



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.

2022

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

In 2022, with "Consolidation, Innovation and Development" as the guiding strategy, Master Kong upholds the concept of "Keep Our Nature Green" to move towards a sustainable future. To align business development with national goals, we actively respond to China's "Carbon Peaking and Carbon Neutrality" goal. Specifically, we promoted the Carbon Inventory Project and practices on energy saving and carbon reduction, offered more green and healthy products, and pushed forward with the digital transformation and professional workforce development in pursuit of long-term development of the Company and the food industry.

The "Healthy Management" principle is integrated into Master Kong's management of products, talents, production, upstream and downstream development, community, environment and other aspects. We keep close connection with stakeholders and actively fulfil social responsibilities. We continue to explore and improve our performance in ESG and dedicate to enhancing social welfare and enjoying "Life + Delicacy" with stakeholders. I am very honoured to share with you the key achievements in sustainability of Master Kong in 2022:

Commitment to Good Quality

Being customer-centred, we proposed a strategy to promote satisfaction among "customers, society, partners, employees and shareholders". With a "zero tolerance" attitude towards food safety risks, we continue to enhance risk management of the Company, improve the ethics and professionalism of our employees and strengthen our product process management. In the past year, we focused on the development of food safety management system, talents training and marketing and promotions in the hope of constantly improving food safety and quality. In addition, in response to the "Three Reductions and Three Kinds of Health" campaigns, we worked on new healthy products that use less oil, salt and sugar, and refined recipes for over 100 product categories, such as "Classic Series".

Green Operation

Striving for green development, Master Kong actively takes responsibility for environmental protection in the areas of energy and water conservation, emission and carbon reduction, plastic reduction and packaging management, digitalised production, climate change response and sustainable raw material procurement. In the past year, we have met or are on track to our 2025 environmental targets, with the "water abstraction per million of revenue in RMB" target met ahead of schedule in 2022. In the future, we will keep exploring carbon reduction opportunities, precisely identifying and assessing climate-related risks and opportunities, and promoting packaging optimisation and management to build a green value chain.

Employee Care

In line with the philosophy of "People-oriented", Master Kong creates an excellent, harmonious, smart, and reassuring workplace, unswervingly protects the interests and well-being of employees, and shapes the all-round talents with "Diligence, Integrity and Competence", therefore enhancing physical and mental health of employees and achieving a win-win situation where the development of the Company and the employees can both be realised. In 2022, we provided 6.924 million hours of training to improve employees' abilities.

"LIFE + DELICACY"

Giving Back to the Society

As a national brand, Master Kong always considers what society needs and shoulders social responsibilities while realising its own vision. In 2022, we continued to contribute heavily towards community investment. In addition, we carried out public welfare activities in various areas such as food safety science popularisation, education on water, support for sports, caring for the society, assisting in agriculture, rural areas and farmers, and deepening cooperation between schools and enterprises, to fulfil our responsibilities as a corporate citizen.

Business success cannot be achieved without a strategy. Looking forward to 2023 at the 30th anniversary, we deeply understand that there is still a long way to go. Together with stakeholders, we will continue product development and structural adjustment in response to customers' preferences for diversified, healthy and low-carbon products to enhance the brand reputation. Practicing the way of green operation and development, we will embrace our next 30 years of "Life + Delicacy".

Wei Hong-Ming
Chairman



STATEMENT BY CEO AND VICE CHAIRMAN OF THE SUSTAINABLE DEVELOPMENT COMMITTEE

While the world is undergoing profound changes, we are pleased to see that China, with its sound and resilient economic system, strong momentum and huge market potential, is playing a key role in global sustainable development. Meanwhile, Chinese enterprises are exploring new business models in support of green development. Against this backdrop, as a leading national brand in China's food and beverage industry and a member of the United Nations Global Compact (UNGC), Master Kong has always been striving for sustainable development. We internalise sustainable development practices such as environmental friendliness and digital transformation as an important part of corporate strategy and promote the green development and transformation of the industrial chain, contributing to a "better and more sustainable world".

Staying committed to good quality, we continuously strive for green and sustainable development. In this regard, we act upon the international and national call of circular economy and plastic reduction initiative, encourage green consumption and promote low-carbon production and lifestyle. In 2022, we further optimised our production structure and technology, attempted to reduce plastic and packaging material consumption, introduced environmentally friendly lightweight bottles, and launched label-free products and the industry's first carbon-neutral tea beverage. Sticking to the goal of "making everything with rPET", we focused on the recycling of waste packaging. 1,100 tonnes of PET waste were recycled into rPET uniform, suitcases and other consumer goods, resulting in 19.5 tonnes of plastic waste reduction in total. This will further alleviate the impact on the ecological environment.

As a practitioner of the real economy, Master Kong is fully aware of its advantages in driving the circular economy of the value chain. It hopes to bring impact to upstream and downstream organizations through its own actions for green development along the industrial chain. As a core enterprise in the value chain, we helped suppliers develop awareness and understanding of environmentally friendly materials, in a bid to build a more sustainable supply chain. When serving consumers, we also expect to convey the concept of green and low-carbon consumption to the public, starting a new trend of healthy and environment-friendly consumption in the new era with our consumers. Additionally, we established close cooperation with business partners and organizations from all sectors to share cutting-edge green technologies and research and expand our influence in green practices outside the industry. In 2022, China's first carbon-neutral tea beverage was launched by us and became a part of consumers' green lives. We also joined hands with the United Nations Global Compact (UNGC) and other 12 companies to launch the pilot program of UNGC "GDI (Global Development Initiative) for SDG (Sustainable Development Goals)", with the aim of addressing marine plastic pollution crisis to accelerate the transition to carbon neutrality.

"A BETTER AND MORE SUSTAINABLE WORLD"

Our journey to sustainability continues. Over the past few years, we have done a lot of meaningful things and set more ambitious sustainable development goals. In the future, as a member of UNGC, Master Kong will continue to follow the UN SDGs in accelerating the green transformation. We will keep exploring sustainable use of packaging and developing low-carbon processes. By doing so, we hope to reduce plastic consumption and carbon emissions together with upstream and downstream partners and create a sustainable future for all.

Chen Yinjang
Chief Executive Officer



DESCRIPTION OF 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) "ISO 26000: 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 2022 based on the company's development strategy. For information regarding the governance section, please refer to the *Corporate Governance Report* as incorporated in *Tingyi Holdings Co., LTD. 2022 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 "sustainable development is good 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.

REPORT SCOPE:

Organizational Scope of the Report: the main office areas and regular operating plants of Tingyi (Cayman Islands) Holding Corp. in China, with no significant changes from the previous year.

Time Frame of the Report: From 1 January 2022 to 31 December 2022. For the sake of the completeness of the report, it also covers some relevant contents occurred in 2023.

REPORTING STANDARDS FOR PREPARATION:

This report mainly refers to the Sustainable Reporting Standards of the Global Reporting Initiative ("GRI Standards") and ISO 26000: Guidance on Social Responsibility (2010) of the International Organisation for Standardisation ("ISO 26000").

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.

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.



ABOUT MASTER KONG

Tingyi (Cayman Islands) Holding Corp. is 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. The Company's market capitalization as of 31 December 2022 was USD 10 billion. The Company is a constituent stock of Morgan Stanley Capital International ("MSCI") China Index and Hang Seng Index. 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 distribution of food and beverages, keep close connection with stakeholders and actively fulfill social responsibilities with the original aspiration of "Promoting Chinese Food & Beverage Culture", the purpose of "Serving Consumers", and the sustainable development concept of "Keep Our Nature Green".

The Company's market capitalization has reached **USD 10 billion**



KEEP OUR NATURE GREEN





Corporate Governance

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 Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The 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 the effectiveness of internal control systems, as well as maintaining good corporate governance standards and practices. The Audit Committee also acts as an important link between the Board and the Company's auditor in matters within the scope of the group audit. During this financial year, the work conducted by the Audit Committee include: review of financial statements, annual and interim report and result announcements of the Group, regular meeting with management, internal auditors and external auditors, as well as review of 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

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

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 Remuneration and Nomination 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 2022, six Board meetings, four Audit Committee meetings and one Remuneration and Nominating Committee meeting 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 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 an organization structure, responsibility and authority in the construction of three lines of defense for risk management. 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 2022, the Group has been carrying out self-assessment of internal control where a prudent and effective self-inspection system has been established to achieve full coverage of external and internal inspection on each aspect thought the management circle. The effectiveness of internal controls over key financial and non-financial risks is reviewed internally on an annual basis. We communicate with responsible personnel on the identified issues and their relevant processes and provide recommendations for improvement and coaching to enhance the risk

management process. In 2022, seven reviews for internal control effectiveness were conducted with improvement plans proposed. 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 been promoting the monitoring work in respect of laws and regulations, business ethics, and the construction of internal control culture. No material deficiency in risk management or internal control was identified in the internal audit conducted by the Internal Inspection Department.

To raise employees' awareness of risk management and internal control, Master Kong organizes various training and publicity campaigns. Specifically, we regularly issue Internal Control Newsletter covering risk management knowledge, case study, policy promotion, etc. to all employees; we engage external consultants to provide training on risk management for relevant personnel; we regularly release risk management training courseware on the online platform for all employees and arrange tests for important control for employees in all business processes once a year. By updating risk control matrix (RCM), filling in the self-assessment questionnaires and other methods, employees are encouraged to identify and report existing and potential risk processes and improvement measures to strengthen risk management and internal control.



Enhance Operational Performance



Enhance Work Efficiency



Protect Asset Security



Ensure the Reliability of Financial Reporting



Commitment to Good Quality

Master Kong regards food safety as its foundation and strictly abides by relevant laws and regulations. With a zero-tolerance attitude towards food safety risks, Master Kong continues to enhance risk management, improve the ethics and professionalism of employees and strengthen product process management to achieve a high level of food safety assurance for building a "Healthy China".

In 2022, Master Kong continuously strengthened food safety control and construction, and improved the food safety management system. External consultants were also involved to help with the upgrade and stable operation of the food safety/quality management system. In response to the national nutrition and health policies and the "Three Reductions and Three Kinds of Health" program, the Company launched various new products with zero sugar, less additives and reduced net weight, such as "Master Kong Pure Sugar-free – Zero Sugar Green

Tea/Jasmine Tea" and "Mini Bucket" Instant Noodles, to meet consumers' needs for nutrition and health. The Group takes food safety talents training as high priority. We select outstanding graduates with a major in food from key universities across the country. 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, to further enhance professionalism of the employees.

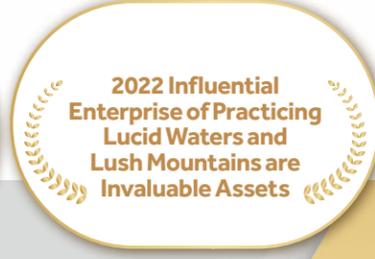
Master Kong actively seeks for external cooperation to promote high-end R&D of food safety technology and the utilisation of R&D outcomes and provides useful references for the formulation and revision of national food safety standards. In 2022, Master Kong won the Outstanding Instant Food Innovation Grand Award in the Year of 2021-2022.



Brand Promotion

Master Kong explores and focuses on the interests of young consumers, continuously creating diversified and interesting brand activities that are closely related to current consumer trends and upgrading the brand image. In 2022, gaining deep insight into the interests of youth and fans, we cooperated with famous artists such as Lay Zhang, Andy Yang and Yonghao Luo in combining music and dance with our products to enhance brand reputation and loyalty. During the 2022 World Cup, we created trending topics such as "A bowl of Master Kong for this football night" and "Football Night With Instant Noodle Is The Best", building strong emotional connection with our consumers.

Determined to "Keep Our Nature Green" and follow the path of sustainability, Master Kong introduced low-carbon concept into product design. In 2022, Master Kong released the first carbon-neutral tea beverage, and worked with professional research institutions to issue China's first two carbon footprint and carbon neutrality evaluation standards based on tea drinks, providing ideas of innovative approach to carbon reduction for the food and beverage industry. In addition, Master Kong reduced carbon emission at source, launched "label-free" beverage products to promote the low-carbon concept to the public, aiming to start a new trend of consumption with consumers.



Green Operation

Master Kong has been taking the responsibilities of environmental protection, improving the environmental management level and practicing the principle of green development.

In 2022, Master Kong made great contributions in energy and water conservation. Several factories of Master Kong's beverage business and Pepsi's beverage business were honoured as "Excellent Energy-saving Enterprise" and "Excellent Water-saving Enterprise" by the China Beverage Industry Association for their outstanding management achievements.

At the same time, the Company continued to implement the Carbon Inventory Project to explore carbon reduction opportunities and educated all business units about carbon emissions and carbon reduction to enhance their awareness on these topics. Master Kong, as an outstanding industry representative, attended the "Enterprise Carbon Reduction Practice Sharing" Roundtable Forum at the Fifth China International Import Expo to share views and experience on enterprise carbon reduction and green development with representatives from various industries. At the "2022 Enterprise ESG Development Forum" during the Boao Forum for Chinese Entrepreneurs, Master Kong and XINHUANET jointly issued the *Green Action Case Collection*, which contains successful cases in green carbon reduction by Master Kong. This will serve as a useful



reference for the industry's green development. Master Kong took action to identify and assess climate-related risks and opportunities, and established risk response mechanisms, delivering positive impacts through synergy with partners both upstream and downstream of the value chain.

We have met or are on track to our 2025 environmental targets, with the "water abstraction per RMB million of revenue" target met ahead of schedule in 2022. New targets were set for those that have already been completed.





Employee Care

While strictly abiding by relevant laws and regulations, Master Kong strives to achieve a shared growth of the Company and our employees, protect the legitimate rights and interests of employees, and provide employees with a harmonious and healthy workplace. The Company has taken various measures to ensure the health and safety of employees.

Master Kong endeavours to cultivate all-round talents with "Diligence, Integrity and Competence" and establishes a comprehensive training system. The Group provides employees with customised and functionally diverse courses and opportunities to help employees step up in professionalism and skills and enhance competitiveness in the workplace. In 2022, the Group adopted a case-based training method and set up a variety of training courses and schemes, delivering a total of 6.924 million hours of training, 116.0 hours of training per person on average. This year, the Group conducted the cultural recognition and employee engagement survey, with a participation rate up to 98%. The survey indicated that our employees were more engaged in their work than more than 67% of the companies in the global database.

6.924 million
hours of training delivered in aggregate

116.0
hours of training per capita



Giving back to the Society

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 the concept 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 2022, taking "Sustainable Operation, Contribution to Society" as the first priority, the Group carried out public welfare activities in various areas such as food safety science popularization, education on water, support for sports, caring for the society, anti-pandemic assistance, helping the "agriculture, rural areas and farmers" and deepening cooperation between schools and enterprises, to actively fulfil social responsibilities and serve the society. In the current year, Master Kong invested approximately RMB 190.2 million through various channels and methods to support social development, provided approximately 7,000 hours of voluntary service, gaining recognition from all sectors of the society.

This year, Master Kong supported social development with an investment of about
RMB 190.2 million
and participated in volunteering activities for approximately
7,000 hours



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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家园常青 健康是福
康师傅可持续发展计划

SUSTAINABLE DEVELOPMENT CONCEPT

Master Kong incorporates the concept of "Healthy Management" into various aspects of company management, such as product development, talent management, production processes, upstream and downstream development, community engagement and environmental sustainability, and communicates closely with stakeholders and actively fulfils its social responsibility. We continue to explore and refine our performance in the areas of 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". The year 2022 is crucial for the "14th Five-Year Plan" as well as the first year for the "second centenary goal". As a Chinese national brand, Master Kong has always combined enterprise development with national development, combined the Group's development with consumer interests, closely followed the development trend of the industry under the background of the "Carbon Peaking and Carbon Neutrality" goal strategy, transformed the national strategic potential into its own development efficiency and strategically cooperated with external resources to continuously promote itself, as well as the food industry, to develop in a green and low-carbon manner.

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.

MASTER KONG'S FIVE CORE TASKS OF ESG





ESG GOVERNANCE STRUCTURE AND ACTIONS

The Sustainable Development Committee of Master Kong 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 Research and 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 water saving, energy conservation and emission reduction, 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 Research and Development Working Group:** Focusing on the development and expansion of healthy and nutritious products, the Working Group actively promotes special 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 introduce external resources and 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. Additionally, the Working Group promotes domestic and international cross-industry communication and cooperation in order to deepen its efforts and make a greater impact in the field of sustainable development.

At the same time, Master Kong is 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".

SUPPORTING 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.

Master Kong joined the United Nations Global Compact (UNGC) as a participant 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 keep expanding the Company's sustainable development impact.



