	GRI 103: Management approach disclosures	Management approach for procurement practices	Food Safety Control and Construction; Supplier ESG Management; Anti-corruption and Ethics Management
	Topic-specific disclosures	204-1. Proportion of spending on local suppliers	-
GRI 205: Anti-corruption	GRI 103: Management approach disclosures	Management approach for anti-corruption	Anti-corruption and Ethics Management
	Topic-specific disclosures	205-1 Operations assessed for risks related to corruption	-
		205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption and Ethics Management
		205-3 Confirmed incidents of corruption and actions taken	Anti-corruption and Ethics Management
GRI 206: Anti-competitive Behaviour	GRI 103: Management approach disclosures	Management approach for anti-competitive behaviour	-
	Topic-specific disclosures	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-
GRI 301: Materials	GRI 103: Management approach disclosures	Management approach for materials	Plastic Reduction and Packaging Management
	Topic-specific disclosures	301-1 Materials used by weight or volume	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
		301-2 Recycled input materials used	Plastic Reduction and Packaging Management
		301-3 Reclaimed products and their packaging materials	Plastic Reduction and Packaging Management
GRI 302: Energy	GRI 103: Management approach disclosures	Management approach for energy	Energy and Water Conservation Management; ENVIRONMENTAL KEY PERFORMANCE INDICATORS
	Topic-specific disclosures	302-1 Energy consumption within the organisation	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
		302-2 Energy consumption outside of the organisation	-
		302-3 Energy intensity	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
			302-4 Reduction of energy consumption
		302-5 Reductions in energy requirements of products and services	Energy and Water Conservation Management

Disclosure Items		Disclosure Position	
GRI 303: Water and Effluents	GRI 103: Management approach disclosures	Management approach for water and effluents	Energy and Water Conservation Management
	Topic-specific disclosures	303-1 Interactions with water as a shared resource	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
		303-2 Management of water discharge-related impacts	-
		303-3 Water withdrawal	Energy and Water Conservation Management
GRI 304: Biodiversity	GRI 103: Management approach disclosures	Management approach for biodiversity	-
	Topic-specific disclosures	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
		304-2 Significant impacts of activities, products, and services on biodiversity	-
		304-3 Habitats protected or restored	-
		304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
GRI 305: Emissions	GRI 103: Management approach disclosures	Management approach for emissions	Emission and Carbon Reduction Management
	Topic-specific disclosures	305-1 Direct (Scope 1) GHG emissions	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
		305-2 Energy indirect (Scope 2) GHG emissions	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
		305-3 Other indirect (Scope 3) GHG emissions	-
		305-4 GHG emissions intensity	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
		305-5 Reduction of GHG emissions	Emission and Carbon Reduction Management; ENVIRONMENTAL KEY PERFORMANCE INDICATORS
		305-6 Emissions of ozone-depleting substances (ODS)	-
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emission and Carbon Reduction Management;		

Disclosure Items		Disclosure Position	
GRI 306: Effluents and Waste	GRI 103: Management approach disclosures	Management approach of effluents and waste	Emission and Carbon Reduction Management;
		306-1 Water discharge by quality and destination	-
		306-2 Waste by type and disposal method	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
	Topic-specific disclosures	306-3 Significant spills	-
		306-4 Transport of hazardous waste	-
		306-5 Water bodies affected by water discharges and/or runoff	-
GRI 307: Environmental Compliance	GRI 103: Management approach disclosures	Management approach for environmental compliance	GREEN EVERGREEN, A CLEAN WAY TO ENJOY "LIFE + DELICACY"
	Topic-specific disclosures	307-1 Non-compliance with environmental laws and regulations	-
GRI 308: Supplier Environmental Assessment	GRI 103: Management approach disclosures	Management approach for supplier environmental assessment	Supplier ESG Management
	Topic-specific disclosures	308-1 New suppliers that were screened using environmental criteria	-
		308-2 Negative environmental impacts in the supply chain and actions taken	-
GRI 401: Employment	GRI 103: Management approach disclosures	Management approach for employment	Deeply Develop Human Resources and Create an Excellent Workplace
		401-1 New employee hires and employee turnover	HUMAN KEY PERFORMANCE INDICATORS
	Topic-specific disclosures	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Deeply Develop Human Resources and Create an Excellent Workplace
		401-3 Parental leave	Deeply Develop Human Resources and Create an Excellent Workplace
GRI 402: Labour/Management Relations	GRI 103: Management approach disclosures	Management approach for labour/management relations	Deeply Develop Human Resources and Create an Excellent Workplace
	Topic-specific disclosures	402-1 Minimum notice periods regarding operational changes	-

