


2023

Environmental, Social, and Governance Report

Meihua Holdings Group Co., Ltd.



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About This Report

Report Background

This is the second ESG report released by Meihua Holdings Group Co., Ltd. to disclose the Company's actions and progress in the environmental, social and corporate governance fields to key stakeholders.

Time Range

January 1, 2023 to December 31, 2023. Some of the content traced back to historical data.



| Reporting Scope

Unless otherwise specified, this report covers the Headquarters of Meihua Holdings Group Co., Ltd. and all its subsidiaries.

This report is based on the following principles.

- Materiality:** The report refers to the definition of substantial issues in the *GRI (Global Reporting Initiative)*. Through communication and research with internal and external stakeholders, the report will identify the ESG concerns of the stakeholders and determine the scope of the report.
- Quantifiability:** The qualitative and quantitative information used in the report is from the public information, internal documents and relevant statistics of Meihua Holdings Group Co., Ltd.
- Balance:** The report objectively reveals the Company's performance, avoiding the disclosure methods that could influence reader's decisions or judgments.
- Consistency:** The data disclosed in this report is consistent with previous years. Any changes to the statistics or key performance , or any other relevant factors that affect meaningful comparisons, will be clearly stated in the report. The monetary amounts involved in this report are shown in RMB, unless otherwise specified.
- Review and extension:** Information is retrospectively reviewed or extended on certain topics for the sake of completeness and continuity of presentation.

| Data Sources

The key financial data in this report is derived from the 2023 annual report of Meihua Holdings Group Co., Ltd. Other data is sourced from internal documents and relevant statistics of Meihua Group.

| Title Description

For the convenience of presentation and reading, this report uses "Meihua Group", "the Company" and "We" to refer to "Meihua Holdings Group Co., Ltd."; "Tongliao Base", "Xinjiang Base" and "Jilin Base" to refer to the production bases of "Tongliao Meihua Biological Technology Co., Ltd.", "Xinjiang Meihua Amino Acid Co., Ltd." and "Jilin Meihua Amino Acid Co., Ltd.". Unless otherwise specified, "yuan" in this report refers to "RMB".

| Reporting Period

This report is an annual report.

| Report Acquisition

The report will be published online. You can browse and download the Chinese and English versions of the report on the following websites: Meihua Group's official website (www.meihuagrp.com); Shanghai Stock Exchange (www.sse.com.cn). If you have any questions or suggestions about the report, please send an email to mhzqb@meihuagrp.com; or you can call 0316-2359652.

This report is a translation of the Chinese version. In case of any discrepancies, the Chinese one shall prevail.

Message From Chairman

In 2023, Meihua Group released its strategic goal of sustainable development for the first time. It combined the beautiful vision of "focusing on biotechnology and creating a better future" with the concept of sustainable development. The analysis was carried out through four strategic levels, including the direction level, target level, path level, and demand level, which covered the external environment and background analysis, industry demand and peer benchmark analysis, the analysis of stakeholders' demands, and the analysis of the Company's strategic development needs. It was combined with the United Nations' sustainable development goals (SDGs). In the end, we built our strategy of "Nurturing the Future GROWTH".

Throughout the year, the Company took "developing the technology of synthetic biology, nourishing people and the environment, and achieving a harmonious future" as its strategic goal for sustainable development. "Green, Responsible, Low-carbon, and Healthy" were the four pillars of sustainable development. Through the ESG-based management system, the concept of sustainable development was gradually infiltrated into daily production and operation. While the Company made continuous breakthroughs, it adhered to the principle of sustainable development and pursued win-win development of economy, environment, and society.

Under the guidance of the concept of sustainable development, we have made outstanding progress in many areas:

This year, we have continued to promote the construction of "green factories" and strengthened the HSE management of the Company. The Jilin Base took the lead in completing the "water footprint" certification of the MSG and lysine products. It provided comprehensive data support for the Company's water resources use planning. We continued to promote the reform of green packaging materials, achieving a total weight reduction of 288 tons of packaging materials in the year, with a target completion rate of 123%.

This year, the Company has always adhered to improving the salary-increase mechanism, and continued to implement a general salary increase of 10% for all employees to enhance their income level. We have also constantly guaranteed employees' physical and mental health and provided a comfortable and safe working environment. In the whole year, we have made greater investments in environmental improvement and hygiene construction. The factory is comfortable and safe. We attach great importance to talent construction and boldly reform the talent selection and appointment mechanism. We have successfully recruited 103 postgraduate trainees in total, including 24 Ph.D. students and 79 Master students, who are top-tier talents from "Double First-Class" universities (namely world-class universities and first-class disciplines) like Tsinghua University, Peking University, Zhejiang University, and Tianjin University. We have improved our multi-level talent training system, creating an equal, inclusive, and diversified enterprise atmosphere. We actively fulfilled our social responsibilities, fought floods and provided disaster relief, strengthened rural rejuvenation and construction, actively invested in the field of education, and provided multi-dimensional assistance for the growth of the next generation. Our charity donation this year was RMB 4.7167 million.

This year, we took a solid step forward in our "Carbon Peaking and Carbon Neutrality" strategy. With the Jilin Base as a pilot, we built a benchmark factory. Within a year, we obtained the carbon footprint certificate for the products of MSG and lysine, and carried out the verification of greenhouse gas emission and the implementation of carbon neutrality standards. During the same period, Tongliao Base obtained the energy management system certification, which laid a solid foundation for us to achieve our low-carbon strategic goal.

This year, we insisted on industrial innovation, focused on core technologies, and insisted on helping the Company achieve high-level technology independence through R&D. The Company is committed to using advanced green manufacturing technology to produce high-quality products that meet social needs and are environmentally friendly, and contribute to human health and well-being. In the whole year, 11 new invention patents were added, 8 were authorized, and RMB 834 million was invested in R&D. In the next three years, on the basis of independent R&D, the Company will continue to increase investment and search for forward-looking synthetic biology solutions on a global scale.

As time changes, and dreams move forward, Meihua Group will remain grounded in present and continuously implement the concept of sustainable development, take scientific research and innovation as the fundamental driving force, actively plan for the future in the new development pattern, and persist in working with peers to explore the way of sustainable development to cope with global challenges. We are committed to becoming a model for sustainable development in the field of synthetic biology.

王爱军

WANG AIJUN

Chairman of Meihua Holdings Group Co., Ltd.

2024.03

| Company Profile

Meihua Group is a full-chain synthetic biology company specializing in the production of amino acid products. Its core capabilities cover all aspects of the production process, from strain design, build, fermentation, to separation and extraction. Based on more than 20 years of surpassing and innovation, the Company's research, production, and marketing integration level remains at the forefront of the industry. At present, it is one of the world's largest producers of amino acids. We have an advanced integrated production line for comprehensive utilization of resources in the whole industry. We have three production bases in Tongliao of Inner Mongolia, Wujiaqu of Xinjiang, and Baicheng of Jilin, and we have R&D centers in Langfang and Shanghai, respectively. Relying on synthetic biology technology, Meihua Group fully utilizes its industrial experience and advantages. Through a full range of research, production, supply, and marketing services, it flexibly meets the differentiated needs of different customers around the world and the pursuit of rapid innovation. We are committed to becoming a global leader in synthetic biology. In 2023, the Company realized operating income of RMB 27.761 billion and net profit of RMB 3.181 billion.