<p>Key SDGs addressed by Master Kong's Core Mission of Sustainable Development</p>	<p>FOOD SAFETY DEVELOPMENT</p> 	<p>PRODUCT RESPONSIBILITY</p> 	<p>ENERGY CONSERVATION AND ENVIRONMENTAL PROTECTION</p> 	<p>WIN-WIN PARTNERSHIPS</p> 	<p>CORPORATE CONTRIBUTION</p> 
<p>Our Actions</p>	<ul style="list-style-type: none"> Improved the internal food safety management system and promoted digitalization Increased investment in food safety and realised comprehensive monitoring over the whole industry chain Launched the "Food Science Popularization into Campus" campaign, promoted the popular science work on food safety for young children Innovated food safety technology and improved product quality Reinforced talent training and team building in food Built R&D centres around food safety technologies, increased communication and cooperation with external institutions and universities 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
<p>Our Achievements in 2022</p>	<ul style="list-style-type: none"> All the normal operating plants of the Instant Noodles Business were certified under FSSC 22000 (Food Safety System Certification) and maintained good operation of the system All normal operating plants of Master Kong's beverage business and Pepsi's beverage business are certified under ISO 22000 (Food Safety Certification System), FSSC 22000 (Food Safety Certification System) and Hazard Analysis Critical Control Point (HACCP). Continuously improved the food safety process traceability system to achieve the transparent management of the tracking of raw materials and finished products Relying on Shanghai Instant Food Engineering Technology Research Centre, made use of quality international and domestic academic resources to promote high-end research and development of food safety technology and the utilisation of R&D outcomes, and continuously cooperated with external professional institutions and universities For the ninth consecutive year, launched the food safety publicity month campaign Initiated the "Master Kong's Care for the Next Generation Food Safety Assurance Operation 2022" to stimulate the young generation's interest in learning food safety and enhance their awareness on the topic 	<ul style="list-style-type: none"> Launched the new sugar-free tea beverages, in which the use of food additives is reduced in comparison to traditional tea beverages, such as "Master Kong Pure Sugar-free – Zero Sugar Green Tea" and "Master Kong Pure Sugar-free – Jasmine Tea" Launched "Mini Bucket" instant noodles that are 60 percent of their regular capacity, as well as mini bottled teas, to meet the healthy diet needs of different groups. The annual satisfactory rate of customer complaints resolution reached 96% Fully implemented the intellectual property management measures, took active action to defend our rights and provided relevant publicity and training to our staff 	<ul style="list-style-type: none"> Proceeded with the Carbon Inventory Project, reviewing the carbon reduction performance over the two years and exploring opportunities In 2022, "Octagonal Corrugated Cardboard box" was used, saving 42 tonnes of base paper for the Instant Noodles Business and approximately 249.3 tonnes of cardboard boxes for Master Kong Beverage Business Master Kong Beverage business and Pepsi Beverage business handed over waste PET bottles to units with plastic recycling qualifications for recycling into recycled polyester fabric, rPET workwear, packaging plastic and other environmentally friendly recycled goods. During the year, the Master Kong beverage business processed about 1,100 tons of PET waste, and Pepsi's beverage business processed 19.5 tons of PET waste in total. 100% of suppliers that provide paper-based products such as cardboard boxes and cartons possess Forest Stewardship Council (FSC) certification 43.8% of palm oil suppliers for the Instant Noodles Business has obtained the Roundtable on Sustainable Palm Oil (RSPO) certification, and 30% of white sugar suppliers for the Master Kong Beverage Business and Pepsi Beverage Business had obtained the Bonsucro certification 	<ul style="list-style-type: none"> Launched projects to review the suppliers' employment policies along with assessments on other aspects and updated the evaluation scoring rules accordingly Signed the <i>Master Kong's Basic Agreement with Supplier on Environmental and Social Compliance</i> with all suppliers to manage their environmental and social risks 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 digitalised management of human resources Conducted customized and functionally diverse courses and projects, with 6.924 million hours of training in total, or 116.0 hours of training per person on average 	<ul style="list-style-type: none"> Community investment was approximately RMB 190.2 million, and hours of employees' volunteering activities were approximately 7,000 hours Continued to carry out the public welfare activities such as "Food Safety + Aerospace" Science Popularization, "Education on Water" and "Sports Nutrition Cooperation" Participated in the implementation of "rural revitalization" strategy and the construction of Hainan Free Trade Port, and worked with the local governments to launch the "loving and caring" activities during Chinese Spring Festival at Lingao County and Shenzhenpuzai Village in Hainan Province to donate food and drinks, supporting rural revitalisation Immediately responded and participated in disaster relief and material assistance in areas affected by disasters such as floods, delivering warmth and care Established school-enterprise cooperation with 45 universities and 70 vocational schools nationwide Jointly carried out the first phase of "Integrated Practice Project" with the School of Economics and Management at Tsinghua University, allowing students to better integrate and apply their knowledge of economic management; Signed the letter of intent for the "New 10-year Strategic Partnership" with Waseda University and sent managers to Waseda University to learn about the advanced international production and management concepts.

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.

SUSTAINABLE DEVELOPMENT ACTIONS AND PERFORMANCE

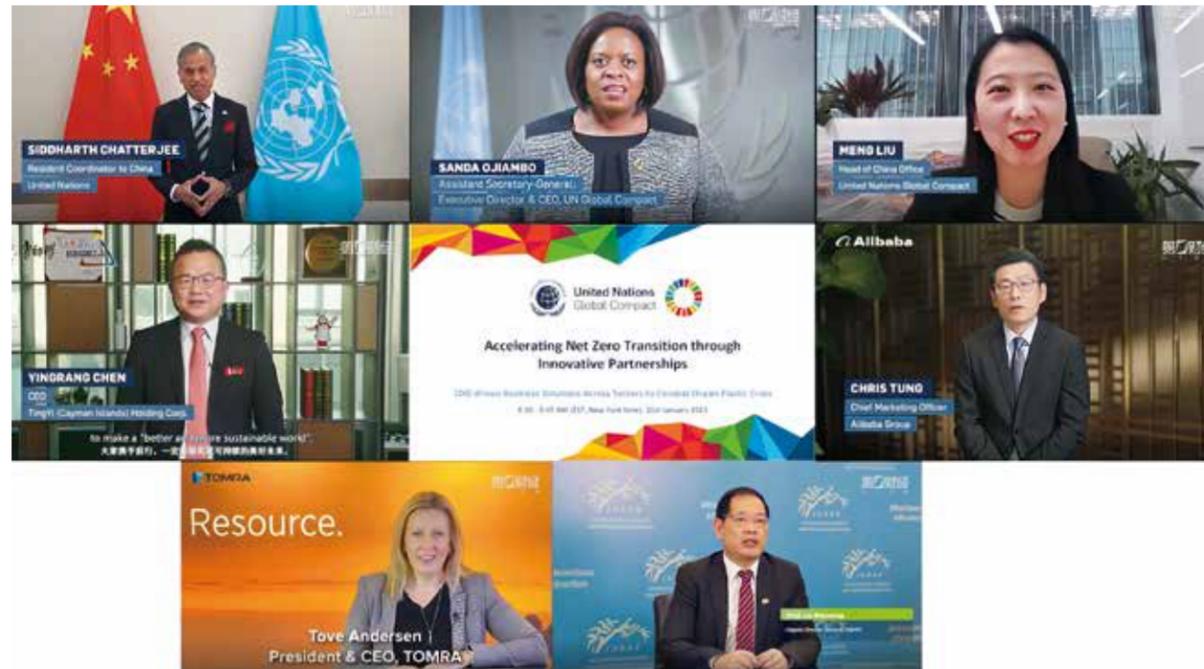


During the reporting period, we carried out the following main actions and achieved the corresponding results:

ATTENDANCE AT A UN HIGH-END SUMMIT

In January 2023, Master Kong participated in the side event of the United Nations Economic and Social Council ("UN ECOSOC") Partnership Forum 2023 with the theme of "Accelerating Net Zero Transition through Innovative Partnerships - SDG-driven Business Solutions Across Sectors to Combat Ocean Plastic Crisis", which was hosted

by the China Liaison Office of the United Nations Global Compact ("UNGC") and co-organized by the International Network for Bamboo and Rattan ("INBAR") and Yicai (第一财经), sharing the experiences of national brand enterprises in practicing the concept of sustainable development and leading the green transformation of the industry.



▲ Master Kong was invited to attend the side event held by the UNGC

THE CLOSING CEREMONY OF THE ACCELERATOR PROGRAMS IN CHINA OF THE UNGC HELD AT MASTER KONG

In February 2023, the closing ceremony of the UNGC "Target Gender Equality (TGE)" and "Climate Ambition (CAA)" Accelerator Programs was held in Master Kong Shanghai operation center. Siddharth Chatterjee, the United Nations Resident Coordinator in China, and Meng Liu, the UNGC General Representative in Asia Pacific, attended and delivered a speech. Chen Yintang, the Chief Executive Officer of Master Kong, delivered a welcome speech and attended a high-level fireside dialogue. He shared Master Kong's experience in sustainable development, and discussed the achievements of carbon reduction and the new direction of sustainable development with several business representatives.



▲ Master Kong attending the closing ceremony of the Accelerator Programs in China of the UNGC

LEADING THE INDUSTRY TO JOINTLY PROMOTE SUSTAINABLE DEVELOPMENT

Master Kong and Harvard Business School presented the case *Master Kong: Growing the Instant Noodles Market in China* to share Chinese experience with global corporate executives.

Master Kong shared its experience of sustainable development at the "Beijing Forum - International Experience and China Practice" jointly organized by Peking University and Korea SK Group.



▲ Screenshot of the Document *Master Kong: Growing the Instant Noodles Market in China*



▲ The Chief Human Resources Officer sharing experience on sustainable development at Beijing Forum

Master Kong worked with relevant authorities to draft the association standards, *Enterprise ESG Evaluation System and Guidance on Enterprise ESG Reporting*, to jointly promote the sustainable development of Chinese enterprises.



▲ Master Kong worked with relevant authorities to draft *Enterprise ESG Evaluation System and Guidance on Enterprise ESG Reporting*

GAINING SOCIAL RECOGNITION

At "2022 the First Ecosystem Brand Summit" jointly sponsored by Kantar, *Caijing Magazine* and Saïd Business School, University of Oxford, Master Kong became one of the first 12 brands to obtain ecosystem brand certification, and was successfully selected into the case of "Ecosystem Brand Development Report (2022)" and won the title of "Doer" in the "Ecosystem Brand List 2022";



Master Kong won the title of "Doer" in the Ecosystem Brand List 2022

Master Kong successfully won the "2022 Influential Enterprise of Practicing Lucid Waters and Lush Mountains are Invaluable Assets (2022践行绿水青山就是金山银山影响力企业品牌)";



Master Kong Successfully Won the "2022 Influential Enterprise of Practicing Lucid Waters and Lush Mountains are Invaluable Assets"

The 2022 Brand Footprint Report was officially issued by Kantar Worldpanel and Master Kong ranked among the top three most chosen brands by consumers in the PRC for the tenth consecutive year;



Master Kong Ranked among the Top Three Most Chosen Brands by Consumers in the PRC for the Tenth Consecutive Year

Master Kong won PepsiCo International's "the Best Bottler" for the Asia-Pacific region in 2021 and 2022, and successfully won the grand prize of PepsiCo International's "the Best bottler" in 2021;



Master Kong won the PepsiCo International's "The Best Bottler of the Year 2021" award

In November 2022, Tingyi (Cayman Islands) Holding Corp. was included in the Hang Seng Index, showing its hard power and the investors' recognition of Master Kong;

In November 2022, with the advantages of product innovation and rejuvenation, Master Kong's new products "Dried Noodles Assembly (干面荟)" and "Imperial Feast (御品盛宴)" won "The Award of Excellent Product Innovation of China's Instant Noodles Industry From 2021 To 2022 (2021-2022 年度中国方便面食品行业优秀创新产品)" award at the "22nd China Convenience Food Conference (第二十二届中国方便食品大会)" hosted by the Chinese Institute of Food Science and Technology, and the "Octagonal Corrugated Box (八角瓦楞纸箱)" project won the "Special Contribution Award for Environmental Protection Packaging (环保包装特殊贡献奖)".



The 22nd China Convenience Food Conference



• On the Dingge Awards 2022 Digital Transformation Pioneer List, Master Kong won the "2022 'New China Enterprise' All-green Sustainable Development Enterprise - Annual Green Innovation Enterprise Award (2022年度“新型中国企业”全绿色可持续发展企业-年度绿色创新企业奖)" with the AIOT intelligent energy-saving refrigerator project. We also won the "Annual Model of Operational Transformation" by virtue of the intelligent transformation of accounting business project.



Master Kong won the "2022 'New China Enterprise' All-green Sustainable Development Enterprise - Annual Green Innovation Enterprise Award



▲ Trophies of Dingge Awards 2022 Digital Transformation Pioneer List

• In 2023, Forbes China initiated a case study on the ESG practices of Chinese enterprises. As one of the 20 representative companies selected in the 2023 Forbes ESG Inspiring Case, Master Kong hopes to inspire more enterprises through its own ESG attempt.



▲ List of the 2023 Forbes ESG Inspiring Cases

Master Kong was successfully selected as 2023 Forbes ESG Inspiring Case

• In May 2023, Master Kong was awarded the 2023 Environmental, Social and Governance (ESG) Case of the Year by People's Daily for its "Practices in ESG and Contributions in High-quality Development", which showcased our contribution to promoting circular economy, energy conservation and environmental protection.



▲ Master Kong was awarded the 2023 Environmental, Social and Governance (ESG) Case of the Year by People's Daily

Master Kong won the 2023 Environmental, Social and Governance (ESG) Case of the Year by People's Daily

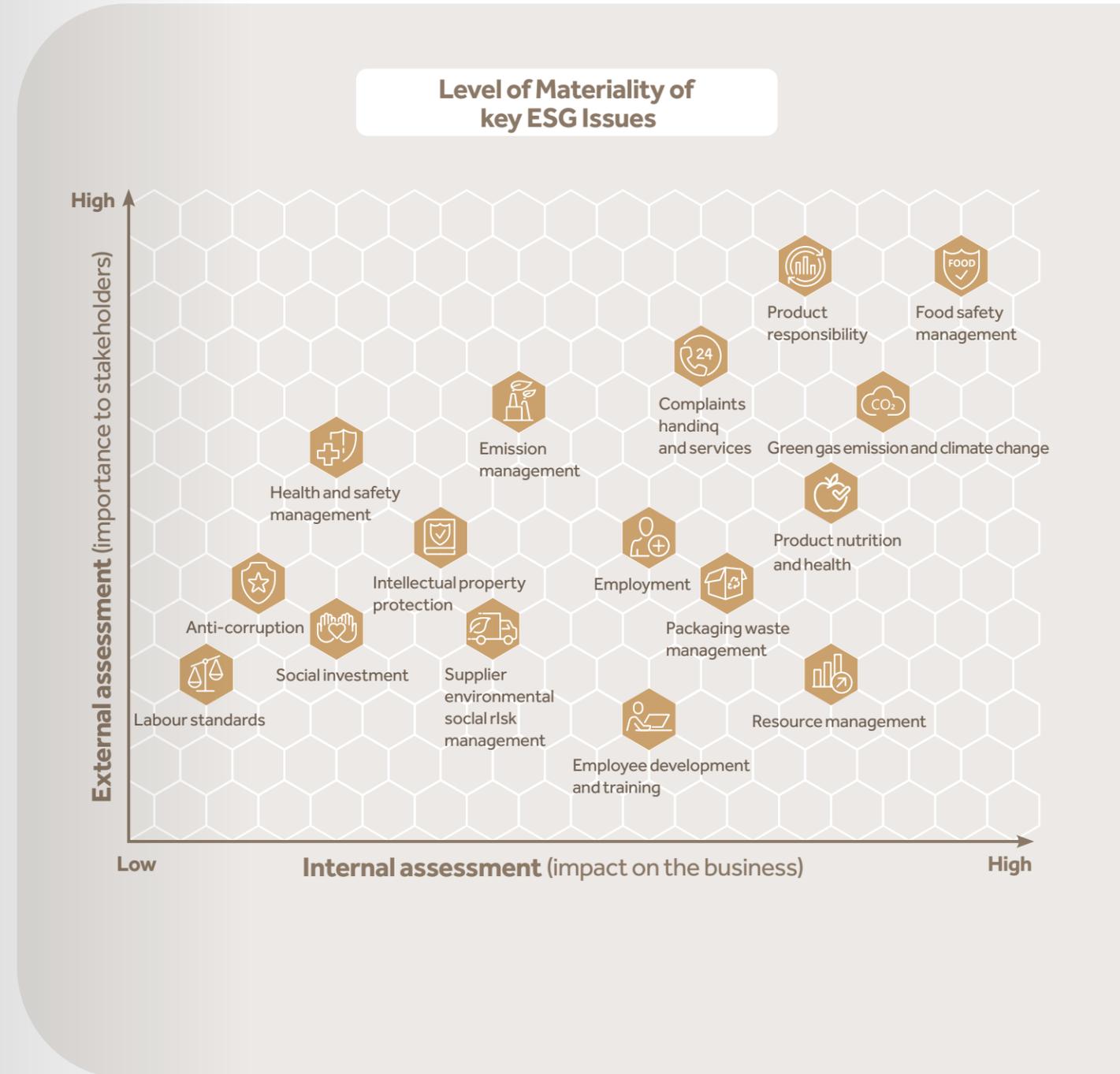
STAKEHOLDER COMMUNICATION AND KEY ISSUES MATERIALITY ASSESSMENT



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. In 2022, we reviewed the materiality of each key ESG issue to our business development and to our stakeholders.