Disclosure Items		Disclosure Position	
GRI 403: Occupational Health and Safety	GRI 103: Management approach disclosures	Management approach for occupational health and safety	Safeguard Employee Health and Safety To Create a Secure Workplace
		403-1 Workers representation in formal joint management-worker health and safety committees	-
	Topic-specific disclosures	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	HUMAN KEY PERFORMANCE INDICATORS
		403-3 Workers with high incidence or high risk of diseases related to their occupation	-
		403-4 Health and safety topics covered in formal agreements with trade unions	Safeguard Employee Health and Safety To Create a Secure Workplace
GRI 404: Training and Education	GRI 103: Management approach disclosures	Management approach for training and education	Promote Staff Growth and Development, Create a Smart Workplace
		404-1 Average hours of training per year per employee	Promote Staff Growth and Development, Create a Smart Workplace
	Topic-specific disclosures	404-2 Programs for upgrading employee skills and transition assistance programs	Promote Staff Growth and Development, Create a Smart Workplace
		404-3 Percentage of employees receiving regular performance and career development reviews	-
GRI 405: Diversity and Equal Opportunity	GRI 103: Management approach disclosures	Management approach for diversity and equal opportunity	Deeply Develop Human Resources and Create an Excellent Workplace
		405-1 Diversity of governance bodies and employees	Deeply Develop Human Resources and Create an Excellent Workplace
	Topic-specific disclosures	405-2 Ratio of basic salary and remuneration of women to men	-
GRI 406: Non-discrimination	GRI 103: Management approach disclosures	Management approach for non-discrimination	Deeply Develop Human Resources and Create an Excellent Workplace
	Topic-specific disclosures	406-1 Incidents of discrimination and corrective actions taken	-
GRI 407: Freedom of Association and Collective Bargaining	GRI 103: Management approach disclosures	Management approach for freedom of association and collective bargaining	-
	Topic-specific disclosures	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
GRI 408: Child Labour	GRI 103: Management approach disclosures	Management approach for child labour	Deeply Develop Human Resources and Create an Excellent Workplace
	Topic-specific disclosures	408-1 Operations and suppliers at significant risk for incidents of child labour	-

Disclosure Items		Disclosure Position	
GRI 409: Forced or Compulsory Labour	GRI 103: Management approach disclosures	Management approach for forced or compulsory labor	Deeply Develop Human Resources and Create an Excellent Workplace
	Topic-specific disclosures	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	-
GRI 410: Security Practices	GRI 103: Management approach disclosures	Management approach for security practices	-
	Topic-specific disclosures	410-1 Security personnel trained in human rights policies or procedures	-
GRI 411: Rights of Indigenous Peoples	GRI 103: Management approach disclosures	Management approach for rights of indigenous peoples	-
	Topic-specific disclosures	411-1 Incidents of violations involving rights of indigenous peoples	-
GRI 412: Human Rights Assessment	GRI 103: Management approach disclosures	Management approach for human rights assessment	-
	Topic-specific disclosures	412-1 Operations that have been subject to human rights reviews or impact assessments	-
		412-2 Employee training on human rights policies or procedures	-
		412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
GRI 413: Local Communities	GRI 103: Management approach disclosures	Management approach for local communities	SERVE THE SOCIETY, CREATE VALUE AND ENJOY "LIFE + DELICACY"
	Topic-specific disclosures	413-1 Operations with local community engagement, impact assessments, and development programs	Support for Agricultural Development
		413-2 Operations with significant actual and potential negative impacts on local communities	-
GRI 414: Supplier Social Assessment	GRI 103: Management approach disclosures	Management approach for supplier social assessment	Food Safety Control and Construction; Supplier ESG Management; Anti-corruption and Ethics Management
	Topic-specific disclosures	414-1 New suppliers that were screened using social criteria	-
		414-2 Negative social impacts in the supply chain and actions taken	-
GRI 415: Public Policy	GRI 103: Management approach disclosures	Management approach for public policy	-
	Topic-specific disclosures	415-1 Political contributions	-