Our main products are as follows:

Amino acid products for animal nutrition

lysine, threonine, tryptophan, feed grade valine, residue of MSG, starch byproduct-based feed fiber, corn germs, microbial protein, etc.

Taste optimization products for food

Glutamate acid, monosodium glutamate, disodium 5'-ribonucleotide, disodium inosinate, food-grade xanthan gum, trehalose, natamycin, etc.

Pharmaceutical amino acids for human

Glutamine, proline, leucine, isoleucine, pharmaceutical-grade valine, inosine, guanosine, adenosine, pullulan, and vitamin B2.

Other products

oil drilling grade xanthan gum, bioorganic fertilizers, etc.

| Corporate Culture

Company Mission

To develop circular economy and benefit Chinese agriculture.

Strategic Goal

To become a leading company in synthetic biology.

Core Values

Associating in honesty; improving by attitude; thriving by integrity; lasting by utility and harmony.

Vision

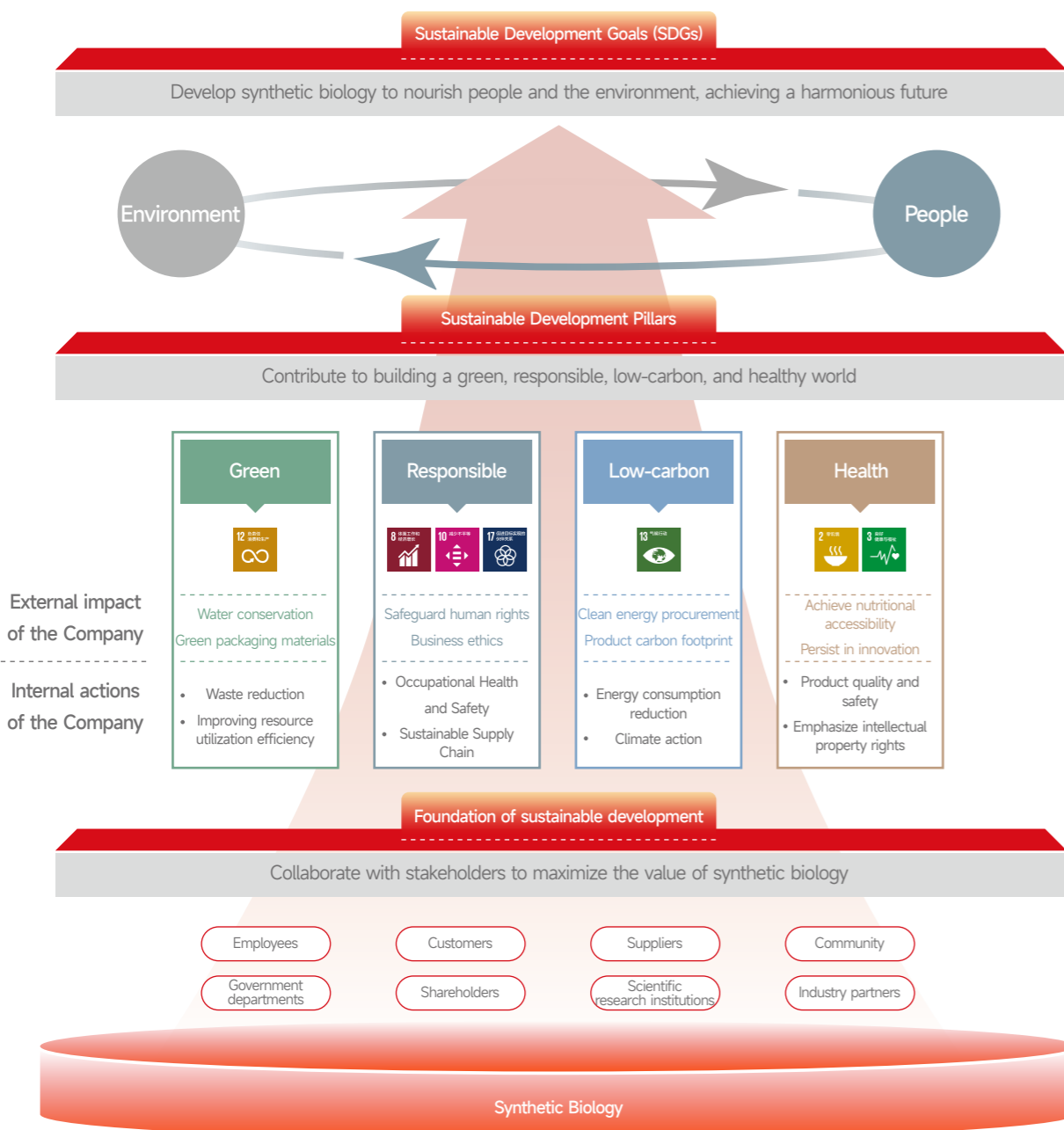
Focusing on biotechnology, building and sharing better future.



| Sustainable Development Strategy

Meihua Group has combined the beautiful original landscape of "focusing on biotechnology, building and sharing better future" with the concept of sustainable development. Through the analysis of the external environment and background, industry demand and peer benchmark analysis, analysis of the stakeholders' appeals, and analysis of the Company's strategic development needs, the four strategic levels, i.e., direction, target, path, and demand were analyzed. Combined with United Nations' sustainable development goals (SDGs), we have developed our strategy of "Nurturing the Future GROWTH".

The "Nourishing the Future GROWTH" strategy aims for "developing synthetic biotechnology, nourishing people and the environment, and achieving a harmonious future". "Green, Responsible, Low-carbon, and Healthy" are the four pillars of sustainable development. It is fully integrated with all sustainable development issues that the Company's stakeholders and the society are concerned about.



| Sustainable Development Goals

We obtain resources we need from the nature. Through the development of synthetic biotechnology, we produce all kinds of amino acid products to ensure people's healthy lives and promote human's sustainable development. It allows each of us to care about and improve the environment, achieving harmonious co-existence.

| Sustainable Development Pillars

On the path of achieving a harmonious future for both people and the environment, we need to take specific and effective actions to ensure the realization of Meihua Group's ultimate goal.

The **green action route** is our bottom line, which guarantees that we minimize the impact on the natural environment and is the foundation of our development.

The **responsible action route** is our cornerstone, which guarantees that we continue to deepen the trust between us and our stakeholders and is the premise for us to work together.

The **low-carbon action route** is our direction, which helps us remain resilient in the face of the most significant risk of climate change and is the guarantee for us to clear the future obstacles.

The **health action route** is our main battlefield, which ensures that we can maximize the impact of the Meihua Group and is the core of our pursuit of sustainable development.

In addition, we focus on both the internal and external perspectives of the Company. Starting from ourselves, we do our best to pursue higher action results, extend to our external world through the value chain, and promote the sustainable development of industry and society through cooperation to achieve the best action results.

| Sustainable Development Foundation

The technology of synthetic biology is the starting point of Meihua Group and our sustainable development action. In addition, the process of sustainable development requires the cooperation of all stakeholders. In this process, we also hope to convey the concept of sustainable development to everyone.