 Descriptions of Stakeholders	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	Individuals 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, internal 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

Expectations and Responses of Stakeholders



TOPIC: "LIFE + DELICACY" TOWARDS CO-EXISTANCE WITH THE NATURE

PET is widely used in food packaging and has become the most used beverage packaging material. As a double-edged sword, it brings both conveniences to the society and threats to the environment. Master Kong actively responds to the national plastic reduction policies and requirements, as well as the related environmental protection policy. It refines packaging management at all stages of the product production cycle, reducing the use of plastics and packaging materials while meeting product safety and quality requirements. Moreover, the Company is increasing the use of packaging materials that are lightweight, recyclable, degradable and renewable, to lower negative impact on the environment and pursue sustainability.



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OUR REDUCTION GOALS AND "LIGHTWEIGHT" EFFORTS



In recent years, with improved production technology and increased consumer awareness of environmental protection, Master Kong has been focusing its research efforts on lightweight packaging materials. The goal is to reduce or optimize the use of packaging materials for some products on the premise of fully ensuring that the products are nice-looking, practical, well-packaged and conforming to national standards.

This year, we have set plans and goals for plastic reduction and packaging management and took proactive actions around the production, transportation and other stages of products:

• **In terms of PET bottle**, the weight of 330ml mini bottle from the hot filling line will be reduced from 23 g to 18 g, and that from the aseptic filling line will be reduced from 20 g to 17 g in 2023, covering small-size products of "Ice Tea" "Green Tea" "Jasmine Tea" "Oolong Tea" "Juice Master" "Pear with Rock Sugar" "Sweet-Sour Plum Juice" and "Drink Boiled Water".

• **In terms of aluminium cans**, the wall thickness of 310 ml aluminium cans will be reduced from 0.27 mm to 0.26 mm in 2023 for canned products of "Ice Tea" "Juice Master" "Pear with Rock Sugar" and "Sweet-Sour Plum Juice".

• **In terms of PE lids**, the weight of aseptic lids will be reduced from 2.15 g to 2.00 g in 2023, and the attempt for reduction to 1.90 g will be made, covering products from the aseptic filling line including "Juice Master" "Pear with Rock Sugar" "Sweet-Sour Plum Juice" "Milk Tea" and "Drink Boiled Water".

• **In terms of cardboard boxes**, the weight of partition panels in 5L beverage packaging boxes will be reduced in 2023, covering the 5L-size of products such as "Drink Boiled Water" "Master Kong Mineral Water" and "Aquafina".

• **In terms of replacement with PETG labels**, PVC labels will be gradually replaced with PETG labels that are easier to degrade in 2023, covering products with shrink labels, such as "Ice Tea" "Green Tea" "Jasmine Tea" "Oolong Tea" "Juice Master" "Pear with Rock Sugar" "Sweet-Sour Plum Juice" "Xiao Lao Duo Duo" "Pure Sugar-Free" and "Milk Tea".

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, continuously implementing a series of improvement programs to reduce plastic usage and weight, utilizing more environmentally friendly packaging materials, and reducing the use of packaging materials and generation of waste from the source. We have launched the initiative "Octagonal corrugated boxes" for product packaging, which can reduce packaging materials consumption by changing external packaging boxes structure. In 2022, we have upgraded boxes of certain products into octagonal corrugated boxes, saving approximately 42 tonnes of base paper for instant noodle business and approximately 249.3 tonnes of boxes for beverage business.

In terms of product transportation stage, we analyzed the processes of product and cargo transport and switched from packaging with bags to tanker transport, reducing unnecessary consumption of packaging material during transportation.

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

INSTANT NOODLE BUSINESS

- Raw materials' packaging switched from bagging to tanker transport, reducing the consumption of packaging material
- Reduced packaging materials waste by recycling cardboard boxes
- Reduced the use of packaging bag for raw materials by switching to tonne bags
- Optimised the containers for some of the instant noodle products and stopped using plastic lids, effectively reducing the use of plastic. During the reporting period, it was estimated that about 756 tonnes of plastics were saved
- Enhanced the research on large-diameter paper containers and developed a new environmentally friendly paper mixing container to replace the traditional plastic one, which is expected to save about 600 tonnes of plastics annually
- By reducing the amount of wrapping used and limiting the printing area, the amount of plastic and ink/solvent used were reduced by 53 tonnes and 42 tonnes respectively during the reporting period
- By optimising the surface area and the thickness of packaging cardboard boxes, about 1,000 tonnes of corrugated cardboard were saved during the reporting period

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 sterile products by 0.15g per cap, and carbonated 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 sugar-free empty bottles from 23.2g to 21g, reducing the use of PET material by approximately 219 tonnes per year
- Complete testing for reducing the weight of PET 1L empty bottles from 35g to 33g



▲ Octagonal Corrugated Boxes Packaging

PROMOTING WASTE PACKAGING MATERIAL RECYCLING



Recycling of used packaging materials is the solution to reducing the environmental impact caused by waste packaging materials. In terms of waste 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 on different materials and types, and handing over waste packaging to qualified waste disposal units for recycling, secondary processing and neutralization. In 2022, we used a total of 736,821 tons of plastic packaging materials. To accelerate the recycling and utilization of packaging materials, we collaborated with our partners to carry out research on PET recycling. This year, the Master Kong Beverages Business processed about 1,100 tons of PET waste, which was turned into non-food grade PET bottles, fibres, and rPET employee uniforms. 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 19.5 tonnes of waste plastic in total.



▲ Master Kong uses rPET Materials to make Environment-friendly Baseball Caps, Windproof Clothing, Backpacks and other products

MAKING PACKAGING EASY TO BUILD A BETTER HOME TOGETHER

In the context of the global promotion of "Carbon Peaking" and "Carbon Neutrality", Master Kong has launched the first label-free beverage in China's food and beverage industry, namely Master Kong sugar-free "Ice Tea" and lemon flavoured "Ice Tea". In addition to meeting the carbon reduction goal, the label-free packaging also shows the art of minimalism of Master Kong. Without compromising the consumer experience, consumers can make contributions to carbon reduction by taking the simplest action, which is choosing label-free products. Moreover, RMB 0.1 will be

donated to "Free Flying Wings"¹, a non-governmental public welfare campaign, for each purchase. This endeavour involves a vast number of consumers in supporting the "Carbon Peaking and Carbon Neutrality" strategy and the campaign to conserve wetlands as well as rare and endangered waterbirds, thus protecting our planet together.

▼ Environmental protection and carbon reduction, Master Kong is in action



¹ Free Flying Wings: It is a comprehensive ecological protection project mainly for Chinese migratory birds and their habitats. The project is aimed at promoting the protection of Chinese migratory birds and their habitats through the social protection model of being initiated by non-governmental organizations, invested by enterprises and participated by the public. It focuses on the work of non-governmental protection network action, bird research and citizen science, policy suggestion and advocacy.



LAUNCHING THE PLASTIC REDUCTION INITIATIVE TOGETHER

Plastics bring a lot of convenience to modern life, but the "one-time" use of plastics poses a major impact to the environment. According to the estimation from relevant organisations, the national recovery rate of PET beverage bottles could reach 94%. However, the recovered bottles could still pollute the resources and the environment if they are not recycled and reused, but are instead incinerated, buried, or transported to the ocean. Therefore, how to promote the recycling of waste plastics in an innovative and sustainable way is what Master Kong has been contemplating and taking actions for.

As one of the 13 founding members, Master Kong, together with the UNGC, initiated the "GDI (Global Development Initiative) for SDG (Sustainable Development Goal)" pilot project at the Fifth Hongqiao International Economic Forum in November 2022. The "GDI for SDG" pilot project of UNGC focuses on solving the crisis of marine plastic pollution to accelerate the United Nations Agenda 2030 and the 17 SDGs, implement energy conservation, emission reduction, and green environmental protection into production and operation, and promote green and sustainable consumption. Under the framework of this pilot project, Master Kong will work with partners from other sectors to utilise innovative technology to generate more plastic packaging recycling solutions, create a variety of sustainable consumer goods, and truly integrate green and low-carbon concepts into the daily life of consumers through sustainable consumer goods and innovative business models.

Meanwhile, Master Kong launched the rPET recycling project together with other member companies, calling on our partners to tackle together the problem of marine plastic pollution. Moreover, companies participating in the project are committed to the efficient use of rPET materials to promote the maximum recycling and reuse of plastic wastes. For this project, we develop products based on consumer and market analysis, and form a closed-loop model of "demand, development, production, marketing and recycling", to increase the recycling demand for plastic wastes. On the other hand, we consider adopting technologies such as carbon footprint tracking, PET material tracing, and tracking and recording carbon reduction of products purchased by consumers, to minimize the production of plastic wastes and keep them away from the ocean.



▲ Official launch of the UNGC "GDI for SDG" pilot project



▲ The Launch Ceremony of "GDI for SDG" Project of the UNGC

At present, with the slogan "Make everything with rPET", the first pilot project of this initiative has landed. Master Kong has worked with our partners and invented multiple environmental protection themed products with rPET.

MASTER KONG LAUNCHED THE FIRST COMMERCIALISED RPET PROJECT

As part of the "Make everything with rPET" initiative, Master Kong introduced the project "Reimagine with Bottles and Live with all Life Forms". We worked with CROWN (a leading luggage enterprise), Tmall Supermarket's own brand, Alibaba Cloud Energy Expert (an APP of energy and carbon emissions management by Alibaba Cloud), Veolia and other partners to make environmental protection themed products, including suitcases, picnic mats, handbags and storage boxes with

waste beverage bottles from Master Kong.

It is estimated that a 20-inch suitcase could consume about 47 Master Kong's 500ml "Ice Tea" beverage bottles. If rPET suitcases are used globally, approximately 1.4 million tonnes of waste PET could be reused every year, which is equivalent to consuming 70 billion recycled Master Kong's 500ml "Ice Tea" beverage bottles.



▲ The first commercialized rPET project

▲ The rPET Multi-Function Storage Box that was Launched in the First Pilot Project

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



1) Food safety system certification: In full response to the requirements of the food safety management system, all Master Kong's businesses keep advancing food safety system certification to effectively improve the system. All normal operating plants² of the instant noodle business were certified under the FSSC 22000 Food Safety Management System Certification Scheme and maintained good operation of the system. In addition, over 90% of the factories in normal operation have been audited and certified of the "whole quality control system of instant noodle processing oil" by third party certification bodies, and the Jiangmen factory is certified under Hazard Analysis Critical Control Point (HACCP). All normal operating plants of Master Kong's beverage business and Pepsi's beverage business are certified under ISO 22000 (Food Safety Certification System), FSSC 22000 and HACCP. Among them, 59 Master Kong's bottled water manufacturing plants and 29 Aquafina plants have been annually certified by the National Sanitation Foundation (NSF) and reviewed by The International Bottled Water Association (IBWA). All of our Pepsi beverage plants have participated in and successfully passed the American Institute of Baking (AIB) annual food safety audit. In addition, the Hangzhou Dingjin plant was certified by China National Accreditation Service for Conformity Assessment (CNAS) microbiological laboratory. The bakery business plant obtained ISO 9001 (Quality Management System) and ISO 22000 certifications and the system is operating normally and passed the 2022 annual system certificate renewal supervision audit.

2) Control measures enhancement: Master Kong has invested RMB 500 million in the establishment of the Innovation R&D Center, which has been accredited by CNAS. At the same time, the Company has actively introduced external consultant resources and focused on improving the credibility of laboratory data of the Center.

In 2022, the Center promoted the review of Master Kong's own standard "K-GMP" (Good Manufacturing Practices), with over 1,500 food safety monitoring indicators and over 3.5 million tests. To achieve whole-process monitoring and review of food safety from material suppliers to production plants, Master Kong has built a food safety and quality control team of more than 1,700 professionals,

Food safety is the foundation to build customers' trust in a brand. The Company places consumers at the center of its operations and has developed five satisfaction strategies: "consumers, society, partners, employees, and shareholders." Adhering to a "zero tolerance" approach towards food safety risks, we continue to enhance our risk management, improve the ethics and professionalism of our staff and strengthen our product process management. We believe that building a "Healthy China" requires a high level of food safety assurance. In this connection, we have been making continuous efforts in the following areas to continuously improve Master Kong's food safety management to the highest level.

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. Moreover, water quality is inspected monthly by each factory, and at least annually by an external professional third party. The Company then performs hazard analysis, cleaning and disinfection for water storage equipment based on the inspection results.

In addition, we cooperate with external professional institutions for various special inspections to further improve our inspection and testing levels. We regularly collaborate with external professional sensory evaluation companies and laboratories to establish Master Kong's key odor profiles for tea beverages and water, and to provide sensory evaluations and physicochemical proficiency testing services for carbonated and non-carbonated products at Pepsi's beverage factories. We also regularly cooperate with external professional organizations on microbiology projects, including microbial strain identification for spoiled products, microbial identification in natural mineral water plants, microbial proficiency testing, and professional skills training for microbial analysis personnel, to continuously improve our microbiological

testing and analytical capabilities. Additionally, the instant noodle business continued to improve its "AIB+" internal audit terms based on the AIB audit standard. Comprehensive food safety risk assessments and formal inspections were conducted at AIB+ demonstration plants in Tianjin and Hangzhou, using benchmarking management model to drive all production bases to improve their food safety management levels.

To fully integrate digital and intelligent technologies into our food safety controls, Master Kong has continued to improve the construction of the full traceability system and implement the corresponding information system in manufacturing plants. 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 order to secure the effective implementation of protection for food safety, 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 monitored the entire factory area and production process. In addition, Master Kong collaborates with external professional organizations to jointly develop and use "Near-Infrared Analysis Technology" to inspect oil in oil tanks, dedicated to enhancing digitalization in food safety control.

RMB
500 million

invested in the establishment of the Innovation R&D Center

Over
1,500

food safety indicators monitored

Over
3.5 million

tests conducted for products

Over
1,700

talents in the food safety and quality control team



▲ Master Kong's food safety and quality control team

²Normal operating plants are plants that have been in operation for more than six months during the current year and are not in a state of shutdown

3) Food safety awareness development. Master Kong has held the food safety publicity month theme campaign for 9 consecutive years, focusing on the main theme of "guard the bottom line, detect the hidden dangers, and ensure safety for everyone", continuing to implement the "Five Entrances" in food safety science popularization ("五进食安科普"), building "Transparent" factories, raising food safety awareness and strengthening food safety risk investigation. The Company launched the "My Quality, My Pride" campaign to collect exemplary deeds of quality assurance posts, shoot theme videos and promote food safety and salt science, and launched "Food Safety Pictorial" and "Creative Food Safety" themed parent-child activities for employees to actively carry out food safety related publicity. During the year, the Company held a total of 1,270 food safety activities, mobilizing a total of 59,100 participants including those from over 86 key suppliers, to work together to strengthen the defense of food safety. In addition, Master Kong pays close attention to the science popularization work on food safety for young children, and cooperates with partners to launch the "Master Kong's Care for the Next Generation Food Safety Insurance Operation 2022". We have set up a series of online and offline activities, such as "Classroom for all", "Food Safety Education in Schools", "A Bowl of Noodles for My Parents' Themed Call for Entries" to stimulate young people's interest in learning about food safety and enhance their awareness of food safety.

4) Food safety talents cultivation. We select outstanding graduates from key universities across the country with a major in Food Science and Safety, focusing on increasing the proportion for multidisciplinary industry talents. In addition, we provide quality control managers with special training in areas such as food safety standards and regulations, analysis and testing, risk monitoring and assessment auditing, and require staff in the supply chain departments and quality control departments of each business to sharpen professional skills and implement the "food safety first" concept in their work. We not only focus on the training of our own food safety talents, but also provide improvement programs for suppliers, and carries out product safety and quality assurance training for suppliers at least once a year. For example, we carried out training on the *Announcement No. 536 of the Ministry of Agriculture and Rural Affairs of the People's Republic of China (Prohibited Pesticide)* for agricultural products suppliers; training on the *Rules for the Examination of Fruit Products Production Licenses (Draft for Comments)* for fruit products suppliers; training on *Administrative Measures for the Supervisory Inspection of Food Production and Trade* for raw material suppliers; and interpretation of the latest revisions to the *Pollutant Limits in Food (GB 2762-2022)* for cream suppliers. These training sessions help suppliers to further understand and implement the latest requirements of quality safety related laws, regulations and industry standards, in order to enhance suppliers' food safety awareness and promote quality upgrade.