Disclosure Items		Disclosure Position	
GRI 416: Customer Health and Safety	GRI 103: Management approach disclosures	Management approach for customer health and safety	FROM PEACE OF MIND TO NUTRITION AND HEALTH, ENJOY "LIFE + DELICACY"
	Topic-specific disclosures	416-1 Assessment of the health and safety impacts of product and service categories	FROM PEACE OF MIND TO NUTRITION AND HEALTH, ENJOY "LIFE + DELICACY"
GRI 417: Marketing and Labeling	Topic-specific disclosures	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-
		GRI 103: Management approach disclosures	Management approach for marketing and labeling
	Topic-specific disclosures	417-1 Requirements for product and service information and labeling	Advertising and Intellectual Property Management
GRI 418: Customer Privacy	Topic-specific disclosures	417-2 Incidents of non-compliance concerning product and service information and labeling	-
		417-3 Incidents of non-compliance concerning marketing communications	-
	GRI 103: Management approach disclosures	Management approach for customer privacy	Customer Services
GRI 419: Socioeconomic Compliance	Topic-specific disclosures	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-
	GRI 103: Management approach disclosures	Management approach for socioeconomic compliance	Advertising and Intellectual Property Management; Anti-corruption and Ethics Management
Topic-specific disclosures	419-1 Non-compliance with laws and regulations in the social and economic area	-	

APPENDIX 3 | TEN PRINCIPLES OF THE UN GLOBAL COMPACT

Ten principles of the UN Global Compact		Disclosure Position
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights CREATE AN EXCELLENT WORKPLACE AND SHARE "LIFE + DELICACY"
	Principle 2	Make sure that they are not complicit in human rights abuses CREATE AN EXCELLENT WORKPLACE AND SHARE "LIFE + DELICACY"
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining CREATE AN EXCELLENT WORKPLACE AND SHARE "LIFE + DELICACY"
	Principle 4	The elimination of all forms of forced and compulsory labour CREATE AN EXCELLENT WORKPLACE AND SHARE "LIFE + DELICACY"
	Principle 5	The effective abolition of child labour CREATE AN EXCELLENT WORKPLACE AND SHARE "LIFE + DELICACY"
	Principle 6	The elimination of discrimination in respect of employment and occupation CREATE AN EXCELLENT WORKPLACE AND SHARE "LIFE + DELICACY"
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges MOVING TOWARDS "CARBON PEAKING", LEADING "LIFE+DELICACY"
	Principle 8	Undertake initiatives to promote greater environmental responsibility MOVING TOWARDS "CARBON PEAKING", LEADING "LIFE+DELICACY"
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies MOVING TOWARDS "CARBON PEAKING", LEADING "LIFE+DELICACY"
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery Anti-corruption and Ethics Management

APPENDIX 4 | INDEX TABLE OF ISO26000: GUIDANCE ON SOCIAL RESPONSIBILITY (2010)