Meihua Group focuses on being the world's leading amino acid enterprise, and actively integrates ESG into the Company's development strategy. We take into account the sustainable development of economy, society and environment while pursuing economic growth. Continuously optimizing and improving our ESG management system, we actively listen to and respond to stakeholders' opinions and needs. We are dedicated to mitigating the impact on the environment and society in the process of bio-fermentation and bio-pharmaceutical business, and striving for the long-term sustainable development of the Company.

ESG Performance in 2023



ESG Governance

Number of cases involving corruption concluded

0

Number of incidents of business ethics and anti-corruption reporting

0

Leading Products

100% production bases

Passed the ISO 9001 quality management system certification, and ISO 22000 food safety management system certification.

All hazardous chemicals *Duly filed.*

Amount invested in R&D RMB **834 million**

Product factory qualified rate **100%**

Authorized invention patents **8**

Customer satisfaction **95%**

New-filed patents application **11**

Growing Together with the Employees

The proportion of female senior executives **36%**

Human rights violation **0**

Human rights assessment coverage of employees **79%**

Overall employee satisfaction score **3.73**

The total training time of employees **2,044,672 hours**

The training ratio of all employees **98.91%**

The average training hours of per employee **156.93 hours**

Addressing Climate Change

Formulated a development strategy for 2020-2025 to address climate change and greenhouse gas reduction

PV power generation: **35.52** million kW·h/year

Obtained the carbon footprint certificate of MSG and lysine products, and carried out greenhouse gas discharge verification and carbon neutrality implementation standards. During the same period, Tongliao Base obtained the Energy Management System Certificate.

Meihua Group participated in the drafting of the group standard proposed by the China Biotech Fermentation Industry Association, the *Evaluation Code for Energy Conservation and Environmental Protection Benchmark Enterprises in the Bio-fermentation Industry.*

Meihua Group took the lead and participated in the formulation of the standard - *Water Saving Enterprises - Fermentation Industry (GB/T 32165-2023)* drafted by the National Standardization Administration and the Biotech Fermentation Industry Association.

Green Factories

Achieved the full coverage of the ISO 14001 certification system **100%**

Continued to promote the construction of "green factories" and strengthened the HSE management of the Company. The Jilin Base took the lead in completing the "water footprint" certification of the MSG and lysine products.

There were a total of **37** atmospheric treatment projects in Xinjiang Base, with an investment of RMB **180 million.**

By the end of 2024, the weight of all types of packaging materials is expected to be reduced by **180 tons.**

288 tons of packaging materials were reduced in 2023.

The recycling of renewable materials achieved an average of **753** tons per year.

Win-win Cooperation

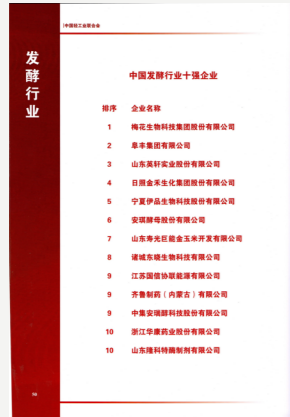
The proportion of products whose raw materials can be traced back to their origins **100%**

The number of suppliers passing the ESG assessments **255**

Hours of participating in community charity activities (student aid and environmental protection) **35,706** hours

Accumulated donations for public welfare RMB **4,716,700**

Important Honors in 2023



Top 10 Enterprises in the Fermentation Industry



Top 50 Enterprises in the Light Industry - Food



Top 100 Enterprises in the Light Industry - Science and Technology



Top 200 Enterprises in Light Industry



China Light Industry Federation Science and Technology Progress Award



Baicheng



High-Tech Enterprise



National Key Leading Enterprise of Agricultural Integration



National Intellectual Property Advantage Enterprise



May First Labor Award of Jilin Province



Provincial Enterprise Technology Center

Tongliao



The top 50 privately-owned manufacturing companies in Inner Mongolia

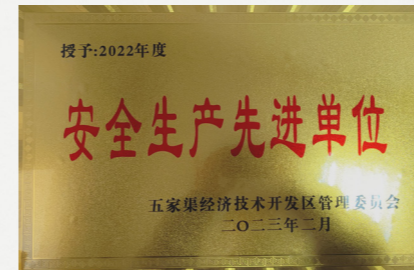


Enterprise with Grade A Tax Credit for Three Consecutive Years

Xinjiang



Award of Outstanding Contribution to the Development of Economy



Advanced Unit for Work Safety



National Leading Enterprise in Energy Conservation and Environmental Protection in the Biological Fermentation Industry

01

Improving the ESG Governance

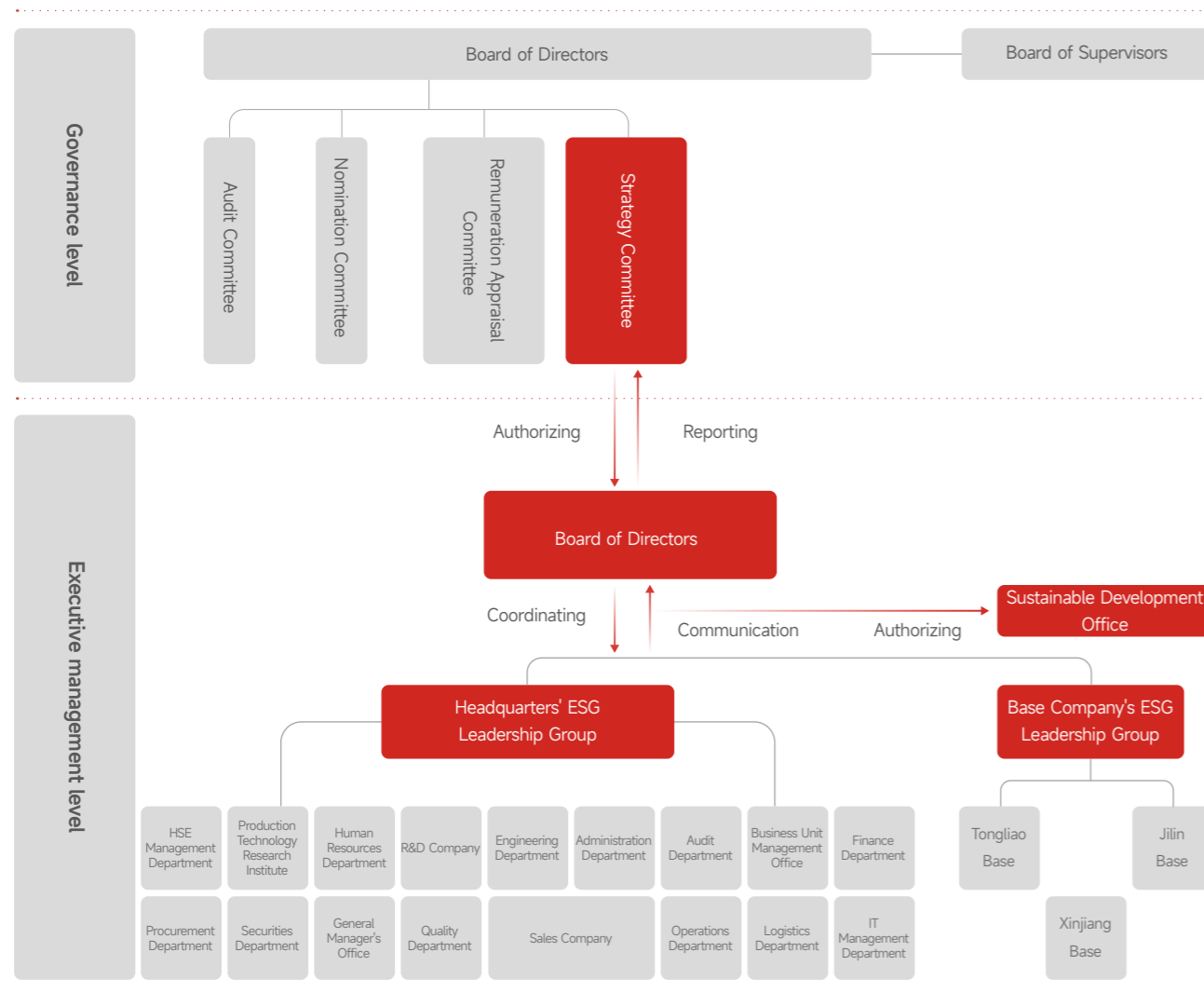
Meihua Group continues to improve its corporate governance system in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, the *Articles of Association*, and the relevant documents of the China Securities Regulatory Commission and the Shanghai Stock Exchange. We effectively prevent and control risks in response to changes in the external environment, ensure stable operations, accelerate innovation and development, and promote sustainable high-quality development. The Company has always adhered to standard operations, strictly fulfills its information disclosure obligations, actively carries out investor relations management, earnestly fulfills its social responsibilities, and strives to improve the level of corporate governance.