5) Promote industry development. 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 revision 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 has been cooperating with external professional institutions and universities to carry out food safety, product application development, process optimization and food safety risk research, helping to improve the level of social food safety governance. In addition, Master Kong integrates factory management resources with regional management capabilities and actively cooperates with local market supervision bodies and consumer associations, and proactively supervises key suppliers. In view of the status that the initial agricultural product processing industry has not yet formed any management standards, we work with associations and academic societies to facilitate the reform of the primary agro-processing and the post-processing industries; we also assisted the Ministry of Industry and Information Technology in initiating the formulation of industry standards to promote the upgrading of the primary agro-processing and food processing industries, and make positive efforts for the healthy development of the industry.

6) Product recall policy. Master Kong formulated the management measures for retrospective withdrawal of products and promptly recovered products with quality problems to actively analyze the causes, thus formulating amendment plans to improve product quality and trace various factors in the production process. Each business treats the withdrawn products as scrapped products according to the Company's regulations and reports to the local market supervision and management department. In addition, we conduct simulated product withdrawal drills every year and evaluate the results of the drills to strengthen the construction of product retrospective withdrawal management system. In 2022, we were not aware of any product withdrawal due to safety and health reasons.

**"WE VALUE
FOOD SAFETY"**



HEALTH AND NUTRITION PRODUCT DEVELOPMENT AND EXPANSION



The Company actively responded to various national nutrition and health policies, including the *National Nutrition Plan (2017-2030)*, and incorporated nutrition and health into various R&D activities such as product formula design, product innovation and technical cooperation. During this year, in terms of the R&D of instant noodles, Master Kong supported the "Three Reductions and Three Kinds of Health (三减三健)" campaigns, promoting products to reduce oil, salt and sugar without using preservatives through technological innovation, and refining the formulas of more than 100 product categories such as "Classic Series". In terms of beverage R&D, we have completed the R&D and marketing of new sugar-free tea products such as "Master Kong Pure Sugar-free - Zero Sugar Green Tea" and "Master Kong Pure Sugar-free - Jasmine Tea". Compared with traditional tea products, we reduce the use of food additives to further ensure the safety of consumers. In terms of the research and development of pastry, we continue to add calcium elements to the "Color Flute Roll" product for nutrition strengthening to increase children's calcium intake and ensure their healthy growth. We add oats, wheat bran, purple potatoes and other kinds of coarse grains to the "Muffin Breakfast Cake" products to increase dietary fiber content; we also add eggs, dried fruits and other ingredients, and reduce sucrose and lipid to make the product more nutritionally balanced.

Master Kong is committed to developing "small but beautiful" products to meet the needs of consumers in pursuing a "healthy diet and exquisite life". During this year, we launched "Mini Bucket" instant noodles with a capacity of 60% of the conventional capacity, as well as mini bottles of "Master Kong Pure Zero Sugar - Zero Sugar Green Tea" (350ml) and mini bottles of "Master Kong Pure Zero Sugar - Jasmine Tea" (350ml), which are easier to carry and be consumed individually, and more friendly to the environment, serving the healthy dietary needs of different groups.



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

China highly values the health of the people and prioritizes it in its development strategy and sets the visionary goal of "building a healthy China" by 2035. As a leading company in China's food and beverage industry, Master Kong understands the significance of improving the nutrition and healthiness of its products. We deeply 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.

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 help them 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 healthiness, actively advocate the dietary 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 this year, based on the principle of "Life + Delicacy", Master Kong continued to assist the development of China's winter sports, and opened the "Champion Canteen Noodle Restaurant" to provide nutritional and dietary support services for workers and friends at home and abroad who participated in winter sports. In addition, we promoted Chinese food culture to the world through authoritative media and actively promoted the concept of sports and nutrition diet to enhance brand image and influence, gaining more than 560 million exposures.



SPREAD HEALTH CONCEPT



▲ Champion Canteen Noodle Restaurant

BUILDING AN HONEST AND HEALTHY COOPERATION RELATIONSHIP TO CREATE "LIFE+DELICACY" TOGETHER

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 while establishing and maintaining smooth communication channels to understand their expectations and demands. The demands has set up a customer service team to facilitate the collection and feedback of suggestions, enquiries and demands from consumers. Customer feedback is collected through our 400 hotline, corporate website, Sina Weibo, etc. The customer service team has established standardized operating processes such as

the *Customer Service Management Procedure* to manage customer feedback. By cooperating with the responsible departments in problem solving, 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 plans for optimization and resolution. During the year, Master Kong received 12,545 customer complaints, with a satisfactory resolution rate of 96%.



satisfactory rate of customer complaints resolution in 2022

INFORMATION SECURITY AND CYBERSECURITY



Placing great emphasis on information security and cybersecurity management, Master Kong has established and continues to improve the information security management system. An Information Security Management Committee is set up as the highest decision-making body for the overall information security strategy, major projects and control measures. It also reviews the information security audit report, and attends briefings on major information security incidents and works out response plans. To ensure effective operation of the system, we organize the internal review at least once a year and have obtained ISO 27001 certification for our information security management system.

We have built a security command platform as well as a standard process for cybersecurity threat warning and emergency response to realize 24-hour monitoring. We have established a vulnerability life-cycle management

mechanism that performs monthly vulnerability scanning and analysis to identify and patch vulnerabilities. Additionally, we regularly conduct technology compliance checks on systems, and take actions accordingly to ensure information security and cybersecurity. Employees may report any suspicious case to the Information Security Governance Group by e-mail, telephone, ticket submission, etc. promptly.

We communicate with our customers and provide high quality services while protecting their privacy. We implement systematical and processed management of the information, set an access limit to client's information and strictly adhere to the principle of confidentiality of customer information. In terms of capturing 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 by implementing account login privilege settings to restrict the

access rights and conditions of use of consumer information by our internal staff to ensure information security, as well as adopting monitoring tools to detect unauthorized or abnormal activities.

To improve information security awareness and capability of employees, we launch education programs, training

sessions and publicity campaigns in various forms. Specifically, we invite external professional instructors to provide training on key points of information security and methods of threat prevention, record promotional videos, issue monthly e-posters on information security to all employees, and introduce a mechanism of tests and drills for better training results.

ADVERTISING AND INTELLECTUAL PROPERTY MANAGEMENT



Master Kong shapes its product image and continuously enhances its brand influence through responsible advertising and intellectual property management. We abide by laws and regulations such as 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 national standards such as the *GB 7718-2011 Labelling of Pre-packaged Foods* to standardize the contents of advertisements and labels and protect intellectual property rights.

We strictly control the legal performance of advertising publishers and operators with cooperative relationships to avoid exaggerated, false or misleading publicity. 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 control. And the materials and label designs will be published after being reviewed by the departments to avoid any promotional content that is exaggerated, false or misleading to the consumers, so as to protect the legitimate rights and interests of consumers. In the area of brand promotion and product marketing, the Company continues to improve its control mechanism, which requires its partners and other advertising publishers and operators to perform in good faith and compete fairly.

Master Kong actively practices responsible marketing. We have established the *Product Promotion and Marketing Manual*

to standardize product promotion activities and maintain transparent communication with consumers. We organize training on responsible marketing personnel, and regularly organize special training on marketing strategy implementation and other activities to enhance employees' awareness of compliance. In addition, we regularly conduct audit review on marketing work every year, conduct compliance self-inspection on a monthly basis and identify risk points to continuously improve the control and supervision mechanism.

In terms of intellectual property management, Master Kong deeply understands the importance of protecting intellectual property rights, thus comprehensively implementing its intellectual property management measures and taking action to defend its rights. In 2022, we actively grasped the trends of intellectual property rights in the industry and attached importance to the accumulation and application of intellectual property rights, so as to better develop the Company's intellectual property strategy. We collaborated with a number of professional bodies to continuously protect all aspects of intellectual property, including patents and trademarks, and applied for registration and protection of our core trademarks in many countries and regions around the world. We reinforce the defense line of intellectual property monitoring by registering with the relevant authorities in a timely manner, retrieving intellectual property information before all kinds of new products go on the market and conducting relevant analysis. We respect and protect the intellectual property rights of others while protecting our own intellectual property rights by punishing any action of infringement uncompromisingly. We also regularly publicize and train employees on intellectual property rights and enhance their professionalism and awareness of intellectual property protection to safeguard the Company's brand reputation.

In **2022**, we actively grasped the trends of intellectual property rights in the industry and attached importance to the accumulation and application of intellectual property rights, so as to better develop the Company's intellectual property strategy.

ESG

SUPPLIER ESG MANAGEMENT

We value the sustainability development of suppliers and deeply understand the leading and driving role of our own behaviour on our suppliers. The Company established a comprehensive supplier management system that monitors various aspects of the suppliers (including their access qualification, production and operation and social responsibility), and continuously refined our supplier management capabilities, and we are committed to working together with corporates from upstream and downstream of the value chain to bring high quality products to our consumers.

In terms of supplier recruitment, Master Kong has formulated supplier development and management methods that cover all of the suppliers according to the types of suppliers, clarified the supplier introduction process and requirements. In the current year, the *Raw Material Supplier Development and Management Measures* were revised to refine the supplier introduction process and requirements. We have 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.

In terms of day-to-day supplier management, Master Kong has been improving approaches to supplier appraisal operations, which strengthens supplier supervision and conduct assessment to each supplier's supply quality, delivery, service and cooperation. In 2022, we added new review items such as supplier labor policy evaluations and updated corresponding assessment scoring criteria. At the same time, we conducted grading assessments of our suppliers and developed coaching strategies, required them

to provide an improvement plan, as well as implemented reward and punishment measures 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*. The acceptance and signing of this agreement by suppliers is a prerequisite for establishing a supply partnership with Master Kong. We require 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. We will terminate the relationship with suppliers who fail to conduct rectification according to improvement plans or who violate the red line clauses (e.g., child labor). During the reporting period, we had signed the *Master Kong's Basic Agreement with Supplier on Environmental and Social Compliance* with all of the suppliers to manage their environmental and social risks as well as conduct continuous supervision on their performance of the agreement.

Master Kong applied digitalization to improve corporate comprehensive competence. We applied digital methods to establish an intelligent supply management system, which covered parts including upstream and downstream procurement, transportation and production. Through the implementation of the Supplier Relationship Management (SRM) system, the supplier data sharing center can manage the supplier data in a unified way, reducing duplication of data in the system, and all divisions can share qualified supplier resources through the SRM system. The system can realize digital management covering the entire bidding process, including issuing biddings, introducing suppliers, signing and approving the reserve price, purchasing bidding, and approving the winning bid, so as to achieve paperless operation, reduce supplier management cost, strengthen

the entire process of suppliers' coordination and integration, and enhance the transparency and agility of the value chain. We carry out SRM system training for suppliers and related personnel of Master Kong to enhance trainees' understanding of system functions and continuously improve the utilization efficiency of the system. In addition, we continue to promote the implementation of Material Requirement Planning (MRP), which automatically

calculates the raw material requirements, reduces the labor cost of manually calculating the raw material requirement planning and improves the accuracy. We purchase according to the plan and arrange the production line operation reasonably, so as to realize stable production, avoid overload or idle operation of the production line, increase the flexibility of production scheduling, improve production efficiency and service quality.

Number of suppliers by region

SUPPLIER LOCATION	NUMBE OF SUPPLIERS
Mainland China	948
Hong Kong, Macau and Taiwan	4
Foreign regions	5



ANTI-CORRUPTION AND ETHICS MANAGEMENT



Master Kong focuses on enhancing its compliance management, endeavoring to create a workplace environment with integrity, honesty and transparency. 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*, and the *Management Measures on Contract Inspection and Review*, and continuously improves the anti-corruption management system, avoiding any direct or indirect illegal commercial acts including corruption, bribery, extortion, fraud and money laundering, etc. In addition, Master Kong has specified policies regarding donations or sponsorships, and has set expenditure caps for different positions, to strengthen the management of donations.

Master Kong prohibits directors and all employees from engaging in or profiting from any illegal or unethical economic behaviours and advocates all of our employees to abide by professional ethics and moral principles. We demand our employees and suppliers to sign the *Anti-Commercial Bribery Commitment Letter*, which clearly states that they will not offer or accept bribes and maintain a good working environment. We enhance our ability to deal with the relevant issues, constantly improve our employees' awareness of anti-corruption and anti-fraud, and continue to build and promote a culture of corporate integrity. In 2022, we trained all employees on the online learning platform based on the *Measures for the Management Measures on Employees' Integrity and Self-discipline Behaviour* which was included in the training for new employees, with more than 58,000 participants. In addition, we conducted on-site integrity training for employees, and all the employees who participated in the training signed the *Honesty, Integrity and Self-discipline Assurance Statement* after the training. We also published articles and shared anti-fraud cases on the enterprise WeChat platform and online learning platform, and sent the *Audit Fraud Investigation Report* to the senior management, constantly strengthening the directors' and employees' awareness of integrity and compliance to enhance their awareness of business ethics.



The training on *Management Measures on Employees' Integrity and Self-discipline Behaviour* covered more than

58,000 employees

In response to commercial bribery, fraud and other illegal acts, Master Kong has established a special reporting channel to encourage internal and external personnel to monitor each other, and participate in the construction of the Company's business ethics and compliance culture to resist malpractices. We have published the *Whistleblower Acceptance Principles and Reward Provisions* on the Company's official website, as well as the whistleblower hotline and mailbox to encourage employees, suppliers and all parties to participate in real-name reporting. In response to external extortion, fraud and other incidents, the Company has formulated a special emergency plan and handling mechanism to improve its ability to deal with related problems. We set up a Corporate Security Team under the Audit Department, which is fully responsible for the analysis, investigation and handling of whistleblowing cases. We have formulated the *Whistleblowing Operation Procedures* to regulate the process of handling reports, the principles of reward and the relevant requirements for the protection of whistleblowers, and keeping the whistleblowers' information strictly confidential. If there is any whistleblowers' information leakage, we will deal with it in accordance with the *Management Measures on Staff Rewards and Punishments* after verification. Employees of

the Audit Department sign the commitment letter of the *Code of Professional Ethics and Disciplinary Guidelines for Audit Office Personnel* every year, promising to abide by the code of professional ethics and disciplinary code, and strictly follow the principle of confidentiality when performing their duties, and promise to keep the information of the whistleblower confidential. In 2022, there was no leakage of whistleblowers' information. As the third line of defense regarding risk management, the Audit Department reviews the effectiveness of the Company's major risk management and internal control systems every year, puts forward improvement suggestions for the deficiencies of the existing system, and prevents corrupt behaviors such as employees taking advantage of system loopholes to violate laws and regulations. During the year, the Corporate Security Team completed the investigation of 44 fraud reporting cases, and carried out special audits for the Company's internal control, risk management, supplier and quality management, procurement management and other sectors, reviewed the effectiveness of the control system for business ethics and professional ethics 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>

Whistleblower Acceptance Principles and Reward Provisions:
<https://www.masterkong.com.cn/contactus/20150527/32285.shtml>



Email

jianju@masterkong.com.cn



Hotline

021-31753602



Mailing address

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

In 2022, the Company discovered 1 case of fraud and illegal possession by employees of its subsidiaries, which was transferred to the public security department for handling. The case was tried by the judicial authorities, and the employee involved was sentenced to fixed-term imprisonment and fined, and ordered to return and compensate for the Company's losses.



BRAND BREAKTHROUGH

A Mellow and Eternal National Classic Flavor

Master Kong Roasted Beef Noodles adheres to the brand image of the Chinese nation with its classic rich delicacy and fiery Chinese red, and unremittingly promotes social justice to inspire young people in the new era to achieve themselves. In 2022, Master Kong and Lay Zhang

collaborated on a new single *Get Moving* to the revamped brand catchphrase "Get moving, this is the taste," and combined music and dance with products to show the positive youthful vitality of contemporary young people with a vibrant atmosphere.



▲ Roasted Beef Noodles "Get moving, this is the taste."

Understanding fans' interests thoroughly, staying close to hot topics and stimulating independent communication

With a deep insight into fans' interests and behaviors, Master Kong held a series of brand marketing activities such as "Tomato Egg Beef Noodles" x "National Actress" Andy Yang (杨紫), "New Product Royal Feast 30th Anniversary" x "Hot

Topic figure, Yonghao Luo (罗永浩) and "Soup Chef x Cat's Kitchen (日食记)", which stimulates social interaction in the circle and attracts a large number of fans to participate, promoting brand goodwill and preference of Master Kong.