Core Subjects and Issues	Disclosure Position
Core subject: Organisational governance	Corporate Governance
Issue 1: Due diligence	-
Issue 2: Human rights risk situations	-
Issue 3: Avoidance of complicity	Anti-corruption and Ethics Management
Issue 4: Resolving grievances	Anti-corruption and Ethics Management
Core subject: Human rights	Deeply Develop Human Resources and Create an Excellent Workplace
Issue 5: Discrimination and vulnerable groups	Deeply Develop Human Resources and Create an Excellent Workplace
Issue 6: Civil and political rights	Deeply Develop Human Resources and Create an Excellent Workplace
Issue 7: Economic, social and cultural rights	Deeply Develop Human Resources and Create an Excellent Workplace
Issue 8: Fundamental principles and rights at work	Deeply Develop Human Resources and Create an Excellent Workplace
Core subject: Labour practices	Deeply Develop Human Resources and Create an Excellent Workplace
Issue 1: Employment and employment relationships	Deeply Develop Human Resources and Create an Excellent Workplace
Issue 2: Conditions of work and social protection	Deeply Develop Human Resources and Create an Excellent Workplace; Safeguard Employee Health and Safety To Create a Secure Workplace
Issue 3: Social dialogue	Deeply Develop Human Resources and Create an Excellent Workplace; Stakeholder Communication and Key Issues Materiality Assessment
Issue 4: Health and safety at work	Safeguard Employee Health and Safety To Create a Secure Workplace
Issue 5: Human development and training in the workplace	Promote Staff Growth and Development, Create a Smart Workplace
Core subject: The environment	Emission and Carbon Reduction Management
Issue 1: Prevention of pollution	Emission and Carbon Reduction Management
Issue 2: Sustainable resource use	Energy and Water Conservation Management; Plastic Reduction and Packaging Management
Issue 3: Climate change mitigation and adaptation	Digital Production Management
Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	Sustainable Sourcing of Raw Materials
Core subject: Fair operating practices	Anti-corruption and Ethics Management
Issue 1: Anti-corruption	Anti-corruption and Ethics Management
Issue 2: Responsible political involvement	Anti-corruption and Ethics Management
Issue 3: Fair competition	Anti-corruption and Ethics Management
Issue 4: Promoting social responsibility in the value chain	Supplier ESG Management
Issue 5: Respect for property rights	Advertising and Intellectual Property Management

Core Subjects and Issues	Disclosure Position
Issue 1: Fair marketing, factual and unbiased information and fair contractual practices	Advertising and Intellectual Property Management;
Anti-corruption and Ethics Management	Deeply Develop Human Resources and Create an Excellent Workplace; Safeguard Employee Health and Safety To Create a Secure Workplace
Issue 3: Sustainable consumption	Sustainable Sourcing of Raw Materials
Core subject: Consumer issues	Issue 4: Consumer service, support, and complaint and dispute resolution Customer Services
Issue 5: Consumer data protection and privacy	Customer Services
Issue 6: Access to essential services	Focus on Social Care
Issue 7: Education and awareness	Food Safety Control and Construction; Food Safety Science Popularization; Education on Water; School-Enterprise Cooperation
Issue 1: Community involvement	Stakeholder Communication and Key Issues Materiality Assessment; SERVE THE SOCIETY, CREATE VALUE AND ENJOY "LIFE + DELICACY"
Issue 2: Education and culture	Food Safety Control and Construction; Food Safety Science Popularization; Education on Water; School-Enterprise Cooperation
Core subject: Community involvement and development	Issue 3: Employment creation and skills development Focus on Social Care; School-Enterprise Cooperation; Supplier ESG Management
Issue 4: Technology development and access	Supplier ESG Management; Food Safety Science Popularization
Issue 5: Wealth and income creation	Focus on Social Care
Issue 6: Health	Food Safety Science Popularization; Sports Charity Events; Assistance in Fighting the Pandemic; Safeguard Employee Health and Safety To Create a Secure Workplace
Issue 7: Social investment	Sustainable Development Concept; SERVE THE SOCIETY, CREATE VALUE AND ENJOY "LIFE + DELICACY"