



**HUI SHENG INTERNATIONAL HOLDINGS LIMITED**

**惠生國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1340)



# **Environmental, Social and Governance Report**

# **2022**

*This ESG Report has been translated into Chinese. If there is any inconsistency or ambiguity between the English version and the Chinese version, the English version shall prevail.*

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## 1 COMPANY PROFILE

- 1.1** Huisheng International Holdings Limited (the “Company”) and its subsidiaries (together with the Company, the “Group” or “Huisheng”) is one of the largest pork suppliers in the People’s Republic of China (the “PRC”). The headquarter office is located in Hong Kong. During the year under review, the Group is engaged in the production and sale of daily consumption pork and related meat food products for domestic market as well as hog breeding and hog farming in Changde, Hunan Province, the PRC. Moreover, the Group is also engaged in selling and distributing of pipe system products, and conducting in the provision of technical advisory services on the design, application, implementation and installation.
- 1.2** The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) since 28 February 2014 (Stock Code: 1340).

## 2 ABOUT THIS REPORT

### 2.1 Introduction

- 2.1.1** This is the Environmental, Social, and Governance (“ESG”) report (“Report”) being published by Huisheng International Holdings Limited for the financial year ended 31 December 2022. This Report aims to disclose relevant ESG information, including information on the policies and compliance with relevant laws and regulations that have a significant impact on the Group, as well as environmental and social key performance indicators (“KPIs”), to the stakeholders of the Group.

### 2.2 Reporting Boundary

- 2.2.1** The boundary of the report covers the Group’s headquarter office in Hong Kong, one production plant and two hog breeding farms in Hunan Province.

### 2.3 Reporting Guideline

- 2.3.1** This Report was prepared in accordance with Appendix 27 “Environmental, Social and Governance Reporting Guide” (“Appendix 27”) of the Listing Rules of the Stock Exchange. In preparation of this Report, the Group strictly adhered to the reporting principles in the Appendix 27 to reveal all the material aspects of the business in a quantitative, balanced and consistent manner.

### 2.4 Reporting Period and Cycle

- 2.4.1** The reporting period of this Report is from 1 January 2022 to 31 December 2022, which is the same as the annual report of the Company. This Report is to be published annually.

### 3 STATEMENT TO THE STAKEHOLDERS

Dear Valuable Stakeholders,

It is our great pleasure to present our Environment, Social and Governance (ESG) report for 2022. The Report disclosed some highlights of our sustainability performance over the past year.

We are a sustainable pork production company aligning with our mission and vision “Quality Pork for the People’s Well-being”. In this Report, we set out not only our efforts in improving our product quality, but also showing care about the environment, our staff and our communities. We are committed to bringing sustainability development into our daily business operations. We believe that operating in a sustainable way can provide mutual benefit for both Huisheng and our stakeholders.

Promoting sustainable and quality food to our customers, the visions of Huisheng are:

- Promoting people-oriented working environment – boosting staff’s morale and sense of belonging
- Protecting our environment – Minimizing the emissions of pollutants and using resources effectively
- Optimize business performance – Providing quality foods to our customers
- Caring our communities – engaging and contributing to social development of the communities

In the past year, the outbreak of the COVID-19 Omicron variant had spread across the PRC, which caused disruption to the economic activities. The consumer catering industry had also been significantly affected by the changing quarantine policies and control measures. The COVID-19 pandemic impacted production in pork processing plants across the PRC with effects reverberating throughout the pork supply chain. The current daily slaughter volumes was at a low level, and the consumption of pork was relatively sluggish.

Facing the complicated market situation, the Group’s management decided to remain the cautious manner on resumption of pig business to minimize the operating costs and risk. We remained adopting the price control measures by purchasing piglets from independent pig farmers for fattening purposes and sent off for slaughtering. Besides, the Group has outsourced the hog slaughtering procedures to an independent slaughterhouse, and hogs are sent to the slaughterhouse for slaughtering. Afterward, the pork products are packed and sold directly or further processed upon the customers’ requirements.

The Group is continuously looking for different opportunities to bring the pork business back to right track, including (but not limited to) resumption of hog breeding and further expansion of slaughtering capacities. It is expected that, with our experience in the pork industry and network of established customers, the Group will play a more important role in the local pork supply chain and be able to capture a bigger market share in the future.

We wish to share our sustainable management and operation approaches throughout this Report. On behalf of the Group, I sincerely express my gratitude to our staff, stakeholders and customers for their support over the past financial year. We will never stop exploring more opportunities to enhance our performance in the future.