- ✿ Meihua Group's ESG Management Structure
- ✿ ESG Statement of the Board
- ✿ ESG Compliance Governance
- ✿ Stakeholders' Participation
- ✿ Analysis of the Substantial Issues
- ✿ Business Ethics and Anti-corruption

Meihua Group's UN sustainable development goals



Meihua Group's ESG Management Structure



Board of directors' statement

This report is based on the principles of being objective, standardized, transparent, and comprehensive, this report provides all stakeholders with information on Meihua Group's ESG practices in the areas of operation and development, environment, labor and community, and value chain. Meihua Group regards the concept of ESG sustainable development as the guarantee of long-term stable development. We will integrate the ESG concept into the daily business process and strategic decision-making to continuously improve the Company's ability to resist risks.

The Board of Directors of Meihua Group attaches great importance to ESG, including ESG in the scope of responsibilities of the Strategy Committee, and reporting to the Board of Directors regularly to ensure that the Board of Directors reviews important matters of ESG, and regularly monitors and ensures the effective implementation of strategies, objectives and policies. Under the Strategy Committee, there is a Sustainable Development Office. The Sustainable Development Office will take the lead in promoting the implementation and realisation of ESG concepts through a working method that is coordinated by various departments, fully integrate ESG into regular management.

This report thoroughly and truthfully disclosed the progress and effectiveness of Meihua Group's 2023 ESG-related work. It was reviewed and approved by the Board of Directors on March 18, 2024.

ESG Compliance Governance

Meihua Group adheres to compliance and efficient corporate governance, continued to improve the Company's value and responsibility, and protected the value and rights of shareholders. Meihua Group strictly abided by the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and other relevant laws and regulations. We have formulated the *General Meeting of Shareholders Rules of Procedure*, the *Board of Directors Rules of Procedure*, the *Board of Supervisors Rules of Procedure*, and the *Independent Director Working System*. These internal systems define the roles, responsibilities and working procedures of the shareholders meeting, the Board of Directors, the Board of Supervisors, and the management. The improved the operational efficiency of the Board of Directors, thus ensuring that investors have equal access to company information.

During the reporting period

the Company held **3** meetings of the shareholders, **7** meetings of the Board of Directors and **5** meetings of the Board of Supervisors.

ESG Statement of the Board

Commitment by Meihua Group's board of directors

The Company and the Board of Directors comply with the *Code of Corporate Governance for Listed Companies* of the China Securities Regulatory Commission and the various requirements of the Shanghai Stock Exchange's mandates, continue to promote the improvement of the Company's environmental, social and governance management system, strengthen the supervision and participation of the Board of Directors in the Company's ESG affairs, and actively integrate ESG into the Company's development strategies, major decisions and production operations.

In order to further improve the Company's ESG management efficiency, and to effectively implement and promote the Company's sustainable development strategy, we have formulated the *Environmental, Social and Governance (ESG) Management Measures of Meihua Holdings Group Co., Ltd.* to build an ESG management structure with a complete structure, clear hierarchy, clear rights and responsibilities, and efficient operation. The Company's ESG management structure is a two-level management structure composed of the Strategy Committee of the Board of Directors and the ESG leadership group (including the ESG leadership group of the Company's Headquarters and production sites). In addition, the Sustainable Development Office is the full-time department for ESG management, effectively integrating ESG management into the Company's business management and improving the level of ESG management from the source of management. In the same year, we issued the *ESG Indicator Management System of Meihua Holdings Group Co., Ltd.*, which specifically sorted out the Company's key ESG management content and laid the foundation for the continuous promotion of the Company's ESG management in the future.

The establishment of the Company's ESG management framework has laid the foundation for our management to continuously improve our ESG performance. In addition, based on the Company's sustainable development strategy, we have further refined the Company's ESG action objectives and content, and formulated the *Environmental, Social and Governance (ESG) Management Improvement Plan of Meihua Holdings Group Co., Ltd (2022-2025)*, hoping to fully regulate the guiding ideology, basic principles and promotion ideas of the Company's ESG development, and realize the systematic and streamlined management of ESG-related matters.

Stakeholders' Participation

The actual participants in the business chain of the Company are identified as the stakeholders of the Company. The effective participation of the stakeholders could ensure that the Company's ESG work could meet the actual development needs. All along, Meihua Group had been paying close attention to the needs and suggestions of the stakeholders, constantly improving the mechanism of diversified dialogue and accepting their supervision, so as to achieve the Company's sustainable, high-standard, and high-quality development. The Company communicated with various stakeholders through various online and offline channels, listened to their requirements and expectations, and helped the Company correctly assess the impact of its own decisions and timely adjust its strategic direction in a timely manner.

Stakeholders	Expectations and Requirements	Communication and Response Methods
Shareholders and investors	<ul style="list-style-type: none"> Return and growth Control risks Corporate governance Regularly disclose business information Report and announcement Return to shareholders positively 	<ul style="list-style-type: none"> Shareholders' General Meeting Briefing Media communication Internal communications Mail Official website Periodic report
Employees	<ul style="list-style-type: none"> Wages and benefits Health and safety Smooth communication Fair promotion and development opportunities Pay wages on time Pay social security contribution 	<ul style="list-style-type: none"> Questionnaire Workers' Congress Staff's sports and culture activities Organize employee training Establish an OHS management system Improve career development channels
Customers	<ul style="list-style-type: none"> High-quality products Satisfying customer experience Protect legitimate rights and interests Requirement/satisfaction survey Customer complaint handling 	<ul style="list-style-type: none"> Customer survey Customer service Customer satisfaction management Official website Social media Annual review and assessment