▲ "Tomato Egg Beef Noodles" x "National Actress" Andy Yang

Master Kong pays attention to the development of the sports industry all year round, and actively turns its attention into practical support for the competition, fully demonstrating its brand responsibility. During the 2022 World Cup, Master Kong launched scene marketing, closely followed the fans' consumption link, and jointly created content with leading social media platform, forming a hot topic: "A bowl of Master Kong for this football night", which became one of the "viral" advertisements during the World Cup. At the same time, Master Kong's instant noodles are convenient, fast and hearty, which perfectly matches the tension and excitement when watching the ball late at night, making "Football Night With Instant Noodle Is The Best" quickly become a hot topic during the World Cup, causing emotional resonance among consumers.

Launching low carbon products and exploring new ideas of sustainable development

Master Kong actively mitigates environmental impact and introduces low-carbon concepts into its product concepts based on its own development, which demonstrates Master Kong's determination to "Keep Our Nature Green" and practice sustainable development. In 2022, Master Kong held the "Tea Beverage Carbon Neutrality Path Practice Achievement Sharing Meeting" in Shanghai, releasing the first carbon-neutral tea drink "Master Kong Pure Sugar-free" and the specific path to realize carbon neutrality of this tea beverage. We, together with professional scientific research institutions, jointly launched two domestic first carbon footprint and carbon neutrality evaluation standards based on tea drinks, namely, *Technical Specification for Carbon Footprint Evaluation of Tea Beverages* and *Technical Specification for Carbon Neutrality Evaluation of Tea Beverage Products* to provide innovative carbon reduction for the food and beverage industry.



▲ 2022 Tea Beverage Carbon Neutrality Path Practice Achievement Sharing Meeting

At the 2022 Carbon Reduction and Environmentally Sustainable Development Forum and Launch of Master Kong's Label-Free Products, Master Kong launched a "label-free" beverage that practiced the concept of low carbon. The packaging design of this product complies with GB 7718-2011 *National Food Safety Standards - Pre-packaged Food Labeling General Provisions*. This product is sold with the whole box as the minimum sales unit, and its production batch number, label and product information are printed on

the outside of the box, and the product name and shelf-life information are marked on the label-free beverage bottle by laser printing technology, which is convenient for consumers to drink in a single bottle after purchasing the whole box and reduce carbon from raw materials. The introduction of "label-free" products not only reduces the use of PVC labels avoids the problem of ink printing pollution, but also spreads the concept of carbon reduction to the public to create a new fashion of green consumption with consumers.

GREEN AND HEALTHY GUARDIANSHIP FOR SUSTAINABILITY, 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, framework 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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SETTING ENVIRONMENTAL MANAGEMENT TARGETS³



Guided by the Company's sustainable development philosophy, 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 (tonnes/RMB'million) will decrease by 12% in 2025.
Target process in 2022: The combined energy consumption per RMB'million of revenue (tonnes/RMB'million) decreased by 11.6% compared with 2017.
- Using 2017 as the base year, water abstraction per RMB'million of revenue (tonnes/RMB'million) will decrease by 8% in 2025.
Progress on the target for 2022: Water abstraction per RMB'million of revenue (tonnes/RMB'million) decreased by 15.6% compared to 2017, and the target has been achieved ahead of schedule. We have updated our target: using 2017 as the base year, water abstraction per RMB'million of revenue (tonnes/RMB'million) will decrease by 20% in 2025.

Waste

- The recycling rate (actual sales volume/theoretical production) of the main production-based raw material waste is not less than 97%.
Target process in 2022: The target has been achieved. In 2023, the Company will still set this as the target and conduct waste management accordingly.

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.
Target process in 2022: Greenhouse gas (Scope 1 and Scope 2) emissions per RMB'million of revenue (tonnes/RMB'million) decreased by 16.4% compared with 2017.
- Emission concentrations of major air pollutants (nitrogen oxides, sulphur oxides, soot and dust) from all plants meet or exceed national standards.
Target process in 2022: The target has been achieved. In 2023, the Company will still set this as the target and conduct air pollutant management accordingly.
- Wastewater (COD) discharge concentrations meet or exceed national standards.
Target process in 2022: The target has been achieved. In 2023, the Company will still set this as the target and conduct wastewater management accordingly.

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.

³The environmental key performance indicators, including greenhouse gas emissions, were formally disclosed by Master Kong since 2017, so 2017 was chosen as the base year for setting environmental management targets.



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, and set up full-time management personnel at each production base.

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 clarify the responsibilities of relevant units, improve unreasonable processes and control measures, promote key energy-saving projects, and reduce 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 such as quarterly bonus to enhance the importance of energy saving work by staff in relevant posts. We track daily production energy consumption and investigate the causes of any abnormalities in the indicators, and make improvements accordingly. We review and analyze the production energy consumption indicators against the corresponding period and budget indicators every month, so as to optimize and adjust them in time. We organize relevant training and share energy saving experiences to achieve continuous improvement of the Company's energy saving management level.

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

Master Kong conducts analysis and assessment before withdrawing water. It analyzes the development and utilization of water resources in the region where the project is located and the impact of the project on water resources, in a bid to understand

changes in water risk in the Company's location and formulate effective measures accordingly. During the reporting period, we assessed the annual water risk in the Company's location with Aqueduct™ Tools developed by World Resources Institute (WRI).

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. We put water saving and consumption reduction into the performance evaluation index of key supervisors of factory directors in order to implement effective water saving. During this year, Master Kong's factories regularly 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 take corresponding measures. We identified production processes and equipment with high water consumption, strengthened detailed control, actively promoted key water conservation projects, such as the utilization of reclaimed water after sewage treatment, and promoted them nationwide. In addition, each factory is equipped with water storage tanks for use in the event of water outages. During the year, the total amount of water that can be reused by the beverage and instant noodle businesses after water treatment was 2,019,124 tonnes. At the same time, we actively promote awareness and ways to conserve water resources, continue to carry out exchanges and experience sharing among factories across the country, and strive to integrate the concept of "Cherishing, Conserving and Protecting Water" into all aspects of our daily production work, so as to promote the common improvement of internal management level.

In 2022, the 17 plants of the Master Kong Beverages Business and 13 plants of the Pepsi Beverages Business were once again awarded the title of "Excellent Water-saving Enterprise" by the China Beverage Industry Association for their excellent management practices. Master Kong has not involved with any major negative incidents related to water use.

START FROM THE SOURCE TO ENSURE WATER SECURITY

Master Kong actively organized water conservation and water resource protection activities, and cooperated with government authorities to fulfill corporate social responsibility. The Company's natural water plant carefully calculates the amount of mining water and supplemental water in the site selection, determines the site selection after demonstration, and strictly implements the water source protection measures when building the plant, including:

- Applying for the 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 *Administration of Groundwater Resources* and relevant local water resources protection plans, monitoring and protecting the amount of water extracted, and strictly prohibiting over-exploitation;
- Delimiting 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 dumps and timely clearance;
- Making effective sewage collection system during the construction period, and strictly prohibiting the discharge to surface water bodies or farmland;
- Setting access control at the process water draw-off point that only allows access by the work staff;
- Carrying out Water-Saving Day publicity activities at factories to improve the awareness of water conservation of all staff.



Recycle remaining heat from steaming and frying process

The Instant Noodles Business has modified the existing steamer recovery system to save 97% steam by recovering clean steam from the residual heat of frying. The technique has now been applied by 61 production lines in factories across the nation, saving a total of 200,000 tonnes of steam 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 35 million kWh of electricity in the year.



Recycle heat from high energy consumption machines

Pepsi's plants in Chongqing recycle heat energy from the high energy consumption machines, reducing steam consumption in the thermos bottle machines and saving approximately 60,000 m³ of natural gas annually.



Recovery and cooling afterheat from frying water saving project

The noodle-producing plant of the Instant Noodles Business achieved the cooling and circulating use of water, reducing operating cost and soft water consumption by 79,000 tonnes.



Recovery and reuse of cooling water

Master Kong Beverage Business' Xi'an plant refined the cooling water recovery process of the separator, which starts the recovery pump when the cooling water reaches a certain water level, and returns the cooling water to the recovery water tank, which can save about 18,900 tonnes of RO water per year.



Recovery of concentrated water

The Pepsi factory in Guangzhou recycled concentrated water from reverse osmosis system to increase the water utilization rate and reduce wastewater discharge, reducing water consumption by approximately 20,000 tonnes.



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 *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Comprehensive Emission Standards for Air Pollutants*, 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*, etc. The internal management system for exhaust gas, greenhouse gas, wastewater and waste emissions of Master Kong has been formulated as the

basis for management and control. We clearly defined the management responsibilities of relevant positions, continuously used advanced management tools, optimized production processes, introduced advanced environmental protection facilities and technologies, and carried out various specialized environmental protection projects 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. For hazardous waste generated, we have commissioned qualified professional units to conduct disposal in compliance. For non-hazardous waste, we strived to reduce waste generation at the source and promote the recycling and utilization of resources. At the same time, we upgrade the skills of relevant personnel and implement maintenance work for treatment equipment to achieve stable operation of the wastewater and waste gas treatment systems.



Under the premise that the exhaust gas is discharged up to standard, the Instant Noodles Business realises the in-depth treatment on the exhaust gas of waste steam from noodle manufacturing. After the exhaust gas is cooled and dehumidified, the gas will not condense, and the purpose of exhaust gas removal can then be achieved.



Master Kong collects and disposes of the exhaust gas from the process of producing preforms and blowing for the Master Kong Beverages Business to remain environment-friendly and comply with relevant laws and regulations. By the end of 2022, we have installed 90 sets of disposal equipment in total, reducing the emission of approximately 1,100 tonnes of exhaust gas per year.



The Pepsi factory in Guangzhou has installed exhaust gas disposal system for wastewater treatment and the blowing and preform handling processes respectively, reducing the emission of NH₃ by about 0.4 tonnes, H₂S by about 0.02 tonnes and non-methane hydrocarbons by about 4.3 tonnes per year.

MASTER KONG JOINTLY RELEASED THE GREEN ACTION CASE COLLECTION AND SHARED ITS GREEN CARBON REDUCTION EXPERIENCE

At the "2022 Enterprise ESG Development Forum" held at 2022 Boao Forum for Entrepreneurs, Master Kong and Xinhuanet jointly released the *Green Action Case Collection* (hereinafter referred to as the "Collection"), which collected the successful experiences on green carbon reduction of Master Kong in recent years. Through five major chapters

of the Collection, Master Kong's green and low-carbon emission reduction cases in the whole life cycle of products such as source planting, factory operation, production, product design, logistics operation, and after-sales recycling are sorted out and carefully introduced, as a beneficial reference to the green development of the industry.



▲ The Release Ceremony of the Green Action Case Collection of Master Kong

Food wastes, near-expired food, and excessive food products may be generated during production and operation due to process loss, oversupply and other reasons. According to regulations of the place of operation, Master Kong upholds the principle of reducing food losses

and wastes and hands over waste food and raw materials wastes to qualified companies for treatment and secondary utilization, mostly in the production of feed, compost, and biodiesel.



DIGITAL PRODUCTION MANAGEMENT

In 2022, Master Kong completed equipment renovation and digitalization of daily business processes in its digital pilot factories, realizing real-time monitoring, management, and maintenance of equipment status, as well as real-time data collection and automatic analysis of energy usage. In the production process, we used intelligent equipment for weighing and feeding, which reduces manpower and realizes the product traceability in the deployment process, improving the accuracy and visualization of the production process. In the product quality management process, we have already implemented electronic inspection forms for some products and plan to update inspection equipment to achieve automatic data collection. In the future, the digital factory will establish a full production process from material input to shipment, collect all quality-related data, build a quality database, and realize the full life-cycle traceability of product quality.

Master Kong applies intelligent logistics Transportation Management System (TMS) to centrally dispatch and manage factories, carriers, and drivers in the logistics process, and establishes an information-based, automatic

We adhere to the corporate culture of science, harmony, win-win cooperation and performance, and build a digitalized supply chain system that fits the culture of Master Kong. By applying scientific tools and management methods, we are gradually advancing digital production management, improving enterprise performance, and achieving efficient collaboration and harmonious win-win situations between upstream and downstream partners.

and intelligent logistics management and control system with functions such as automatic order acceptance, vehicle appointment, pre-stocking in the warehouse, intelligent on-route monitoring, transport route optimization and performance management, which effectively improves the management level in logistics transportation costs, efficiency, cost and service, and promotes the development of green transportation.

We apply image recognition technology in our warehouse system, using cameras to recognize the EAN (European Article Number) codes and spray codes of product boxes, and matching them with production order numbers to achieve automatic warehousing, which effectively improves the accuracy of warehousing. In 2022, we will upgrade TMS to monitor the on-route trajectory and key logistics nodes of distribution vehicles in real time and with precision. We will also connect TMS with the existing system, arrange loading and unloading work reasonably, and allow distributors to query the logistics nodes of their orders in real-time, while ensuring service quality and greatly enhancing the user experience.



RESPONDING TO CLIMATE CHANGE

Climate change is a common challenge facing the world, and acting on climate is urgent. Master Kong takes active measures to identify and evaluate the risks and opportunities brought by climate change, establish risk response mechanisms, and seize opportunities to promote sustainable corporate development, driving positive impacts throughout the value chain with upstream and downstream partners.

We identify and analyze the physical risks brought by climate changes, including the impact of extreme weather such as floods, droughts, typhoons, heavy rains and snowstorms on material procurement, production, storage and transportation, and personnel safety, and establish risk response measures.

TABLE 1. IDENTIFICATION AND RESPONSE MEASURES FOR PHYSICAL RISKS

Impact area	Risks description	Measures to risks
Material procurement	<ul style="list-style-type: none"> The adverse weather conditions may lead to delayed or interrupted supply of raw materials, affecting production schedules; The reduction in agricultural production may result in higher prices of raw materials, which in turn results in rising production costs. 	<ul style="list-style-type: none"> We maintain long - term partnerships with a number of qualified suppliers for the same raw materials at the same time to ensure a wide range of suppliers' raw material supply, thereby mitigating the risk of interruptions in raw material supply; We 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; We lock in prices in advance when entering into contracts with suppliers to control production costs.
Production	<ul style="list-style-type: none"> Cold weather causes frost damage to products and raw materials in factories and during transportation, increasing operation costs; Drought climate reduces groundwater, affecting the supply of groundwater to natural water factories. Heavy rains and flooding cause groundwater pollution and turbidity, ultimately affecting production water supply; Typhoons frequently attack factories in coastal areas, such as roof damage in factories, water leakage in workshops and warehouses of finished products and raw material and factory area flooding, resulting in direct losses of factory assets and materials, as well as indirect losses such as production stoppages; Extreme weather causes energy interruptions, affecting factory production schedules and delivery timelines. 	<ul style="list-style-type: none"> In response to unexpected energy interruptions in special situations, we maintain regular communication with our suppliers, develop monthly and weekly energy consumption plans, and arrange production reasonably, while carrying out daily maintenance according to plan; Based on weather conditions, we require factories to make early preparations for raw material stocking to meet production demands; In conjunction with early warning information issued by meteorological authorities, we conduct comprehensive inspections of the factory in advance and rectify any potential hazards.
Storage and transportation	<ul style="list-style-type: none"> Cold weather causes frost damage to products and raw materials during the transportation process, increasing the investment in quality assurance; Severe weather such as heavy rains and flooding, heavy fog, heavy snow, etc., seriously affects the transportation of products and raw materials, causing stockouts and interruption. 	<ul style="list-style-type: none"> We keep an eye on the weather and stock up in advance, pay attention to the emergency situation of energy supply, drainage and hydropower from high-voltage power houses, and develop response measures. If any abnormality is found, timely report it to the higher-level government units for handling; Strictly follow the <i>Company's Product Quality Manual</i> to improve product protection, thus ensuring product quality.
Personnel safety	<ul style="list-style-type: none"> Extreme weather and climate disasters pose a threat to personnel safety. 	<ul style="list-style-type: none"> Perform comprehensive analysis of the likelihood of various natural disasters based on the geographical and environmental characteristics, and formulate the <i>Special Emergency Plan for Natural Disasters</i> to identify the types and degree of danger posed by natural disasters that threaten the normal production and operation of the business; Conduct training and regular drills for employees in accordance with the requirements of the emergency plan, so that in the event of a major natural disaster, we can promptly carry out rescue operations according to the predetermined plan, effectively control the disaster in a short time, and ensure the safety of employees and company property.