By order of the Board

**Huisheng International Holdings Limited**

**Qin Yuanling**

Executive Director

## 4 ESG GOVERNANCE

- 4.1** The Group understands that good ESG governance is the key to the long-term development of an enterprise. The board of directors of the Company (the “Board of Directors”) upholds its primary leading role and management responsibilities in the ESG aspects, including overseeing the Group’s assessment of relevant environmental and social impacts; understanding the potential impact of ESG issues on the Group’s business model and associated risks; aligning with the expectations of investors and the requirements of regulatory authorizations; improving materiality assessment and reporting processes to ensure that policies are implemented and enforced decisively and consistently; and promoting a top-down culture to ensure that ESG considerations are integrated into the business decision-making process.
- 4.2** To prepare and compile this Report, the Group has specifically formed a reporting team consisting of director, company secretary, management and external consultant, which updates the Board of Directors on a regular basis regarding the reporting progress. The main responsibilities of the team include: to formulate the Group’s ESG strategy and report, and is also responsible for identifying and assessing the Group’s ESG related risks to ensure an effective ESG risk management and internal control system, thereby enhancing the ESG performance of the Group; to review, recognize and report to the Board of Directors on the Group’s ESG framework, standards, prioritization and objectives, and to supervise and implement the ESG strategies on the Group’s level; to monitor, review and evaluate the Group’s ESG performance; to review and advise the Board on the Group’s reporting to the public. The department heads are responsible for overseeing their respective ESG risks and objectives, and reporting regular updates to the ESG reporting team and the Board of Directors on relevant progress and challenges encountered.
- 4.3** The Group’s pork business is still recovering from the ASF and the pig price volatility due to pig cycle, therefore the Group finds it difficult to set solid emission and waste reduction targets during the recovery phase of the pork business. In addition, intensity of emission and waste generated increases due to pig price volatility and economies of scale not optimized during recovery phase.
- 4.4** In general, the Group shall continue to optimize the emission and waste reduction practices and target to control or lower the intensity. We shall continue to monitor and analyze the KPI and the amount of emissions and waste generated, which will enable us to refine the targets in the future.

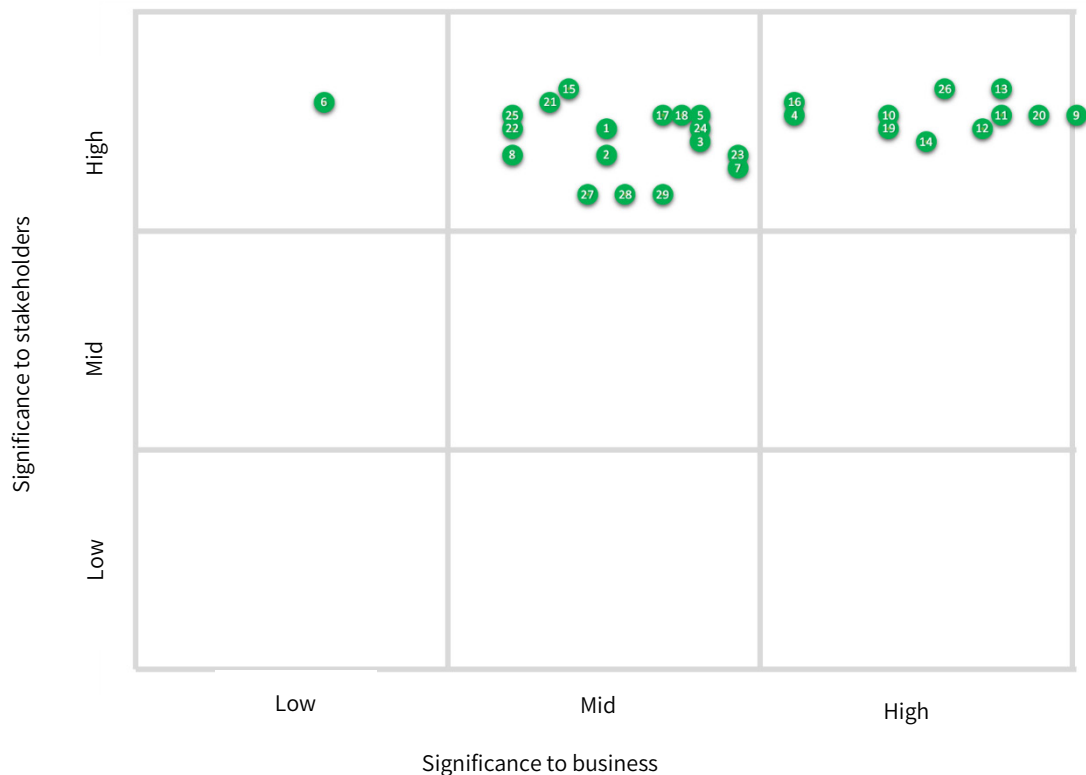
## 5 COMMUNICATION WITH STAKEHOLDER & MATERIALITY ASSESSMENT

- 5.1** Engaging with the stakeholders is crucial in determining the sustainability approach. The most critical environment and social issues across the Group's business operation and development are assessed during the engagements. Diverse ways such as meetings, emails, surveys, staff communications and discussions are regularly employed to conduct the materiality assessments, to identify new issues and areas of improvement.
- 5.2** Apart from regular communication channels, the Group has also conducted an environmental, social and governance survey to collect opinion from employees, management and external stakeholders, so that the Group can better assess the materiality of various environmental, social and governance aspects.

The implementation of materiality assessment has been divided into three main phases:

1. identifying the potential material ESG aspects that may have impacts on the Group's business or stakeholders based on the Group's actual development and industry characteristics;
2. inviting internal and external stakeholders to complete questionnaires to understand their level of concern for each aspect; and
3. analysing the results of questionnaires to determine the priority of the potential material aspects.