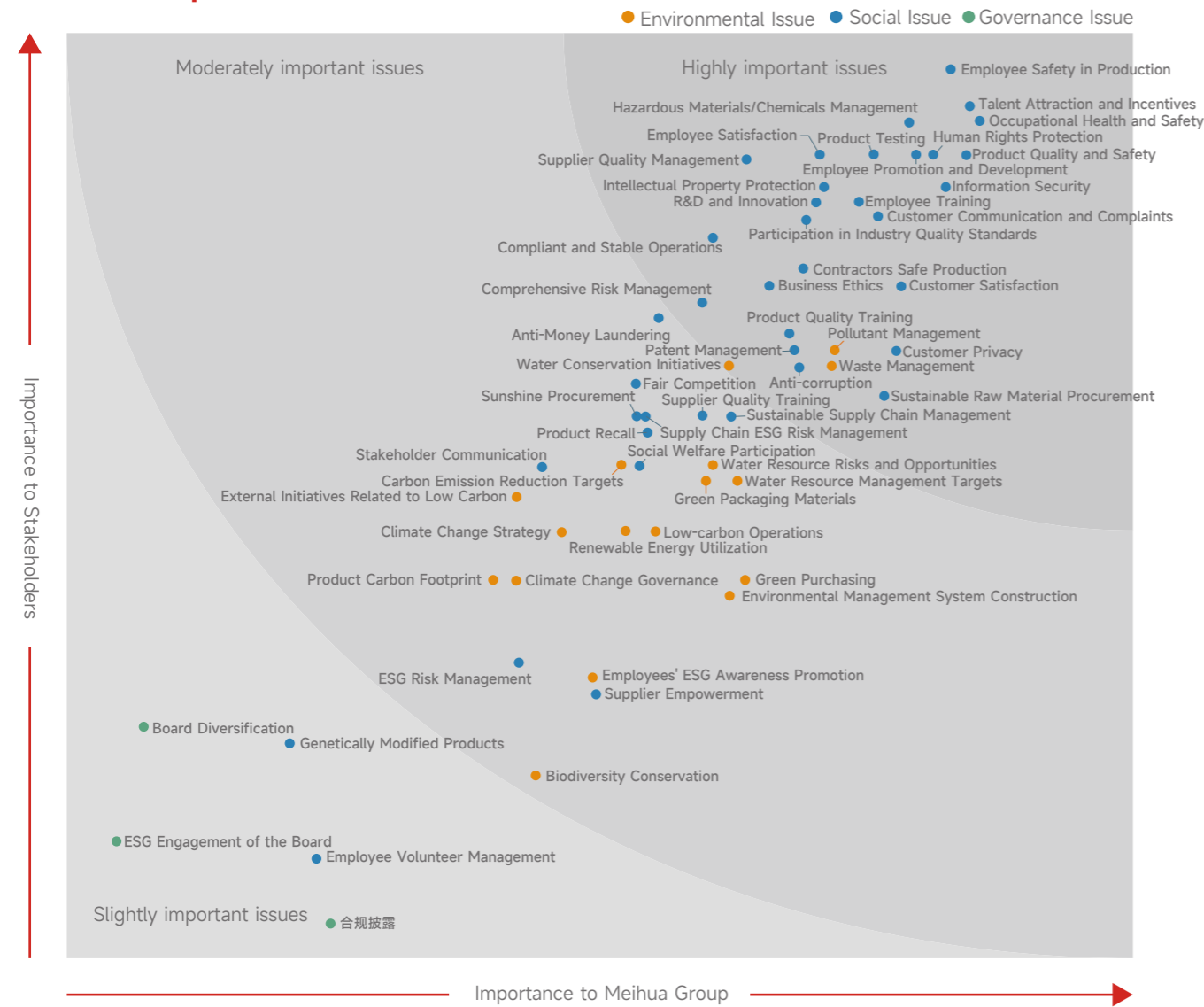
Stakeholders	Expectations and Requirements	Communication and Response Methods
Vendors, contractors and partners	<ul style="list-style-type: none"> Honor promises Industry cooperation Open, fair, and impartial procurement 	<ul style="list-style-type: none"> Exchanges and visits Information disclosure Fulfill contract according to law Public bidding Carry out project cooperation Drive the healthy development of the industry
Media	<ul style="list-style-type: none"> Economic performance Pollutant discharge Media project survey 	<ul style="list-style-type: none"> Information disclosure News platform Compliance platform Webinar
Community and the public	<ul style="list-style-type: none"> Support social development Care about vulnerable groups Health culture Energy conservation and emission reduction 	<ul style="list-style-type: none"> Green buildings, green materials Exchanges and visits Information disclosure Public welfare and charity Green production

Analysis of the Substantial Issues

In 2023, Meihua Group once again launched a systematic communication with its stakeholders to better understand the direction, expectations, and demands of its stakeholders for the Company's sustainable development. We identified a number of major issues through peer-to-peer comparisons and media monitoring, and collected internal and external information through questionnaires and stakeholder survey. Based on this, we conducted a comprehensive evaluation and ranking of the topics based on the survey results and the importance of each issue to business development, and determined the main direction of future internal and external ESG-related management.

In this survey, Meihua Group collected a total of 2,954 questionnaires and completed the identification and evaluation of this year's major issues according to the attention, expectations and needs of various stakeholders for the Company's ESG work, including 29 highly important issues, 25 medium-important issues and 5 low-important issues. Based on the results of the questionnaires, we will further adjust the direction of our ESG work in a timely manner, and continuously improve our own ESG performance to meet the expectations of our stakeholders and respond to the risks faced by the Company.

Meihua Group's Substantive Issues Matrix



Management objectives

- Lawsuits involving corruption that have been concluded: 0;
- Stakeholders' satisfaction rate: ≥95%;
- Business ethics and anti-corruption whistleblowing incidents: 0;
- Completion rate of employee training: 100%.
- Timeliness of bribery reporting and handling: 100%;

Management organizations

- The Audit Committee: Conduct regular reviews of the anti-bribery management system.
- General Manager: Make decisions on the continuous improvement and change requirements of the anti-bribery management system.
- Audit Department: Formulate an annual inspection plan and report to the General Manager on the effectiveness and implementation of the anti-bribery management system.
- Business Department: Implement relevant system requirements and strictly implement management objectives.

Management behaviors

- The Company's finance department have established a system for the separation of duties, payment approval, approval authorization, bookkeeping, and review of major financial transactions, and carried out independent financial reviews on a regular basis.
- Non-financial controls were implemented. Each business department have established a business activity approval and supervision review system to monitor operations, R&D, procurement, sales, human resources, legal and supervision, and other areas with high bribery risks.
- The Company internally assessed and identified high-risk positions and signed integrity agreement.
- Implement due diligence on suppliers and conduct a total of three regular due diligence of key suppliers in 2023 to identify and assess risks and compliance.
- The Company signed anti-bribery agreements with clients, suppliers, partners and other stakeholders, strictly in accordance with the reception standards and employee business reimbursement standards, and stipulated the requirements for gifts, hospitality donations, giving, and benefits.
- The Company incorporated relevant systems into the entire business process chain and carried out systematic training meetings. In 2023, there will be a total of three training sessions, with a total training duration of 600 hours. This achieved full coverage of the business operation chain of the Group Company.
- The Company continued to improve the *Reporting and Whistle-caller Protection Management System*, regulating the reporting procedures and whistle-caller protection related content, and protecting the legitimate rights and interests of stakeholders. The Company's public reporting email address: mhshenji@meihuagrp.com.