We assess the transition risks and opportunities brought about by climate change. In terms of transition risks, against the backdrop of the Carbon Peaking and Carbon Neutrality targets proposed by the country, regulatory and policy requirements for low-carbon development will become increasingly stringent. Master Kong complies with and responds to the national policies and requirements for reducing carbon emissions, keeps an eye on the corresponding changes in policy and regulatory, predicts future policy trends, and makes long-term planning for its own low-carbon development path, so as to better adapt to the low-carbon trend. In terms of transition opportunities, with the development of the low-carbon economy, consumers may be more inclined to choose products with green and environmental attributes in the future, which will affect the Company's product layout. We launched "carbon neutrality" and "label-free" products, incorporating the concept of sustainable development into the product design process. In the future, we will continue to establish and improve climate change-related policies, explore opportunities for green and environmental attribute products, and contribute to the low-carbon development of the industry.

In 2022, the Company continued to carry out carbon inventory work, covering the upstream and downstream of Master Kong's value chain, calculating Scope 1 and Scope 2 carbon emissions data, and estimating the main Scope 3 carbon

footprint in upstream and downstream of the value chain. In this inventory, we reviewed the carbon reduction results in the past two years, prompting all units of the Company to further understand their own emissions to carry out targeted carbon reduction work and actively explore carbon reduction opportunities. At the same time, during the carbon inventory process, the Company promoted the concept of carbon emissions and carbon reduction to all units to enhance their awareness of carbon reduction.

In 2022, Master Kong, as an outstanding industry representative, attended the "Enterprise Carbon Reduction Practice Sharing" Roundtable Forum ("企业减碳实践分享"圆桌论坛) at the Fifth China International Import Expo to discuss views and experiences on corporate carbon reduction and green development with representatives from various industries, assisting policy formulation and industry development for low-carbon development. We shared our green and low-carbon practices, including the three-level sustainable development strategy of implementing management structure, production and operation, and stakeholders, the three-step carbon reduction roadmap of "Conducting Carbon Inventory", "Setting Emission Reduction Targets" and "Designing Emission Reduction Measures", and carbon reduction cases in production and research and development, providing new ideas for carbon reduction in the industry.



▲ Master Kong attended the "Enterprise Carbon Reduction Practice Sharing" Roundtable Forum at the Fifth China International Import Expo

SUSTAINABLE SOURCING OF RAW MATERIALS

When selecting raw material suppliers, we pay attention to the environmental benefits of their products and services. We hope to reduce the negative impact on natural resources, the environment, and society in the production process of raw materials through sustainable and responsible procurement. We encourage suppliers to strengthen traceability and certification of raw materials.

We are committed to reducing the negative impact of packaging and palm oil procurement on forests. 100% of paper suppliers such as cartons purchased by Master Kong have FSC certification. 43.8% of palm oil suppliers in

the Instant Noodles Business have obtained Roundtable on Sustainable Palm Oil (RSPO) certification. 100% of flour, beef and pork suppliers have obtained FSSC 22000 certification. In terms of exercising responsible sugar procurement, 30% of white sugar suppliers for the Beverage Business and Pepsi Beverage Business have obtained Bonsucro certification; for the Bakery Business, 100% of sugar suppliers have obtained FSSC 22000 and ISO 22000 certification, 100% of flour suppliers have obtained HACCP certification, 100% of whole milk powder suppliers have obtained Halal and FSSC 22000 certification, and 100% of oil suppliers have obtained RSPO certification.





ENVIRONMENTAL KEY PERFORMANCE INDICATORS

In 2022, 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.

Total Greenhouse Gas Emissions⁽³⁾ (Scope 1 & Scope 2)⁽⁴⁾ (10,000 tonnes)	227.55
Scope 1 Greenhouse Gas Emissions (10,000 tonnes)	17.72
Scope 2 Greenhouse Gas Emissions (10,000 tonnes)	209.82
Greenhouse Gas Emissions per million of sales in RMB (tonne/million of sales in RMB)	28.91
Total comprehensive energy consumption⁽⁵⁾ (MWh)	5,259,884.85
Comprehensive energy consumption per million of sales in RMB (Mwh/million of sales in RMB)	66.82
Electricity (MWh)	1,699,915.45
Electricity consumption per million of sales in RMB (MWh/million of sales in RMB)	21.60
Petrol and diesel (MWh)	12,288.98
Natural gas and coal (MWh)	885,509.36
Liquefied petroleum gas (MWh)	649.37
Purchased steam (MWh)	2,661,521.68
Total water use⁽⁶⁾ (m³)	53,854,325.09
Water consumption per million of sales in RMB (m³/million of sales in RMB)	684.15
Total product packaging materials used⁽⁷⁾ (tonne)	1,271,573.98
Packaging material used per million of sales in RMB⁽⁸⁾ (tonne/million of sales in RMB)	16.15
Total chemical oxygen demand (COD) emissions⁽⁹⁾ (tonne)	132.11
Total hazardous waste (tonne)⁽¹⁰⁾	1,204.13
Hazardous waste emissions per million of sales in RMB (tonne/million of sales in RMB)⁽¹⁰⁾	0.02
Total non-hazardous waste (tonne)	205,715.99
Non-hazardous waste emissions per million of sales in RMB (tonne/million of sales in RMB)	2.61



(1) Based on the nature of Master Kong's business, the main gas emissions in 2022 are greenhouse gases, mainly from the use of electricity and fuels converted from fossil fuels. Compared with 2021, 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 Business except for the plants in Shanghai, Wuhan, Nanjing, Hangzhou, Shenyang, Tianjin, Jinan, Guilin, Fuzhou, Zhanjiang, Changsha, Xi'an and Kunming. Among which, Pepsi's business is managed directly by Pepsi International except for 4 factories in Shanghai, Wuhan, Nanjing and Hangzhou. Pepsi's plants in Shenyang, Tianjin, Jinan, Guilin, Fuzhou, Zhanjiang, Changsha, Xi'an and Kunming are not included in the scope of statistics as they are no longer in operation.



(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)*.



(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 steam.



(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 the water used for production and employees' office life within the statistical scope. 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) This year, we have conducted a statistical analysis of the product packaging material used per RMB'million of sales.



(9) 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.



(10) This year, the Company has centralized the treatment of hazardous waste, resulting in significant changes in the total hazardous waste and hazardous waste emissions per RMB'million of sales.



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 *Management Measures for Labour Contract*, the *Procedures for Appointment of Staff*, the *Management Measures of Staff Promotion*, the *Management Measures of Staff Resignation*, the *Probationary Appraisal Measures for Colleagues*, the *Management Measures of Staff Rewards and Punishments*, as well as other systems and measures, including relevant International Labor Organization conventions, such as the *Forced Labor Convention*. 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 insists on the principle of equal employment, eliminating all forms of employment discrimination, establishing a recruitment, development and promotion system that is non-discriminatory in terms of ethnicity, race, gender and religion. We actively take on social responsibility continuously recruit a certain percentage of disabled employees and provide fair employment opportunities and salary and benefits guarantee. 317 disabled employees were employed this year, with 43 new employees. 18% of job applicants were internal employees, and the average recruitment cost was RMB 12,000 per person. We oppose all forms of forced labour and child labour and explicitly prohibit such situations in relevant human resources policies. We strictly examine original and photocopies of identity cards when recruiting and regularly export the employee attendance sheet from the Company system to verify working hours. 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, discrimination and harassment, and take remedy actions in a timely manner when necessary. In 2022, no significant incident of discrimination, harassment or inequality occurred at Master Kong.

Deeply aware of challenges faced by women in the workplace, Master Kong supports their career development by issuing the *Measures for the Labor Protection of Female Employees*, setting a remuneration structure in line with "equal pay for work of equal value", and implementing marriage leave, maternity leave, breastfeeding leave, etc. In 2022, 492, 338 and 36 female employees held positions in junior management, middle management and senior management respectively.

VACATION

Master Kong explicitly indicates 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*. Employees are entitled to annual leave with pay, personal leave, sick leave, marriage leave, bereavement leave, maternity leave, paternity leave, breastfeeding leave, parental leave and home leave. The Company encourages employees

to arrange their vacation plans based on their needs while actively implementing relevant government policies, and will amend its internal rules and regulations in accordance with new local regulations 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. In strict compliance with the national requirements, the Company stipulates that salary must not be lower than the local minimum wage standard and sets relevant requirements for bidding by and signing contracts with suppliers/other third parties. The Company's salary payment is monitored in real time and that of external suppliers is inspected arbitrarily by employers, and no violation was reported this year.

Depending on their own situation, each business has developed salary management methods, performance bonuses, year-end bonuses, and employee welfare management methods while adopting different levels of incentives such as monthly, quarterly and annual awards so as to stimulate employee enthusiasm. Based on performance appraisal methods tailored to different positions, the Company evaluates employees in terms of work objectives, work ability (including key behavioral indicators) and development plans, with different aspects emphasized for different positions. Meanwhile, each business sets performance management measures based on their own conditions and provides annual, quarterly and monthly performance incentives to employees by group to induce them to improve abilities and pursue career development.

At the same time, we provide additional subsidies for staff such as high temperature/high cold, heating, and rental subsidy. We also provide soft benefits such as travel, corporate cultural activities, birthday gifts, and health check-ups for our employees. In 2022, Master Kong's trade unions at all levels covered 100% of employees.

Digital Human Resources Management

Master Kong is implementing digital transformation of HR across each business, aiming to simplify work processes. This year, based on the existing work, we have further optimized our electronic personnel file system and promoted our Human Resources BI Data on Big Screen Programme. By implementing an online one-stop operation, we aim to reduce manual work and strengthen the linkage of business data.



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 established the Management Training Center (MTC) and 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. The Company conducts quarterly Strategic Talent Review (STR) meetings to promote the development of key talent in critical positions, improve talent development platforms at all levels, and implement development and cultivation plans for individuals and teams in the reserve pool for entry-level, middle and high-level management. 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. The Company maintains a 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 conduct post-training tracking to evaluate the effectiveness of our training programs and form a closed-loop management system for training. We are also committed to cultivating an internal team of trainers to better cultivate and pass on the wisdom and culture of Master Kong. In 2022, we invested RMB 84,294.6 thousand in employee training.

We adopt case-based teaching for training and offer a variety of training courses and programs. During this year, the total training time reached 6.924 million hours and the per capita training time was 116.0 hours. In 2022, the Company actively expanded online training, introduced live broadcasting of courses and continuously updated mobile learning resources.

Employees can strengthen their management and general skills through the corporate WeChat classroom and official website learning platform of the Company. The Company also provides M-series management training courses to enhance the management abilities of cadres. In addition, we cooperate with Talent First (一势), Match Pro (密其普) and Carnegie (卡耐基) to hold the "Headquarters Career Development System Classroom" to improve the efficiency of inter-departmental cooperation and daily communication and expression skills of employees, providing employees with comprehensive and diversified learning opportunities.

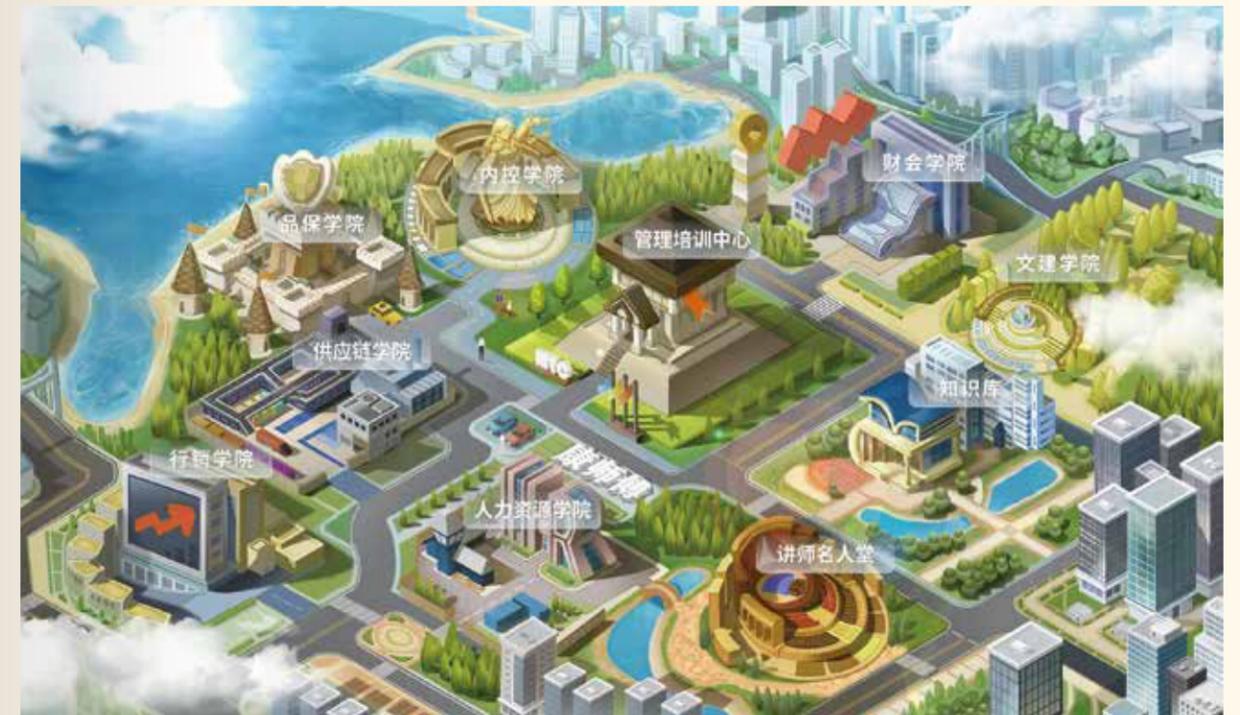


▲ Technical Exchange Training Site

"E-LEARNING" - PROMOTING MUTUAL GROWTH OF EMPLOYEES AND THE COMPANY

Master Kong's "E-learning" learning platform was officially put into use in 2021. At present, the platform has 60,000+ learners, recording 360,000+ online learning visits with 2 million+ views and a total of 240,000+ training hours. The platform integrates more than 16,000 training courses in the fields of leadership, management and functional segments, classified and integrated into ten characteristic hubs: Management Training Center, Marketing Academy, Supply Chain Academy, Quality Assurance Academy,

Finance and Accounting Academy, Human Resources Academy, Culture and Construction Academy, Internal Control Academy, Knowledge Base and Lecturer Hall of Fame can meet the needs of different levels and different functions of personnel. In 2022, Master Kong's "E-learning - online learning to promote mutual growth of employees and the Company" was successfully listed in the annual ESG "Inspiring Cases" of Forbes.



▲ Master Kong's "E-learning" platform



SAFEGUARD EMPLOYEE HEALTH AND SAFETY TO CREATE A SECURED 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, such as *Plant Environment Health and Safety Management Procedures*, *Plant Environment Health and Safety Policy and Principles*, *Hazard Identification and Risk Assessment Criteria and Method Standards* and *Work-Related Injuries Handling Procedures*, to form an institutional guarantee for the implementation of work safety and prevention of occupational diseases.

IMPROVE MANAGEMENT SYSTEM

Work safety has always been the top priority of the Company. All divisions have established and continuously improved Environment, Health and Safety (EHS) management system, and designated full-time EHS management personnels who are responsible for formulating annual EHS plans, objectives, improvement plans, and guiding and monitoring the implementation of various safety projects. Meanwhile, each factory has set up an EHS working group to better manage work safety at the grass-roots level and implement safety supervision and inspection. EHS working groups are composed of safety supervisors and safety officers, who are responsible for undertaking and implementing the safety strategy of all divisions, EHS compliance operation of factories, daily safety training and potential hazard investigation and management, seriously implementing the responsibility of work safety.

In 2022, a total of 38 factories have obtained ISO 45001 Occupational Health and Safety Management System Certification, and 13 factories have obtained GB/T 33000 Occupational Safety and Health Management System Certification. Moreover, all divisions strictly implemented the requirements of the occupational health management system, and clarified the medium- and long-term management goals and core measures for work safety to further reduce production safety risks. In 2022, all divisions have set and achieved the target of zero occupational diseases and zero work-related fatalities. In addition, the work-related injuries of Instant Noodles Business have been decreased by 60% compared with 2021, and 12 factories have achieved the goal of zero work-related injuries. Master Kong beverage business and Pepsi beverage business have set the target of reducing the annual lost time injury frequency rate ("LTIFR") by 10% compared with 2021, and the actual LTIFR has decreased by 15% and 12% respectively.



38 factories

have obtained ISO 45001 Occupational Health and Safety Management System Certification

13 factories

obtained GB/T 33000 Occupational Safety and Health Management System Certification



All divisions have set and achieved the target of zero occupational diseases and zero work-related fatalities.

The Bakery business has set a series of safety goals, including zero serious work-related injury accidents, zero fire accidents, less than 4% of minor work-related injuries, 100% rectification of safety hazards, 100% certification of workers at special positions, and medical check-up for 100% of the candidates for positions with occupational hazard elements. Work safety responsibility policy was in place for all employees, who were required to sign the safety production responsibility letter to ensure that the annual work safety goals could be achieved smoothly.