The following matrix diagram is prepared by the Group to illustrate the significance of various issues to our stakeholders and business:



<b>Environment</b>	<b>Labour Practices</b>	<b>Operating Practices</b>	<b>Community Investment</b>
1. Environmental compliance	9. Employment compliance	16. Operational compliance	27. Charity work
2. Vehicle emissions management	10. Remuneration and benefits	17. Management of environmental risks in the supply chain	28. Promotion of community development
3. Greenhouse gas emissions	11. Working hours and holidays	18. Management of social risks in the supply chain	29. Poverty alleviation work
4. Waste management	12. Diversity and equal opportunities	19. Purchasing practices	
5. Use of energy	13. Occupational health and safety	20. Quality management	
6. Use of water resources	14. Training and development	21. Customer health and safety	
7. Green office	15. Prevention of child labour and forced labour	22. Protection of intellectual property	
8. Responses to climate change		23. Research and development	
		24. Information security	
		25. Customer privacy protection	
		26. Anti-corruption	

Based on the above materiality assessment, 11 material aspects has been identified for the Group's business and stakeholders. The Group has spent more effort to assess, control, monitor and report the material aspects to meet stakeholders' expectations.

**Material Aspects**

- |                                       |                              |
|---------------------------------------|------------------------------|
| 4. Waste management                   | 14. Training and development |
| 9. Employment compliance              | 16. Operational compliance   |
| 10. Remuneration and benefits         | 19. Purchase practices       |
| 11. Working hours and holidays        | 20. Quality management       |
| 12. Diversity and equal opportunities | 26. Anti-corruption          |
| 13. Occupational health and safety    |                              |



## 6 PROVIDING PREMIUM PRODUCTS TO CUSTOMERS

### 6.1 Procurement System

- 6.1.1 To consistently produce high-quality products, the first step is the procurement of premium quality materials. Concerning the growing demand for pork products, the Group necessarily needs to purchase hogs from suppliers. Stringent supplier assessment criteria are established for supplier selection. The suppliers are required to comply with all laws and regulations related to legitimacy of operation, environmental and social aspects. Once illegal behaviour is found, the cooperation between the Group and the supplier is terminated at once for penalty.
- 6.1.2 To achieve quality assurance from the source, internal quarantine, clenbuterol examination and regular farm inspections are necessary for all suppliers. Only hogs with qualified tags, marks and immunisation certification can be chosen.
- 6.1.3 With the undesirable condition of ASF in the PRC and overall negative sentiment over pork products caused severe damages to the business of the Group. To ensure our pork products are in good standard, the Group will persistently perform a higher standard of testing in the external procured hogs.
- 6.1.4 More environmental friendly products or services should be procured when it is feasible, with a view to minimizing negative impacts to the environment and human health, and also conserving natural resources.
- 6.1.5 In year 2022, the Group's has engaged 5 suppliers in the PRC, where the practices above are being implemented.

## 6.2 Quality Assurance

6.2.1 The Group’s motto is “Quality Pork for the People’s Well-being” and is committed to providing high-quality products. For upholding the commitment, the Group has developed an internal quality and food safety management policy in accordance with the international standards ISO 9001:2008 Quality Management and ISO 22000:2005 Food Safety Management systems. For being certified, different aspects of criteria shall be fulfilled, including but not limited to Control of Documents, Management Commitment, Quality Policy, Quality Management System Planning, Internal and External Communication, Management Review System, Resource Management and Traceability System.



ISO 9001:2008 Certificate



ISO 22000:2005 Certificate

6.2.2 In 2018, a subsidiary of the Group (“Hunan Huisheng”) has been certified by Enterprise Quality Credit Grade Evaluation Committee of Hunan Province as an “Hunan enterprise with AAA Quality Credit Grade”.



Certificate of “Hunan enterprise with AAA Quality Credit Grade”

6.2.3 In 2018, Hunan Huisheng has received the following awards; “Integrity Management Model Enterprise” by Hunan Meat Association; “China Food Creditability Brand” by China Food Newspaper, China Food Brand Research Institute and China Food Credibility Brand Selection Office; and a 2018 “Influential Brand” of China Meat Industry Advanced Enterprise by China Meat Association.



“Integrity Management Model Enterprise”



“China Food Creditability Brand” Award



“Influential Brand” Award

6.2.4 The Group has formulated a series of hygienic measures to ensure food safety from breeding, slaughtering, to processing. The Group’s hygienic measures include avoidance of cross contamination, cleaning and sterilisations plan, pest’s control, and employee personal hygiene requirement with scientific tests supporting.

6.2.5 The widespread of ASF had seriously dampened the pork raising and sales industry in the PRC. To protect the interests of our stakeholders, the Group will arrange a more frequent monitoring over the health condition of hogs, and may separate different groups of hogs in order to avoid cross-infection.