Compliance management

There were no bribery incidents in 2023. Currently, the system is in operation, and preparations for the application for the *Anti-Bribery Management System* certification have begun.

The Company have continuously established and improved internal control systems based on the requirements of the ISO 373001 compliance management system and combined with the Company's own characteristics, which had been effectively implemented. On the whole, the Company's internal control was complete, reasonable, and effective, with no major defects. We have played a management control role in the various processes and key links of the Company's operation and management, ensuring the long-term stable development of the Company.

In 2023, based on the Company's business objectives, combined with the annual key work plan of the audit, we mainly focus on risk-oriented operation, process-link work, internal control as the means, and system as the guarantee. The Company used internal control methods to conduct closed-loop inspections on business processes in important business areas such as capital, reserve, purchasing, sales, assets, inventory, cost, engineering, and manpower. We mainly diagnosed deficiencies and gaps in daily management from the aspects of business process compliance, waste, and loss, and assisted in business management and control, reducing, transferring, and avoiding risks, effectively reducing and avoiding business risks.

Business Ethics and Anti-corruption

In order to regulate the professional behavior of senior and middle-level managers and ordinary employees, the Company strictly abides by relevant laws, industry norms and standards, professional ethics and company rules and regulations. We have established a good atmosphere of honesty, diligence and dedication to prevent actions that harm the interests of the Company and shareholders, safeguard the legal rights and interests of the Company, and reduce the Company's risks.

In 2023, in accordance with the requirements of the ISO 37001:2016 standard, the Company established the *Anti-Bribery Management System* and the *Management Procedure* for anti-bribery management activities involved in the management of the Company, which clarified the management policy, management objectives, Company structure, the rights and responsibilities of relevant personnel and the relationship between them, as well as the requirements for the elements of the management system.

Management guidelines

Acting according to the rules, being honest and trustworthy, resisting corruption, and pursuing excellence.

02

Prioritizing Product Responsibility

As the world's leading amino acid nutrition and health solutions supplier, our vision is "focusing on biotechnology and building and sharing better future". We contribute to the global food and health industry by providing health products and solutions to more than 100 countries and regions around the world. Around the industrial chain of the deep processing of agricultural products, we use bio-fermentation technology to continuously improve the industrial structure and layout, improve the product lifecycle management, build a solid line of defense for product quality and safety, strengthen product R&D innovation capabilities, and strive to create high-quality products for our customers.



☼ Strengthening Quality Management and Control

☼ Attaching Importance to Work Safety

☼ Keeping Continuous R&D and Innovation

☼ Providing Excellent Customer Service

☼ Guarding Information Security

Meihua Group's UN sustainable development goals



Strengthening Quality Management and Control

Quality is always one of the red lines of the Company's operations, and it is also the foundation for customers to trust in the Company and the lifeline for the Company's long-term development. Through processing management and control over quality deeply, we have improved the comprehensive ability in quality management of the full traceability chain, strengthened the construction of quality culture, and are dedicated to creating safer and more reliable products.

Quality management system

The Company has established a comprehensive quality management system and a multi-level quality governance structure. This structure is approved and supervised by the General Manager of the Company, with coordination by the Production Technology Research Institute and the Quality Management Department, and implemented by the Technical Management Office at the production base. The Company establishes clear and definitive quality targets, reviewing and updating them annually to fulfill its quality commitments. This process ensures effective quality control and fosters continuous improvement.



The Company strictly abides by the relevant laws and regulations of the People's Republic of China, such as the *Product Quality Law of the People's Republic of China*, the *Food Safety Law of the People's Republic of China*, and the *Regulation on the Administration of Feeds and Feed Additives*. Based on the relevant management system standards such as the GB/T19001 *Quality Management System Requirements*, the ISO 22000 *Food Safety Management System*, the BRC Global Standards for Food Safety, and the other national standards of various products, the Company has formulated the *Integrated Quality Management Manual* as well as its procedure documents. Every year, the internal systems such as the *Quality Standard of Materials and Excipient Materials*, the *Quality Standard of Products*, and the *Inspection Guide of Products* will be updated, with the quality and process management being standardized.

The Company continues to promote the supervision of quality certification and the replacement of certificates. In 2023, all production bases effectively maintained the effective status of the certification of the ISO 9001 quality management system and the ISO 22000 food safety management system.

Meihua Group has passed the following product quality certifications:

- | | |
|--|--|
| <ul style="list-style-type: none"> — The ISO 9001 Quality Management System Certification — The ISO 22000 Food Safety Management System certification — The BRC International Food Safety System Certification — The Feed Additive and Premixture System (FAMI-QS) of the EU | <ul style="list-style-type: none"> — The MUI-HALAL Certification of Indonesia — Halal certifications of the U.S., Malaysia, and other countries — IP Non-GMO Food Certification |
|--|--|

On the basis of achieving strict self-quality control, we actively participate in the process of upgrading of the industry and its quality, as well as the conversations between associations and peer companies. With an open mind, we aspire to exchange cutting-edge information and expertise with peer companies in order to create a positive industrial ecosystem. Meihua Group has joined the Technical Committee 64 on Food Industry of Standardization Administration of China and the SC5 on Fermentation Industries, China Biotech Fermentation Industry Association (CBFIA), and other industry associations. We have participated in setting national standards and group standards many times, contributing to the development of the amino acid industry. In 2023, we participated three times in the formulation and revision of relevant national standards.

Case: Announcement on the Administration of Amino Acid in Food for Special Dietary Use



In 2023, Meihua group took part in the standard-setting work led by the China Biotech Fermentation Industry Association to expand small varieties of amino acid into food nutrient supplements. At the end of November 2023, Chinese government issued an official announcement, allowing glutamine, isoleucine, valine and proline produced by companies to be used as food nutrient supplements.

This announcement will further regulate the usage and management of the amino acid substances in special foods and promote the high-quality development of the relevant food industry in China.

Quality management and control mechanism

The quality of Meihua Group's products is controlled by a full traceability chain, covering all aspects from raw materials, manufacturing process, to production, storage, transportation and sales of products to ensure that the quality meets the requirements.

Through the opportunity of building the "Lighthouse Factory", Meihua Group have achieved a deep integration of quality management and the MES system, smoothing the pathways between quality control and assurance, greatly facilitating employee operations and data analysis. By shifting inspection upstream to manage production process quality parameters, we effectively prevent the production of non-conforming items, fundamentally solving the issue of over-reliance on manual monitoring, and significantly reducing the incidence rate of defective products.

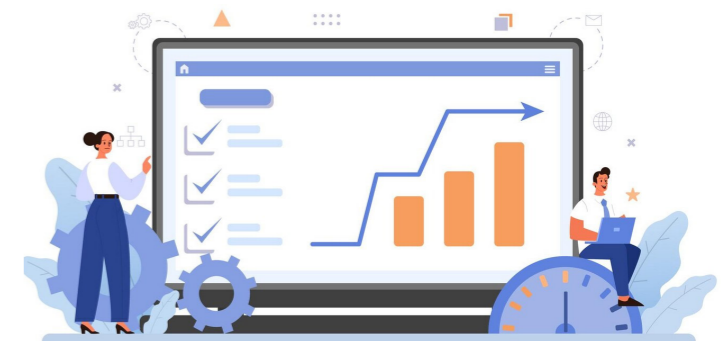
For the development of quality, Company gradually improved the quality management, from implementing the CNAC management system in the laboratory and replicating the management model, realizing the authenticity and efficiency of the test data, to completing the downsizing of the test system, continuously developing and optimizing the rapid methods, improving the test efficiency, and achieving the positive development of testing.