ENSURE WORK SAFETY

The Company highly values the health and safety of employees and continues to increase investment in employee health and safety. The Company engages qualified third party annually to identify and assess occupational hazards of each position and report based on the assessment results. 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. The Company also organizes regular health checks for employees exposed to excessive occupational hazards. To ensure safe production and operation, the employees of special jobs require relevant licenses. In addition, we organize annual health checks for our staff 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. Meanwhile, Master Kong strictly implements the safety responsibility system, establishes complete operating specifications and emergency handling mechanisms to ensure the proper handling of sudden safety incidents.

RAISE SAFETY AWARENESS

The Company attaches great importance to promoting and training employees in health and safety, including fire protection and workplace safety, to enhance their awareness of safety precautions. 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 also continuously carry out safety education, and regularly organize EHS skills training and competitions. For example, the instant noodles business launched safety activities such as "I want to be safe" 100 days, Kiken Yochi Training (KYT, a hazard prediction drill), and advocated security personnel to obtain the national registered safety engineer certificate; the beverage business guided factories to strengthen process management by continuously increasing the proportion of safety assessment; the bakery business constantly carries out annual safety training involving all employees to improve their awareness of work safety.



BUILD A CORPORATE CULTURE AND CREATE A BETTER WORKPLACE

2022 marks the 30th anniversary of Master Kong and the fourth year of the Company's "steady progress" strategy. The Company's strong culture has provided key spiritual support for its development, which is one of the keys to Master Kong's competitiveness. The Company has correctly grasped its corporate values while emphasizing internal collaboration and external cooperation for mutual benefit to cope with the changing market environment. The Company has established a culture-building committee that promotes team collaboration and is headed by Chairman Wei Hong-Ming and Chairman Wei Hong-Cheng, and has nine core senior managers as members. This year, the Company established a culture-building review committee to review and standardize the Company's culture-building efforts and assist in their implementation.

The Company is creating a learning system for Master Kong's corporate culture that is being implemented across all levels of the Company. In 2022, the Management Training Center will continue to provide value-based training for 2,245 supervisors and reserve talents, laying a solid ideological foundation for talent development. Training for corporate culture construction is also an important part of new employee training, ensuring that new employees truly understand the mission that the Company shoulders and master the basic behavioral standards. This year, we have updated and completed the training materials, and completed 413 culture-building training sessions, helping 3,354 new employees successfully integrate into the Master Kong family.

Higher corporate culture recognition brings more dedicated professional employees, higher performance level for the Company and promotes the healthy development of the enterprise. In 2022, the Company collaborated with the well-known polling company Gallup to conduct a cultural identity and job engagement survey with a participation rate of 98%. The purpose of the survey was to understand employees' level of engagement with their work and their

level of identification with Corporate Culture. The survey results showed that Master Kong employees had a higher level of job engagement compared to more than 67% of corporates in the global database, indicating a relatively good level of engagement. The foundation of Master Kong's high level of employee engagement lies in meeting their needs and creating a harmonious team atmosphere with a win-win team concept. Master Kong truly considers the development of the Company from the perspective of employees, values their feedback and opinions, and implements action plans into daily management behaviors.

In 2022, the Company carried out various distinctive activities to enrich the lives of employees. The instant noodle business launched "Cheering for frontline workers" activity with the slogan "LIFE + DELICACY", with nearly 10,000 employees participating, integrating the concept into their daily work and life. The Pepsi beverage business has published the internal newsletter "Sales Pioneer Collection" for three consecutive years, using influential platforms such as the WeChat Official Account and WeCom to promote outstanding employee stories and showcase their hard work. The Master Kong beverage, instant noodle, and the Pepsi beverage businesses combined to conduct food safety activities during Food Safety Month, collaborating with the quality control department to carry out the *My Quality, My Pride - Extraordinary Ordinary Posts* themed activity to instill food safety awareness in employees. To enable employees to feel the spirit of rising to challenges, taking responsibility, and being honest and self-disciplined, the Company has held five consecutive annual "Master Kong Culture Role Model" behavior collection and recognition events, which have received recognition and support from all.



▲ Promotion of the Collection and Recognition of Exemplary Cultural Behaviors in this Year



▲ Outstanding Employees Who Practice Culture Selected by Various Industries in 2022



▲ Cultural Development Training

In 2022, Master Kong introduced external resources to conduct employee engagement survey and learn about employees' satisfaction and engagement. This survey had a participation rate of 98%. To further enhance employees' recognition of corporate culture and engagement, management at all levels developed action plans to incorporate employee feedback into daily management.

In the future, the Company will follow the lead of excellent global businesses and make highly valued employee development a norm. We will continue to make good use of tools for evaluating dedication, enhance the organization's cultural identity and dedication, shape a highly resilient workforce, and stimulate employees' inner drive. We aim to become a respected and great company in the everchanging and highly competitive market environment.



HUMAN KEY PERFORMANCE INDICATORS

EMPLOYMENT CATEGORY INDICATORS

Indicators	Data	
Total number of employees ⁽¹⁾	64,302	
Number of employees by gender	Male	42,066
	Female	22,236
Number of employees by age	Under the age of 30 (not inclusive)	20,985
	Aged 30 to 50 (both inclusive)	42,377
	Above the age of 50 (not inclusive)	940
Number of employees by type of employment	Full-time employee	64,302
	Part-time employee	0
Number of employees by region	Employee in North China	14,768
	Employee in Northeast China	6,697
	Employee in Northwest China	6,527
	Employee in East China	13,378
	Employee in Central China	5,164
	Employee in South China	10,433
	Employee in Southwest China	7,331
Employee in foreign regions	4	

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

HEALTH AND SAFETY INDICATORS

Indicators	2022	2021	2020
Number of work-related deaths ⁽²⁾	0	0	0
Work-related death rate ⁽³⁾	0.000%	0.000%	0.000%

⁽²⁾ Work-related death statistics are for the past three years for employees who died as a result of safety incidents.

⁽³⁾ Work-related death rate = number of work-related deaths/total number of employees at the end of the year x 100%.

TRAINING INDICATORS

Indicators ^{(4),(5)}	Data	
Percentage of employees trained by gender	Male	99.3%
	Female	99.7%
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	99.5%
Number of hours of training per capita by gender	Male	113.5
	Female	120.7
Hours of training per person by employee category	Number of hours of training for senior management	117.0
	Number of hours of training for middle management	132.9
	Number of hours of training for other employees	115.6

⁽⁴⁾ Percentage trained by employee category = number of employees trained in a category/total number of employees in a category x 100%.

⁽⁵⁾ 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"



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and Farmers" _____ 90

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HUMAN KEY PERFORMANCE INDICATORS

As part of its journey to realizing its vision, Master Kong always remembers to give back to the society, pay attention to community needs, take the initiative to assume social responsibilities, and integrate community investment and public welfare practices with its own business in order to fulfill its corporate citizenship obligations. In 2022, Master Kong continued to leverage its industry advantages, actively participate in community investment and various public welfare activities, conduct food safety and water education public welfare activities, support the development of sports, focus on social care, assist in rural revitalization, deepen school-enterprise cooperation, and create sustainable value by serving the society in a tangible way, all while sharing "LIFE + DELICACY" with partners from all walks of life.



Community investment in 2022:

Approx **190.2** million RMB



Hours contributed by employee volunteers in 2022:

Approx **7,000** hours



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 enhance the knowledge of aerospace and food safety literacy of all people, especially the youth. In recent years, the Company has been conducting science popularization activities relating to

"Aerospace + Food Safety" and has held nearly 100 aerospace expert speeches, which have introduced the quality of space products to over 500,000 primary and middle school students.

In 2022, Master Kong cooperated with China Youth Daily, China Space Foundation and the learning platform "Learning Power" to organize a "Our Space" painting and photography collection activity to popularize space knowledge and contribute to building China's strength in aerospace. The event invited famous figures such as the Chief Scientist of the Chinese Lunar Exploration Program and renowned hosts to support the activity. We received more than 120,000 paintings and photographs from primary and secondary school students and photography enthusiasts from all over the country. We also released the documentary "China Aerospace x Master Kong", which became another successful practice of Master Kong's support for China's aerospace industry.



▲ "Our Space" Painting and Photography Collection Activity



▲ Facing the Stars Together Towards the Future

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, in 2022, Master Kong, together with its partners, launched the "Master Kong's Care for the Next Generation Food Safety Insurance Operation 2022". Through a series of

online and offline activities such as setting up "Classroom for all", "Food Safety Education in Schools", "A Bowl of Noodles for My Parents' Themed Call for Entries", we aim to stimulate young people's interest in learning about food safety and raise their awareness of food safety. By the end of the year, offline activities had covered about 40,000 primary school students from 20 schools, while online activities had covered about 300,000 primary school students from nearly 200 schools.



▲ Animation of Food Safety Science Popularization



▲ Class of Food Safety Science Popularization

FUN "FOOD SAFETY" - MASTER KONG'S DREAM EXPLORE PARADISE

For many years, Master Kong has been committed to making innovative attempts to popularize food safety knowledge to young people. In 2017, Master Kong built an exclusive food safety science popularization experience park for school-age children in Hangzhou and Tianjin--Master Kong's Dream Explore Paradise, which is open to the audience for free. Adhering to the concept of "Master Kong accompanies you to discover more fun in delicious inspiration", Master Kong designed the park as a mysterious industrial world that can "seamlessly" connect the real and virtual world, providing a place for school-age children to broaden their knowledge, stimulate their interest in science, technology and innovation, and promote interdisciplinary learning.

"So this is how instant noodles are made! So amazing!"
"Wow, all are automatic production. So technological!"
These are exclamation of the children after visiting the park. Master Kong's Dream Explore Paradise is a comprehensive experience hall integrating science popularization, education and entertainment functions, which not only allows children to understand the broad and profound Chinese noodle culture, but also truly experiences the whole process of Master Kong from selecting ingredients to making noodles and leaving the factory, so that more children and the families behind them can understand food safety knowledge and protect the healthy growth of the next generation.



▲ Exterior of Master Kong's Dream Explore Paradise

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 eighth year that Master Kong has been working on "Education on Water" and has successfully extended the "Education on Water" campaign to more than 10 cities, 30 schools and nearly 10,000 students across China.

In 2022, offline activities continued to be limited, so we actively adjusted our strategies and flexibly shifted the main platform of "Education on Water" to online. We focused on the "Education on Water" video platform and released a total of 17 videos throughout the year, with nearly 70,000 plays and

nearly 3,000 interactions on the platform. The "Education on Water" Video Accounts launched two major series of videos, "Famous Stories About Water (典故水知道)" and "Wonderful Knowledge About Water (奇妙水知道)", which aim to help teenagers establish vivid images and perceptions closely related to water, based on the historical and cultural stories related to water resources and water environment in China's long-standing history, as well as the rich water use scenarios in modern life. This helps cultivate good water use habits while enhancing national confidence and achieving the goal of promoting "Education on Water" from childhood. Our cartoon IP image, "Kang Kang Senior (康康学长)", has also become the spokesperson of "Education on Water" as it becomes deeply rooted in people's minds.



▲ "Education on Water" in School



SPORTS CHARITY EVENTS

China 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" and inspiring public enthusiasm for fitness.

MASTER KONG IN ACTION - PROMOTING SPORTS AND SUPPORTING THE "HEALTHY CHINA" STRATEGY

Driven by the "National Fitness" call and the "Healthy China" strategy, the continuous upgrading consumer demands are driving a close integration trend between the healthy food market and sports nutrition market. Over the years, Master Kong has continuously conveyed the concept of "eating and moving balance" to consumers, insisting on promoting Chinese food culture, creating a high-quality life for people with high-quality food, and contributing to the construction of "Healthy China".

Since 2016, Master Kong has continued to serve the most influential and well-known marathon events in China, serving

millions of runners. During the year, Master Kong was also invited to participate in the 2023 World Brand Moganshan Conference - "Healthy China Action and Sports Brand Buiding" Forum, and shared Master Kong's efforts to help the national sports power and the construction of a healthy China over the years. In the future, Master Kong will continue to convey the concept of healthy eating to the public, serve mass movement and competitive sports with products, continue to focus on various national sports events, and support the development of China's endeavor in sports.



▲ 2023 World Brand Moganshan Conference - "Healthy China Action and Sports Brand Buiding" Forum

Master Kong has been the "Nutrition and Dietary Parter for Marathon" for five consecutive years. We advocate a scientific dietary concept and focus on serving runners, providing them with sufficient energy supply before and after the race. "A Bowl of Noodles after the Race" has become a must-have in the hearts of many marathon runners. During this year, we support marathon events with a new brand proposition of "More noodle is more fun.", upgrading from a single sports energy supplement to encouraging consumers to pursue sports fun and physical and mental health.



▲ Hangzhou Marathon

In 2022, we also supported badminton events, dragon boat racing and other events in Tianjin, Pearl River Delta and other places, as well as basketball events and street dance challenges in Guangzhou. In the future, Master Kong will continue to use safe and reliable sports support services to promote the development of sports events in China, help athletes realize their dreams on the field, and continue to promote national sports in a sustainable, healthy and orderly manner.



▲ Dragon Boat Race in Diejiao, Foshan

▲ Bicycle League in Fuquan Railway Station

2022 MASTER KONG ICE TEA "SUPER FIRE" 3X BASKETBALL LEAGUE ANNUAL FINALS

Ready for the exciting "Super Fire" 3x Basketball League Annual Finals! This summer, Master Kong Ice Tea once again implemented the passion of basketball, with a larger competition scale, a more intense competition system and a broader stage, allowing players to release inspiring energy in many cities across China. This year, a total of eight teams stood out and came to the Master Kong Ice Tea "Super Fire" 3x Basketball League Annual Finals for the final competition. Before the finals, Master Kong invited NBA-level coaches to lead eight teams and star players start training and cheer for the players.

On July 31, the 2022 Master Kong Ice Tea "Super Fire" 3x Basketball League Annual Finals came to a successful end. From the initial city races, to the regional competitions and the finals, we have witnessed many wonderful moments and seen many good players compete with each other. We believe that in the future, Master Kong Ice Tea and "Super Fire" 3x Basketball League Annual Finals will continue to bring more stirring basketball memories every summer.



▲ Moments of 2022 Master Kong Ice Tea "Super Fire" 3x Basketball League Annual Finals



FOCUS ON SOCIAL CARE

Master Kong attaches great importance to corporate social responsibility, actively participates in community building, and strives to benefit the people by using its own resources to spread warmth and help others. In 2022, Master Kong continued to focus on the needs and challenges of various industries in society, extending a helping hand wherever possible. We continued to conduct outreach activities to nursing homes, kindergartens, schools, hospitals, police stations, troops and remote areas across the country. We invested resources in rescue and disaster relief and exam assistance, sending love to hardworking urban workers such as medical staff, traffic police and sanitation workers in many places, passing on positive energy. In just the first half of 2022, Master Kong provided over 1.34 million packages of instant noodles, drinking water, cakes, and other supplies to Shanghai, Hong Kong, Liaoning, and other regions. We are also concerned about the growth of children and have been sending warmth and support to children through activities such as charity schooling for children, caring for autistic children and children with disabilities.



▲ Master Kong's Donation for the Fight Against the Pandemic

In previous disaster relief efforts, Master Kong summarized its experience of water and electricity supply interruptions caused by disasters and independently developed and modified a self-provided "emergency rescue vehicle" with "water and electricity" to overcome the restrictions on water and electricity consumption caused by the environment. The "emergency rescue vehicle" has played an active role in rescue work, sending "warm assistance" to rescue the catastrophic floods in Henan in 2021 and to help areas affected by floods, earthquakes and other disasters in 2022.



▲ Master Kong's "Emergency Rescue Vehicle" Supporting Luding Earthquake

Master Kong actively participates in responding to the Rural Vitalization Strategy and helps to consolidate and expand the achievements of poverty alleviation. During the 2022 Spring Festival, we integrated into the construction of the Hainan Free Trade Port and cooperated with the local government to carry out Spring Festival love and visit activities in Shezhenpuzai Village, Lingao County, Hainan, donating food and beverages to support rural revitalization.

As students are the future of the country, Master Kong continues to pay attention to the social needs during the Gaokao, and provide help to the students to the best of its ability. In June, we launched the "With You All the Way" public welfare activities to escort the college entrance examination in Beijing, jointly with a professional transportation organization, to provide mineral water to the students on the "Love Express" vehicles, and set up assistance stations at the school gates, preparing cooling tools and examination stationery for the candidates, to comprehensively support the students in achieving their dreams of taking the college entrance examination.