- 6.2.6** Starting from breeding, clean water supplied to hogs, piglets and sewers in all breeding farms are completely separated to avoid contamination. Regular water tests regarding the content of coliform and bacteria are conducted to ensure the water supplied to hogs is in compliance with standards.
- 6.2.7** The health condition of hogs are closely monitored to avoid outbreak of diseases. The Group has developed a comprehensive mitigation measures and reporting mechanism to central authority when disease outbreak is detected. As long as the disease symptoms of a hog has been observed, the hog is quarantined for observation. During quarantine, the hog is kept in an isolated area with sufficient water for at least 12-24 hours. The health condition of the hog is monitored by the official animal quarantine officer. The hog can only be relocated to waiting lairage when the officer issues an approval.
- 6.2.8** When it comes to meat processing, microbiological tests are carried out with regard to the surfaces of all production facilities such as equipment, tools and containers frequently to create a hygienic environment. Besides, tools and equipment for handling raw meat and cooked meat shall be separated. All the production facilities are cleaned and sterilised before and after production.
- 6.2.9** Once the product is ready for sale, tests for the content of microorganisms and chemicals shall be carried out to safeguard the food safety. The final product that meets the quality and food safety standards is considered as qualified and labelled with a compliance certification, prior to the distribution to the market.
- 6.2.10** The Group pays great attention to the product responsibility and concerns about the traceability of the product after entering the market. For the sake of that, the Group has developed a traceability system with eye-catching logo for each product. The logo identifies types of products, date of production, lot number and certifications. In case of any defection, the Group can immediately recall the products of the same batch.
- 6.2.11** The Group has developed policy and Code of Conduct for the protection of intellectual property rights, suppliers and business partners' information. In the reporting year, the Group has complied with all relevant laws and regulations concerning product responsibility, including health and safety, advertising, labelling and privacy matters. No defective product and complaint was found during the reporting year.
- 6.2.12** For further monitoring of the food safety and quality, a food safety team is responsible for overseeing overall conditions and coordination for production lines. The team members are capable and knowledgeable of the requirements when handling safety issues. Members are responsible for on-site inspections, meetings, internal audits, reviews and mitigations developments. Moreover, they initiate interactive communication and knowledge transfer among employees through regular meetings, project learning, trainings and internal publications to enhance the awareness of safety.

## **7 A HUMANCENTRIC APPROACH TO OPERATION**

### **7.1 Responding to Employee Needs**

- 7.1.1** The Group complies with all related employment laws and regulations, maintains a good relationship with employees, and actively encourages staffs' feedback. Building diversity and treating all employees with respect and equal opportunity are our ongoing initiatives of the Group.
- 7.1.2** Staffs are evaluated with reference to their qualifications and experiences. Moreover, the Group embraces talents irrespective of their disability, gender, and age. Those who have demonstrated outstanding performance are often recognised and selected for promotion. The Group has established an Employee Reward System to reward outstanding employees by honour bonus, allowances and promotion.
- 7.1.3** Employment of illegal labour including child and forced labour are prohibited in the Group. The Group has adopted an age confirmation system and enforced by Human Resources (HR) Department to prevent any form of employment of child labour in the Group. Furthermore, regular inspection is conducted by the HR Department. Once illegal labour is discovered, the staffs from HR Department are responsible to take corresponding actions to reconcile the illegal labour practices immediately.

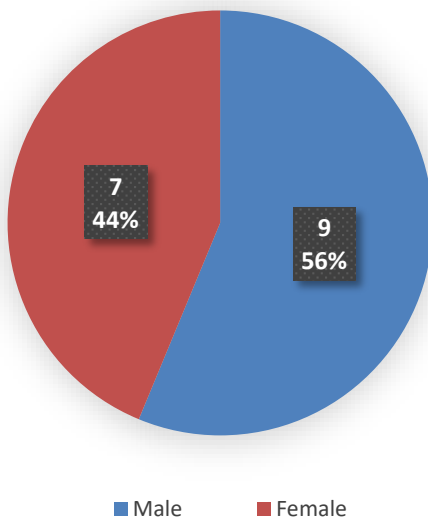
### **7.2 Positive Workplace**

- 7.2.1** The Group highly values employees' health and safety. Accordingly, the Group has set up occupational health and safety system under existing laws and regulations. Safety officers are dedicated to oversee the overall cooperation of occupational health and safety through delivering safety messages, conducting inspections and providing emergency safety measures.
- 7.2.2** Adequate personal protective equipment, including anti-skid boots, helmets, steel mesh gloves and protective clothing are provided in high-risk workshops, especially slaughterhouse. If abnormal or emergency situations are observed, the operation staff shall report to safety officers immediately for immediate actions. Furthermore, regular trainings related to occupational safety are delivered to the operation staff to enhance their awareness in order to minimize injuries and casualties.
- 7.2.3** In year 2022, there was no workplace injury incidents in the Group. In the past three years, there were no work-related fatality incidents in the Group.

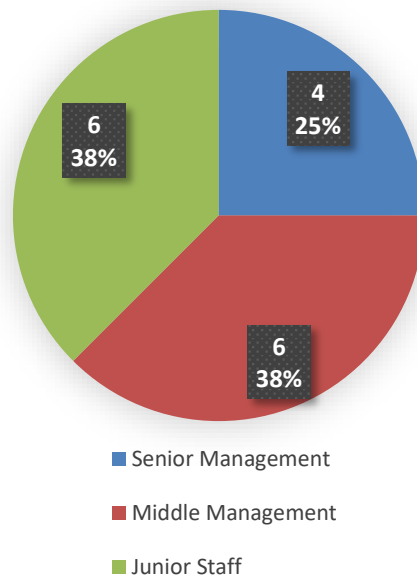
7.3 Composition and Turnover Rate of the Workforce