The Company has developed the *Quality Standard of Products* and the *Supplier Quality Management Manual* to fully regulate the quality and inspection of the products to ensure that they met the quality standards.

Meihua Group has formulated a testing plan for raw materials and products to control the incoming and outgoing logistics. In addition, it has made an annual external inspection plan, sending products to an international authorized third-party organization for testing, to ensure their quality and safety from storage, through manufacturing, to delivery.

In addition, the Company has developed the *Unqualified Product Control System*, which clearly defines the management rights, responsibilities and management standards. It standardizes the process control, cause analysis, emergency treatment and other aspects of non-compliant products to avoid product quality risks and make sure that those unqualified ones could be defensible and controllable. In 2023, the products' factory qualified rate of Meihua Group was **100%**.

The Company is committed to the quality management and control for all employees, placing high emphasis on cultivating a quality culture. It conducts diverse quality training programs to significantly enhance employee skills and competencies. In 2023, Meihua Group carried out a total **32,960** of quality training.



Case: "Quality Month" event



In order to respond to the call of the country, promote the quality awareness of all employees of the Company, and achieve the Company's quality strategic requirements and annual targets, Meihua Group launched a "Quality Month" event with the theme of "making the country stronger with high quality, and driving the improvements in quality and efficiency" in September 2023. All production bases responded positively and carried out various activities about this theme to improve the quality awareness of staff.

By conducting the quality online quizzing activity during "Quality Month", there are more than 60,000 participants with 834 submissions of full marks, which greatly enhanced employee enthusiasm and awareness of product quality. The enthusiasm and awareness to product quality of employees were significantly strengthened.

The accuracy of the testing is the key to supporting the qualification of the product. During the Quality Month, the quality inspection system across four bases launched a multi-dimensional testing skill competition. Through this competition, the atmosphere was created that aims to eliminate the unqualified ones and retaining the qualified, build the qualified ones to excellence, and pursue continuous improvement to forge brilliance.



Product recall

Meihua Group has formulated the *Product Recall Procedure* and other emergency rules and regulations, established and improved the product recall mechanism, specifying classification of recalled products, the recall process, and the correction measures to ensure a rapid response to unsafe products. In the event of a product quality defects with potential safety hazard, the Company will immediately initiate the recall process and ensure that all affected products are identified and traced. For the recalled products, a dedicated investigation team is established to probe the root causes and monitor the incident outcomes, preventing the recurrence of such events.

In addition, each production base conducts regular product recall drills annually. Through simulating recall events, the team analyze and investigate the products, verifying whether the flow of risk products could be traced within the specified time, and further evaluate the feasibility and rationality of the recall procedures. In 2023, the Company conducted a simulation exercise for the recall of MSG, trehalose, threonine, and lysine to strengthen the employees' awareness and ability regarding emergency recall.

In 2023, the Company conducted **3** active product recalls, all of which were properly handled in the first time, with the recall rate reached **100%**.

During the reporting period, there were **0** incidents of non-compliance with health and safety regulations related to products and services.

Supplier quality management

Meihua Group continues to develop front-end management of suppliers in accordance with the *Supplier Quality Management Manual*. It standardizes the admission of suppliers from supplier screening and factory inspection, and enhances suppliers' quality control capabilities through evaluation, development and elimination, establishing strategic cooperative partnership with suppliers.

The Company ensures the scale and quality control capabilities of the newly introduced suppliers by formulating supplier screening standards and factory inspection standards. It also audits the suppliers' qualifications and certification, requiring them to hold relevant certificates such as ISO 9001, ISO 22000, and pharmaceutical GMP, thereby elevating the quality capability of supply chain. The cooperation process, the Company conducts regular unannounced inspections on the suppliers to find non-compliance and formulates correction plans to ensure the stability of quality.

As of December 31, 2023, **17%** of Meihua Group's suppliers had passed **HACCP, ISO 22000, FSSC22000, ISO 9001**, among the other product quality-related certifications.



The classification of main raw and auxiliary materials in use:



Meihua Group identifies and assesses the risks of raw and auxiliary materials, by scoring based on usage, use links, application stages, food safety impact and other factors. According to the Risk Rating Result Table, the hierarchical management was carried out. In addition, the suppliers are also categorized based on material grades and evaluated regularly. They are scored on safety, environmental protection, quality, etc. Based on these factors, various strategies such as training and elimination are adopted to ensure the stability of product quality and effective risk control.



Attaching Importance to Work Safety

Meihua Group adheres to the bottom line thinking and the consciousness of red line, deepens the awareness of HSE compliance, continuously, improves the intrinsic safety, embeds the cultural genes of HSE, and implements the concepts of green principles.

With risk management as the core, we continue to promote systematic, perfect and distinctive full-member HSE management. In order to thoroughly implement the Work Safety Law of the People's Republic of China and other laws or regulations, further improve the efficiency of HSE management, and realize the effective implementation and promotion of the Company's production safety management work, Meihua Group has established the Safety Production Committee. This Committee, being the highest decision-making body for the company's HES efforts, take full responsibility for Meihua Group's safety production. The General Manager is the director of the Safety Production Committee and the first person responsible for safety production. The members of the leadership and the heads of relevant departments formed a Committee Group, which develops a complete structure, clear hierarchy, and clear rights and responsibilities of the HSE management structure.

Meihua Group abides by the *Work a Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Provisions on the Safety Training of Production and Operation Entities*, and the *Guideline of China Occupational Safety and Health Management System*. According to the requirements of safety production standardization, ISO 45001 and ISO 14001 systems, the Company has formulated management systems such as *Management Measures for HSE System Construction and Document Control and Emergency Plan for HSE Accidents*, and establishes a unique HSE 12-element management system, which provides institutional guarantee for systematic HSE management.

During the reporting period:

all three production bases achieved the certification of the ISO 45001 system and has obtained **100%** safety management system certification. Specifically, the Xinjiang and Jilin Bases passed the second level of safety production standardization audit and received certificates, while the Tongliao base passed the third level of safety production standardization audit and also received a certificate.



Compliance management behavior

- Incorporate the occurrence of industrial accidents into the safety performance assessment of cadres at all levels.
- The HSE Department supervises, guides and inspects the safety production matters of the subordinate production bases on a regular basis.
- Designate every Thursday as the "weekly safety working day" and arrange a series of safety activities like safety knowledge dissemination for all staff.
- Continue to improve all kinds of safety signs, installing safety warning boards, risk warning boards, accident warning boards, occupational health notice boards in the producing areas.