As an outstanding national enterprise, Master Kong has established and formed a rapid response mechanism for disaster relief after years of practice. In 2022, Hunan, Jiangxi, Sichuan, Chongqing and other regions were affected by floods, high temperatures, earthquakes, and other disasters. We utilized our marketing network to send love and relief supplies to rescue workers, helping to solve the food and shelter problems of the affected people. In Xiangxi, Hunan and Ganzhou, Jiangxi, where flooding was severe, the Company delivered instant noodles, drinking water and other supplies to affected residents and resettlement centers in a timely manner. In scorching Chongqing, the Company organized volunteers to deliver refreshing drinks to nearby supply depots, allowing frontline workers to feel the care and support from society and enterprises. The Company sent hot instant noodles and drinking water to affected residents and rescue workers in earthquake-hit Luding County, Ganzi, Sichuan Province, offering the warmest care.



▲ Master Kong's Donation Against the Flood in Ganzhou, Jiangxi



▲ "With You All the Way" Public Welfare Activities to Escort the College Entrance Examination



BENEFITING THE "AGRICULTURE, RURAL AREAS AND FARMERS"

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 and supported farmers to increase their income and property, so as to exercise the objective of "Sustainable Operation, Contribution to Society". We 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", which enabled the creation of an upgraded industrial chain model featuring,

"Enterprise plus base plus farmers". We have 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. We have sent technical staff to study the local natural environment to promote an upgrade to agricultural techniques and 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 Research and Management 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. 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

Master Kong pays great attention to talent development in society and develops 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 45 universities and 70 vocational schools nationwide. We are committed to the goal of "Healthy China, Strengthening Education" and developing talent training, providing the society with composite talents with both

professional and practical abilities.

In the face of a challenging economic environment and job market, Master Kong responded to the national call for policies and provided thousands of job opportunities for graduates throughout the year. We collaborated with domestic universities to conduct research on food safety, production processes and technology, application development, and

supported the commercialization of core technologies and innovative achievements. In terms of vocational education, we earnestly implemented the spirit of school-enterprise cooperation, continued to improve the education system, promoted the "Ordered Class of Master Kong" training model, explored new ideas and methods for student training and employment from both the perspective of the school and the enterprise, and created a new educational model of in-depth cooperation between schools and enterprises.

In 2022, Master Kong continued to deepen its partnerships with top domestic and international universities, establishing collaborative projects in various areas such as internships, talent exchange, enterprise case studies, scientific research projects, and scholarship programs to promote communication and learning and expand the Company's influence. We launched the first phase of "Integrated Practical Projects" (IPP) in collaboration with the School of Economics and Management at Tsinghua University, aiming to jointly create industry analysis and business recommendations based on "DTC Trend on China's Fast Consumable Product" allowing students to better integrate and apply their knowledge of economic management and understand the real needs of enterprises. In 2023, Master Kong and the School of Economics and Management of

Tsinghua University launched the second phase of MBA integration practice project, adhering to the concept of "teaching and learning, collaboration and co-creation", to jointly explore business management issues. We also signed a letter of intent with Waseda University for the "New 10-year Strategic Partnership" in 2021, and on September 16, 2022, we sent the first group of three supply chain management to Waseda University for further study, deepening their understanding of international advanced production and management concepts, experiencing craftsmanship and broaden international horizon. In November, the Company was invited to participate in the Beijing Forum organized by the Peking University Education Foundation, sharing Master Kong's sustainable development case with experts and scholars from China and South Korea. In 2023, Chairman Wei Hong-Ming was appointed as an honorary trustee of Peking University. In addition, Master Kong also participated in the case writing for the Harvard Business School's Agribusiness Seminar and successfully completed the big data co-construction project with the University of Pennsylvania's Wharton School and other partners, achieving complementary advantages between schools and enterprises and providing strong support for industry development and talent cultivation.



Meeting Site of the First Phase of IPP in Tsinghua University



Offline Seminar of the Second Phase of IPP at Tsinghua University

Conferring Ceremony of Honorary Trustee of Peking University

APPENDIX 1 SOCIAL RECOGNITION AND AWARDS IN 2022

Serial No.	Awards
1	Top 3 of "Most Chosen Brands in the PRC" under Brand Footprint 2022 issued by Kantar Worldpanel
2	2021 Corporate Best Practices for Achieving the Sustainable Development Goals (Sustainable Production and Consumption)
3	"Doer" under the Ecosystem Brand Evaluation 2022
4	Selected into the case of <i>Ecosystem Brand Development Report (2022)</i>
5	2022 Influential Enterprise of Practicing Lucid Waters and Lush Mountains are Invaluable Assets
6	Annual Green Innovation Enterprise Award under "Dingge Award 2022 Digital Transformation Pioneer List"
7	Annual Model of Operational Transformation under "Dingge Award 2022 Digital Transformation Pioneer List"
8	"Outstanding Instant Food Innovation Grand Award in the Year of 2021-2022"
9	"Octagonal corrugated boxes" won the "Special Contribution Award for Environmental Protection Packaging"
10	"The 19th People's Choice Ingenuity Awards for Ingenious Brand"
11	"People's Daily Online 2022 National Consumption Innovation Case Study - 2022 National Consumption Influential Brand"
12	"People's Daily Online People's Corporate Social Responsibility Award Green Development Award"
13	"Harvard Business Review - 2022 Ram Charan Management Practice Award"
14	Asia Pacific PepsiCo International's "The Best Bottler of the Year 2022" award
15	PepsiCo International's "The Best Bottler of the Year 2021" award
16	Selected as "2023 Forbes ESG Inspiring Case"
17	2023 "Environmental, Social and Governance (ESG) Case of the Year"

APPENDIX 2 | INDEX TABLE OF GRI STANDARDS

Disclosure Items	Disclosure Position
Requirement 1: Apply the reporting principles	-
Requirement 2: Report the disclosures in GRI 2: General Disclosures 2021	See GRI 2
Requirement 3: Determine material topics	Stakeholder Communication and Key Issues Materiality Assessment
Requirement 4: Report the disclosures in GRI 3: Material Topics 2021	See GRI 3
Requirement 5: Report disclosures from the GRI Topic Standards for each material topic	See GRI 3
Requirement 6: Provide reasons for omission for disclosures and requirements that the organization cannot comply with	-
Requirement 7: Publish a GRI content index	APPENDIX 2: INDEX TABLE OF GRI STANDARDS
Requirement 8: Provide a statement of use	DESCRIPTION OF THE REPORT
Requirement 9: Notify GRI	-
GRI 1: Foundation	
Disclosure 2-1 Organizational details	ABOUT MASTER KONG
Disclosure 2-2 Entities included in the organization's sustainability reporting	-
Disclosure 2-3 Reporting period, frequency and contact point	ABOUT MASTER KONG
Disclosure 2-4 Restatements of information	-
Disclosure 2-5 External assurance	-
Disclosure 2-6 Activities, value chain and other business relationships	-
GRI 2: General Disclosures	
Disclosure 2-7 Employees	CREATE AN EXCELLENT WORKPLACE AND SHARE "LIFE + DELICACY"
Disclosure 2-8 Workers who are not employees	Supplier ESG Management; Sustainable Sourcing of Raw Materials
Disclosure 2-9 Governance structure and composition	ABOUT MASTER KONG
Disclosure 2-10 Nomination and selection of the highest governance body	-
Disclosure 2-11 Chair of the highest governance body	ABOUT MASTER KONG
Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	ESG Governance Structure and Actions

Disclosure Items	Disclosure Position
Disclosure 2-13 Delegation of responsibility for managing impacts	-
Disclosure 2-14 Role of the highest governance body in sustainability reporting	ESG Governance Structure and Actions
Disclosure 2-15 Conflicts of interest	-
Disclosure 2-16 Communication of critical concerns	Stakeholder Communication and Key Issues Materiality Assessment
Disclosure 2-17 Collective knowledge of the highest governance body	-
Disclosure 2-18 Evaluation of the performance of the highest governance body	-
Disclosure 2-19 Remuneration policies	CREATE AN EXCELLENT WORK-PLACE AND SHARE "LIFE + DELICACY"
Disclosure 2-20 Process to determine remuneration	-
Disclosure 2-21 Annual total compensation ratio	-
Disclosure 2-22 Statement on sustainable development strategy	Sustainable Development Concept
Disclosure 2-23 Policy commitments	-
Disclosure 2-24 Embedding policy commitments	-
Disclosure 2-25 Processes to remediate negative impacts	Anti-corruption and Ethics Management; Customer Services
Disclosure 2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Communication and Key Issues Materiality Assessment
Disclosure 2-27 Compliance with laws and regulations	-
Disclosure 2-28 Membership associations	-
Disclosure 2-29 Approach to stakeholder engagement	Stakeholder Communication and Key Issues Materiality Assessment
Disclosure 2-30 Collective bargaining agreements	-
Disclosure 3-1 Process to determine material topics	Stakeholder Communication and Key Issues Materiality Assessment
Disclosure 3-2 List of material topics	Stakeholder Communication and Key Issues Materiality Assessment
Disclosure 3-3 Management of material topics	Stakeholder Communication and Key Issues Materiality Assessment

GRI 2: General Disclosures

GRI 3: Material Topics

Disclosure Items	Disclosure Position		
GRI 103: Management approach disclosures	Management approach for economic performance		
GRI 201: Economic Performance	Topic-specific disclosures	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	Topic-specific disclosures	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	-
GRI 103: Management approach disclosures	Management approach for indirect economic impacts	-	
GRI 203: Indirect Economic Impacts	Topic-specific disclosures	203-1 Infrastructure investments and services supported	-
		203-2 Significant indirect economic impacts	-
GRI 103: Management approach disclosures	Management approach for procurement practices	Food Safety Control and Construction; Supplier ESG Management; Anti-corruption and Ethics Management; Sustainable Sourcing of Raw Materials	
GRI 204: Procurement Practices	Topic-specific disclosures	204-1 Proportion of spending on local suppliers	-
	GRI 103: Management approach disclosures	Management approach for anti-corruption	Anti-corruption and Ethics Management
GRI 205: Anti-corruption	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 103: Management approach disclosures	Management approach for anti-competitive behaviour	-	
GRI 206: Anti-competitive Behaviour	Topic-specific disclosures	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-

Disclosure Items		Disclosure Position	
GRI 301: Materials	GRI 103: Management approach disclosures	Management approach for materials	TOPIC: "LIFE + DELICACY" TOWARDS CO-EXISTANCE WITH THE NATURE
	Topic-specific disclosures	301-1 Materials used by weight or volume	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
		301-2 Recycled input materials used	TOPIC: "LIFE + DELICACY" TOWARDS CO-EXISTANCE WITH THE NATURE
		301-3 Reclaimed products and their packaging materials	TOPIC: "LIFE + DELICACY" TOWARDS CO-EXISTANCE WITH THE NATURE
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	Energy and Water Conservation Management
		302-5 Reductions in energy requirements of products and services	Energy and Water Conservation Management
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	Energy and Water Conservation Management
		303-2 Management of water discharge-related impacts	Emission and Carbon Reduction Management
		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	-

Disclosure Items		Disclosure Position	
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		
GRI 306: Waste	GRI 103: Management approach disclosures	Management approach for waste	Emission and Carbon Reduction Management
	Topic-specific disclosures	306-1 Waste generation and significant waste-related impacts	Emission and Carbon Reduction Management
		306-2 Management of significant waste related impacts	Promoting Waste Packaging Material Recycling; Emission and Carbon Reduction Management
		306-3 Waste generated	ENVIRONMENTAL KEY PERFORMANCE INDICATORS
		306-4 Waste diverted from disposal	Emission and Carbon Reduction Management
306-5 Waste directed to disposal	Emission and Carbon Reduction Management		
GRI 306: Effluents and Waste	GRI 103: Management approach disclosures	Management approach for effluents and waste	Emission and Carbon Reduction Management
	Topic-specific disclosures	306-3 Significant spills	-
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	-

Disclosure Items		Disclosure Position	
GRI 401: Employment	GRI 103: Management approach disclosures	Management approach for employment	Deeply Develop Human Resources and Create an Excellent Workplace
	Topic-specific disclosures	401-1 New employee hires and employee turnover	HUMAN KEY PERFORMANCE INDICATORS
		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	-
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 Secured Workplace
	Topic-specific disclosures	403-1 Occupational health and safety management system	Safeguard Employee Health and Safety to Create a Secured Workplace
		403-2 Hazard identification, risk assessment, and incident investigation	Safeguard Employee Health and Safety to Create a Secured Workplace
		403-3 Occupational health services	-
		403-4 Worker participation, consultation, and communication on occupational health and safety	Safeguard Employee Health and Safety to Create a Secured 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
	Topic-specific disclosures	404-1 Average hours of training per year per employee	Promote Staff Growth and Development, Create a Smart Workplace
		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
	Topic-specific disclosures	405-1 Diversity of governance bodies and employees	Deeply Develop Human Resources and Create an Excellent Workplace
		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	-

Disclosure Items		Disclosure Position	
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	-
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 413: Local Communities	GRI 103: Management approach disclosures	Management approach for local communities	SERVE THE SOCIETY, CREATE VALUE AND ENJOY "LIFE + DELICACY" TOGETHER
	Topic-specific disclosures	413-1 Operations with local community engagement, impact assessments, and development programs	Benefiting the "Agriculture, Rural Areas and Farmers"
		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 103: Management approach disclosures	Management approach for customer health and safety	FROM PEACE OF MIND TO NUTRITION AND HEALTH, ENJOY "LIFE + DELICACY"
GRI 416: Customer Health and Safety	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"
		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-
GRI 417: Marketing and Labeling	GRI 103: Management approach disclosures	Management approach for marketing and labeling	Advertising and Intellectual Property Management
	Topic-specific disclosures	417-1 Requirements for product and service information and labeling	Advertising and Intellectual Property Management
		417-2 Incidents of non-compliance concerning product and service information and labeling	-
		417-3 Incidents of non-compliance concerning marketing communications	-
GRI 418: Customer Privacy	GRI 103: Management approach disclosures	Management approach for customer privacy	Customer Services
	Topic-specific disclosures	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-

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"
	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"
Labour	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"
	Principle 7	Businesses should support a precautionary approach to environmental challenges	TOPIC: "LIFE + DELICACY" TOWARDS CO-EXISTANCE WITH THE NATURE ENHANCING THE SUSTAINABLE DEVELOPMENT PROCESS AND ENJOYING "LIFE + DELICACY" GREEN AND HEALTHY GUARDIANSHIP FOR SUSTAINABILITY, A CLEAN WAY TO ENJOY "LIFE + DELICACY"
Environment	Principle 8	Undertake initiatives to promote greater environmental responsibility	ENHANCING THE SUSTAINABLE DEVELOPMENT PROCESS AND ENJOYING "LIFE + DELICACY" TOPIC: "LIFE + DELICACY" TOWARDS CO-EXISTANCE WITH THE NATURE GREEN AND HEALTHY GUARDIANSHIP FOR SUSTAINABILITY, A CLEAN WAY TO ENJOY "LIFE + DELICACY"
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies	ENHANCING THE SUSTAINABLE DEVELOPMENT PROCESS AND ENJOYING "LIFE + DELICACY" TOPIC: "LIFE + DELICACY" TOWARDS CO-EXISTANCE WITH THE NATURE GREEN AND HEALTHY GUARDIANSHIP FOR SUSTAINABILITY, A CLEAN WAY TO ENJOY "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 ISO 26000: 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 Customer Services
Core subject: Human rights	
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	
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 Secured 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 Secured Workplace
Issue 5: Human development and training in the workplace	Promote Staff Growth and Development, Create a Smart Workplace

Core Subjects and Issues	Disclosure Position
Core subject: The environment	
Issue 1: Prevention of pollution	Emission and Carbon Reduction Management
Issue 2: Sustainable resource use	Energy and Water Conservation Management; TOPIC: "LIFE + DELICACY" TOWARDS CO-EXISTANCE WITH THE NATURE
Issue 3: Climate change mitigation and adaptation	Responding to Climate Change
Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	Sustainable Sourcing of Raw Materials
Core subject: Fair operating practices	
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; Advertising and Intellectual Property 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 subject: Consumer issues	
Issue 1: Fair marketing, factual and unbiased information and fair contractual practices	Advertising and Intellectual Property Management; Anti-corruption and Ethics Management
Issue 2: Protecting consumers' health and safety	Food Safety Control and Construction; Health and Nutrition Product Development and Expansion
Issue 3: Sustainable consumption	Sustainable Sourcing of Raw Materials
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; Spread Health Concept; Food Safety Science Popularization; Education on Water; School-Enterprise Cooperation

Core Subjects and Issues	Disclosure Position
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; Spread Health Concept; Education on Water; School-Enterprise Cooperation
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; Safeguard Employee Health and Safety to Create a Secured Workplace
Issue 7: Social investment	Sustainable Development Concept; SERVE THE SOCIETY, CREATE VALUE AND ENJOY "LIFE + DELICACY"

**Core subject:
Community
involvement and
development**