7.3.1 The Group’s workforce in Hong Kong and the Mainland China as at 31 December 2022 is as follows:

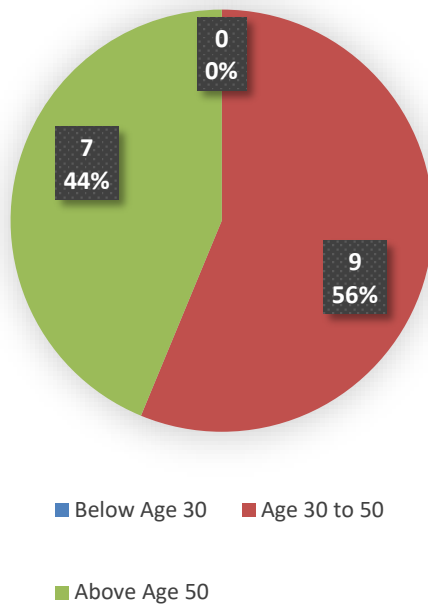
By Gender



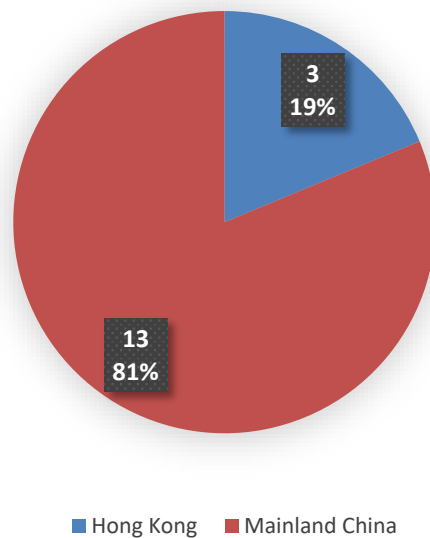
By Employment Type



By Age Group

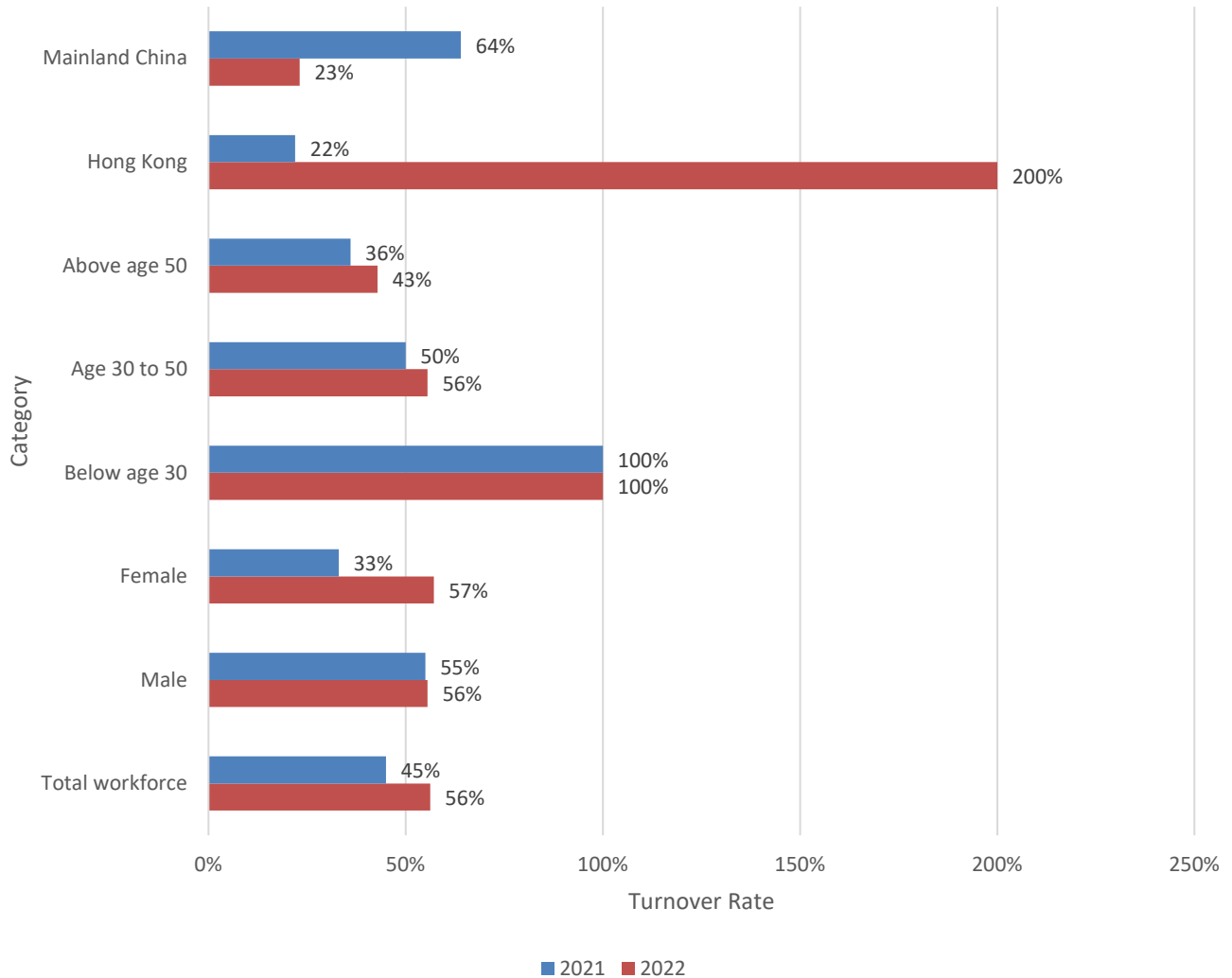


By Geographical Location



7.3.2 The Group’s employee turnover rate in the year 2022 and 2021 by gender, age group and geographical region are as follows:

**KPI B1.2: Employee turnover rate by gender, age group and geographical region**



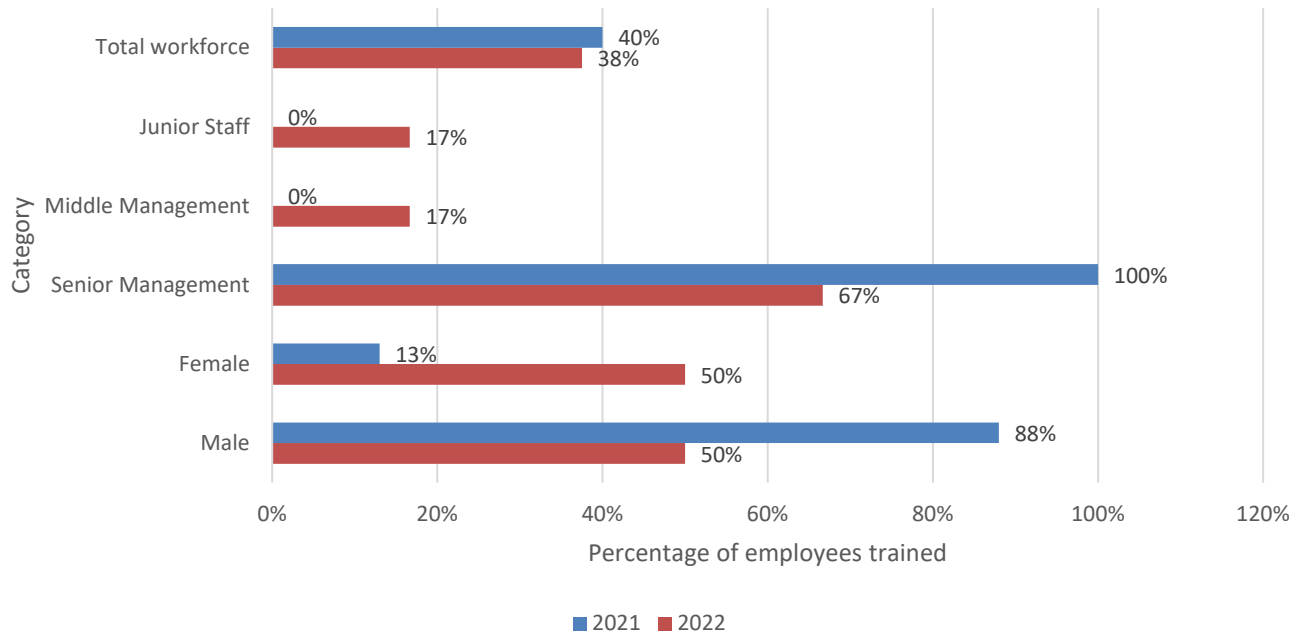
**7.4 Employees Training and Development**

7.4.1 The Group attaches great importance to the professional development of its staff by providing a wide range of trainings and continuous professional development programmes at all levels. External training programmes are available for all employees to enhance their job-related skills and knowledge.

7.4.2 Over the reporting year, training programmes covered managerial aspects including food safety, business management, quality management and occupational safety. The key objective is to enrich the management’s skill and enhance the Group’s competitiveness for supporting sustainable development.

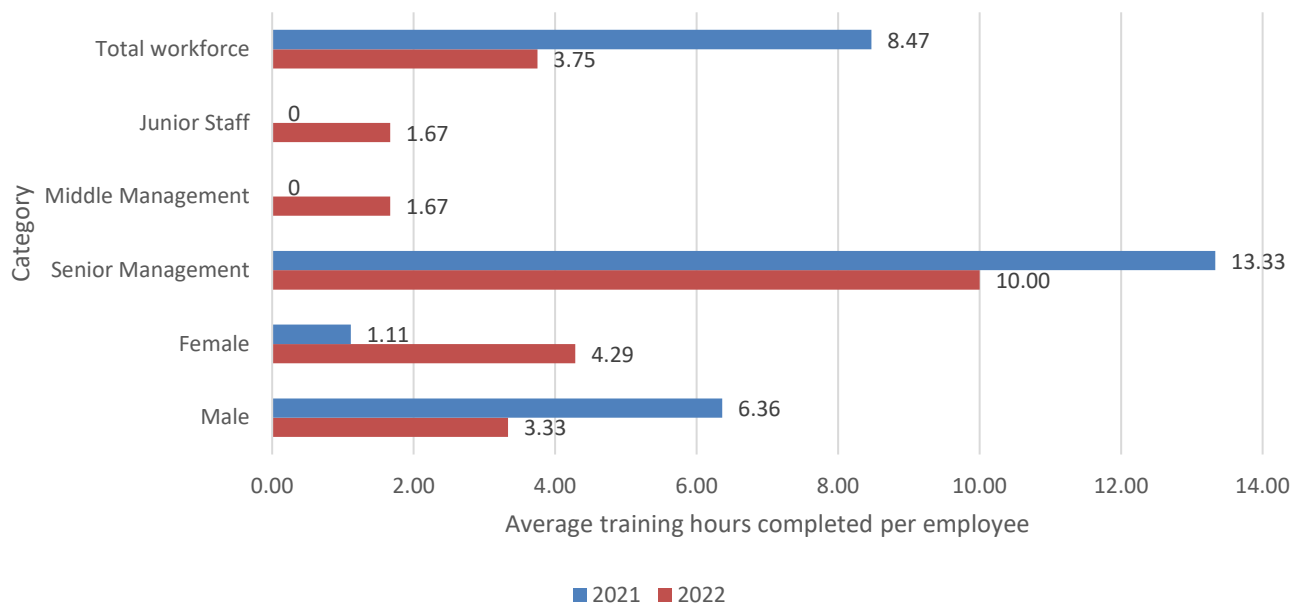
7.4.3 The percentage of employees trained by gender and employee category in the year 2022 and 2021 are as follows:

KPI B3.1: The percentage of employees trained by gender and employee category



7.4.4 The average training hours completed per employee by gender and employee category in the year 2022 and 2021 are as follows:

KPI B3.2: The average training hours completed per employee by gender and employee category





## **7.5 Integrity and Anti-Corruption**

- 7.5.1 The Group emphasises corporate integrity. All suppliers, business partners and employees are required to follow the Group's anti-corruption policy.
- 7.5.2 Besides, the Group also provided discreet whistle-blowing mechanisms including, but not limited to email, letter, calls or social media to report any suspected case of corruption. Reported cases are further investigated to determine their validity, and once confirmed, the Group would undertake the necessary disciplinary and legal actions. Over the reporting period, no non-compliance case was noticed and there was no legal cases regarding corrupt practices brought against the Group or its employees.
- 7.5.3 The Group, from time to time, provides anti-corruption training to directors and employees to strengthen their awareness of integrity and self-discipline. We have used the training materials provided by Hong Kong Independent Commission Against Corruption to conduct training to 4 directors and 1 management in year 2022 and the total training hour was 10 hours. The contents included to avoid the risks of corruption faced by directors, senior managers and professionals of the Group in the preparation for a public listing, the day-to-day operation of a company's business and acquisitions and mergers, and to examine issues such as corruption, fraud, conflicts of interest, cross-border bribery, shell listing and insider trading.

## **8 PROTECTING OUR ENVIRONMENT**

In line with its sustainable development vision, the Group sets oversight for environmental compliance and performance in diverse aspects, such as resource efficiency, air emissions, waste, wastewater, recycling, reuse and discharge. This enables the Group to:

- Establish clear roles and responsibilities for managing environmental compliance;
- Provide all employees with adequate environmental training, awareness and know-how;
- Drive continual improvement with an emphasis on pollution prevention, resource conservation, and operational efficiency.

### **8.1 Minimizing Emission**

#### **Air Emission**

- 8.1.1 Emissions from the Group's business activities in terms of greenhouse gas and other heavy air pollutants are carefully overseen and minimized. To minimize the air emission from the boilers, environmental friendly fuel, hydrocarbon oil, is used. The Group also makes use of the biogas generated from organic materials to drive the boilers during the operations. In addition to the stringent measures, the boilers, operated with the hydrocarbon oil, are equipped with filtering system and removal devices to minimize the environmental impact, in compliance with the standard of existing law and regulation.
- 8.1.2 Another key point of the emission control system is the regular facility management review. This regular review allows facility management teams to evaluate the performance of the emission reduction measures and identify areas of improvement.

- 8.1.3 The Group believes that the implementation of such review system is fundamental to the success of emission reduction. During the reporting period, there was no private cars used by the Group, hence scope 1 direct emissions from source was not significant during the operations.

Overview of Huisheng's Greenhouse Gas Emissions (GHG)		
	2021	2022
Scope 2 Energy Indirect Emission (tCO <sub>2</sub> e) <sup>1</sup>	745.03	618.76
Scope 3 Other Indirect Emission (tCO <sub>2</sub> e) <sup>2</sup>	6.55	6.91
Total GHG Emission (tCO <sub>2</sub> e)	751.58	625.67
GHG Emission Intensity (tCO <sub>2</sub> e / RMB'000 Segment Revenue)	0.013	0.010

### Wastewater Treatment

- 8.1.4 The Group strives to minimize wastewater discharge and maintain good practice of wastewater treatment in business operations whenever possible. Adequate wastewater treatment facilities are provided on-site to treat wastewater to meet discharge standards. Regular monitoring system of the effluent quality is set up in compliance with local regulations. The Group ensures that effluents are discharged in full compliance with existing laws and regulations.

### Waste Management

#### *Hazardous Waste*

- 8.1.5 Hazardous waste produced consists of dead hogs, sludge generated from sewage plant and pig manure. The sludge and manure are re-used as organic fertilizer or put into biogas digesters to generate biogas. Other major hazardous wastes such as pig carcass are incinerated by the Group's Animal Carcass Harmless Treatment system, in line with national laws and regulations. The Group strives to reduce hazardous waste by substituting a less hazardous source product wherever possible, lowering its impact on the eco-system.

<sup>1</sup> The reported figures represent indirect emission of purchased electricity used by one production plant, two breeding farms and one office. The carbon dioxide equivalent emissions from purchased electricity in Hong Kong was calculated based on the emission factor obtained from the "2022 Sustainability Report" of CLP. The carbon dioxide equivalent emissions from purchased electricity in the PRC was calculated based on "Grid Baseline Emission Factor for China of Emission Reduction Project of 2019" issued by the Ministry of Ecology and Environment of the People's Republic of China.

<sup>2</sup> Other indirect emission includes greenhouse gas emissions aroused from electricity used for processing fresh water and sewage by government departments.

*Non-hazardous Waste*

- 8.1.6 Non-hazardous wastes produced consist mainly of paper and domestic waste. The Group is committed to managing its wastes in an environmentally responsible manner with emphasis on pollution prevention, conservation and recycling. The paper was collected and delivered to independent waste recycling companies. The Group aims to reuse and recycle non-hazardous waste in its operations to reduce the amount of waste sent to landfills.

Overview of Huisheng's Waste Data		
	2021	2022
<b>Non-Hazardous Wastes</b>		
Paper Used (tonnes) <sup>3</sup>	0.05	0.05
Domestic Waste (tonnes)	0.09	0.09
Non-Hazardous Wastes Intensity (kg / RMB'000 Segment Revenue)	0.0024	0.0020
<b>Hazardous Wastes</b>		
Dead Hog (tonnes)	470.52	12.65
Hazardous Wastes Intensity (kg / RMB'000 Segment Revenue)	8.33	0.19

**8.2 Smart Use of Resource****Energy Saving**

- 8.2.1 The Group's main energy consumption is electricity. The Group strives to reduce energy consumption by implementing energy conservation measures. Biogas digesters were installed at the production plants to generate biogas from organic waste produced from its business operations. The biogas generated was reused for energy generation. Incandescent light bulbs were replaced by LED lighting systems in on-site plants and farms. The Group is committed to invest more in energy-efficient facilities, exploring more cost-effective ways to reduce its energy consumption.

Overview of Huisheng's Energy Consumption		
	2021	2022
Electricity Consumption (kWh in '000) <sup>4</sup>	1,301.97	1,081.73
Energy Consumption Intensity (kWh in '000 / RMB'000 Segment Revenue)	0.023	0.016

<sup>3</sup> The reported figures did not include paper used by printing annual reports, interim reports and circulars.

<sup>4</sup> The reported figures included the electricity used by one production plant, two breeding farms and one office.

## Water Conservation

- 8.2.2 Water is used to clean lairages, pork processing equipment, and work areas. The Group formulated water conservation strategies to reduce water wastage. The Group reused the recycled water treated from the wastewater treatment system such as flushing hogs' excreta and irrigating plants.

Overview of Huisheng's Water Consumption		
	2021	2022
Total Water Consumption (m <sup>3</sup> ) <sup>5</sup>	12,779.29	13,481.57
Water Intensity (m <sup>3</sup> / RMB'000 Segment Revenue)	0.226	0.205

## Packaging Material

- 8.2.3 At Huisheng, packaging suppliers must meet the safety regulations and standards applicable to pork food-grade packaging. The Group is committed to reducing the usage of the packaging materials while ensuring the safety of pork products at all times.

Overview of Huisheng's Packaging Material Consumption		
	2021	2022
Plastic Bag (tonnes) <sup>6</sup>	7.09	0.12
Paper Box or Woven Bag (tonnes) <sup>6</sup>	24.12	0.18
Total Packaging Material Used (tonnes)	31.21	0.30
Total Packaging Material Used Intensity (kg / RMB'000 Segment Revenue)	0.55	0.01

## 8.3 Responses to Climate Change

- 8.3.1 Climate change has led to extreme weather events such as global warming, rising in sea level and drought, which may affect the Group's operation indirectly. The Group has identified disruption of feed supply chain and hog health problem due to extreme weather as the major risks that may have a significant impact on the Group.
- 8.3.2 In response to climate change and the feed supply chain and hog health risks to the Group's operation, the Group shall continue to control or reduce its impact to the environment. In addition, the Group shall diversify the supply chain and reduce reliance on a few suppliers, and closely monitor the weather condition so as to mitigate risks due to extreme weather events.

<sup>5</sup> The reported figures included the water used by one production plant, two breeding farms and one office.

<sup>6</sup> The reported figures included the packaging material used by one production plant. The sharp decrease in packaging materials used in 2022 was due to the use of reusable meat containers and change in delivery arrangement.

## **9 COMMUNITY CONTRIBUTION**

Huisheng is devoted to improve social well-being by sharing its economic prosperity to the community. The Group showed its effort to improve people and farmers living:

### **9.1 Joint Breeding Program**

- 9.1.1** The program aims to assist farmers alleviate poverty through creating self-sustaining economic opportunities. Breeding farms and farmers are selected to participate in the breeding program. The Group provides newborn piglets, veterinary drugs and relevant technology to the selected farmers to nourish. The hogs are sent back to the Group when the hogs grow to around 100kg and the farmers would get paid. The farmers can sustain their operation through the income made and create their own livelihood. The program promotes sustainable development of the local hog industry.

## **10 LOOKING FORWARD**

The Group is devoted to further embed the principles of sustainability to its business management and operations over the coming years. As a leading green company, we strive our best to cope with the upcoming social and environmental challenges together with all stakeholders. With this mission in mind, we are making the world a better place.

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