Key performance

• Number of employees trained: 751,162	• Number of work-related injuries among contractors: 2	• Number of work-related injuries among employees: 11
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Frequency of work-related injuries among employees=**0.42** every 1000000 hours worked

Recordable frequency of work-related injuries among employees=**0.73** every 1000000 hours worked

Frequency of work-related injuries among contractors=**0.33** every 1000000 hours worked

Key tasks during the period

- In view of the accident cases that occurred in recent 10 years, the Company reviews and decomposes these incidents to the relevant production lines and workshops, establishing control standards are further detailed for production lines, workshops, and positions, with comprehensive training and dissemination organized to ensure that cadres and employees at all levels are aware of the major risks associated with their roles, thus preventing violations and accidents.
- In 2023, the Company carried out the frequency control of special operations, summarizing and solidifying the experience of special operations reduction in the three bases in 2022 to form guiding standards for management and technical measures. As a result, the special operations of the subsidiaries of the Group were reduced by 58.44% year-on-year.

Strengthened safety education

We adhere to the ideology of "Safety First, Prevention Foremost", and attach great importance to the construction of safety culture. We have *the HSE Work Safety Education and Training Management Regulations (for Trial Implementation)* in place and develop the annual safety training and education plans. We actively conduct safety promotion and training for both employees and contractors, regularly organizing safety training sessions for all staff.



In addition, we incorporate contractors into the Company's safety system, managing them according to our own employees' standard. The safety departments of bases regularly conduct safety training and assessments for those contractors, who must disclose safety information before working in the local workshop. These actions ensure that all contractors strictly implement the Company's safety system as well as the standards, achieving the goal of safe production.

Occupational health training >>>>

The Company continues to improve the occupational health and safety management systems, strengthening occupational health supervision, and eliminate potential occupational health risks. By organizing various activities and training sessions, we steadily improve our employees' safety skills. We comprehensively assess occupational hazard factors, identify key focus enterprises and individuals, and consistently monitor and dynamically analyze the improvement of vulnerabilities, strengthening root cause management. Special remediation efforts are ongoing for significant control of harmful elements like dust and noise. Furthermore, the Company arranges occupational health examinations for employees, ensures the availability and correct usage of labor protection gear, and organizes educational activities, including the occupational disease prevention law publicity week and specialized occupational health training.

The occupational health examination rate for employees was **100%**, and the labor protection equipment were **100%** fully equipped and correctly used. In 2023, Meihua Group invested about 10 million RMB to replace work clothes for all employees. The new work clothes are designed with high color fastness, durability and tear resistance, featuring reflective strips on both the front and back for enhanced, safe and permanent anti-static properties.



Strengthened safety education

Safety Activities >>>>

PK of safety knowledge contest. During the "Safety Month", employees were organized to participate in a safety knowledge quiz, using questions from the national safety management personnel certification exam. All the managers and workshop directors were required to participate, effectively enhancing their safety leadership. The competition served to reinforce safety knowledge and raise safety awareness to everyone.



Each production base: Emergency rescue drills for dangerous chemical accidents. This drill simulated the leakage of ammonia as a scenario. Starting from actual combat, it focused on testing the team's ability in early warning and reporting, on-site disposal, plan activation, emergency command, emergency repair, emergency evacuation, environmental detection, public security maintenance, external rescue, etc.



Strict chemical safety

The Company's safety management of hazardous chemicals is of great significance to promoting the sustainable, stable and healthy development of enterprises, protecting the personal safety and health of employees, and is also a necessary management for the maintenance of the ecological environment.

The Company's production and operations involve the use of some chemicals, we strictly follow the national laws and regulations, and constantly improve the *Regulations on the Safety Management of Hazardous Chemicals*. For the chemicals, we carry out full-lifecycle safety management for their procurement, storage, application, and the disposal of discarded containers, ensuring 100% coverage in risk identification, assessment, and government reporting. During the reporting period, the Company had used 2.2% of the total number of hazardous chemicals listed in the *Hazardous Chemicals Information List (2023)*.

In 2023, the Company carried out a general survey of hazardous chemicals, identifying and sorting out physical dangers, health risks, environmental risks, inhibiting poisoned, inhibiting explosion, highly toxic drugs, etc. According to the *General Rules for the Hazardous Chemicals Warehouse Storage (GB15603-2022)*, and considering our actual situation, the *taboo matrix of hazardous chemicals* was compiled for commonly used hazardous chemicals and the certification was completed in accordance with the *Regulations on the Safety Management of hazardous chemicals*.

In the future, we will continue to launch high-risk chemical substitution and chemical elimination activities, incorporate environmental and health standards into the product design process, and promote the sustainable development of enterprises and the environment.

During the on-site management, we prepare and improve the safety labels of hazardous chemicals, and add QR codes as well.



Keeping Continuous R&D and Innovation

As a leading company in the field of synthetic biology, Meihua Group always regards R&D as the core competitiveness of the Company's long-term development. The Company steadily promotes the construction of high-end industrial platforms for synthetic biology and bio-fermentation, continuously improving product competitiveness and innovation, and promoting high-quality development in the industry.

Great efforts in innovation

Meihua Group adheres to the concept of sustainable development, focusing on core technologies, and insisting on achieving high-level technology independence through R&D innovation. The Company is committed to using advanced green manufacturing technology to produce high-quality products that are environmentally friendly to meet social needs and contribute to human health and well-being.

Looking to the future, Meihua Group has formulated a long-term scientific and technological innovation strategy. Moving steadfast forward, the Company has established a comprehensive scientific and technological innovation system, improved the R&D innovation management mechanism, and created a good working atmosphere of comprehensive innovation. Through the establishment of awards such as the R&D innovation award and the R&D promotion award, the Company has established a diverse innovation incentive and evaluation system to fully stimulate the innovation vitality of researchers in different positions. In 2023, the Company set up different research teams led by the doctor, and built several high-level support platforms including metabolic pathway design platform, strain construction platform, enzyme engineering platform, application development platform, and precision fermentation platform. The Company has completed the scientific research layout of the entire industrial chain of synthetic biology.



Through the continuous accumulation of scientific research, the independently developed strains like glutamic acid strains, lysine strains, threonine strains have made a major breakthroughs. The process verification and trial production of glutamic acid strains, valine strains under anaerobic condition and glutamine strains have been realized. The Company has continuously achieved new results in the production and application of the amino acids and polysaccharides, with an international leading level. Focusing on the key aspects of transforming scientific research results, the Company accelerates the industrial application of these findings, thereby enhancing industrial value. In 2023, the Company successfully achieved iterative updates for the production strains of glutamic acid and glutamine, generating nearly RMB 100 million in annual economic benefits.

In 2023, Meihua Group continued to increase its investment in R&D, with a total investment of RMB **834** million, accounting for **3.01%** of revenue. In the next three years, based on internal independent R&D, we will look for forward-looking synthetic biology solutions worldwide.



The fundamental source of enterprise innovation lies in people. In 2023, the Company successfully introduced about 40 professional and technical talents from famous domestic and foreign universities such as the Chinese Academy of Sciences, Tsinghua University, Shanghai Jiao Tong University, Nankai University, Jiangnan University, Shandong University, and the Technical University of Denmark. Their professional backgrounds covered many cutting-edge fields such as gene editing, metabolic pathway design, fermentation engineering, enzyme engineering and artificial intelligence, further consolidating the Company's core scientific and technological strength. At present, the Company has successfully established a strong and powerful R&D team, with a total of 372 professional R&D personnel, including 17 PhDs, 73 masters, and 133 bachelors.

In 2023, Meihua Group actively carried out external exchanges and cooperation, and successfully held the China Synthetic Biology Technology Innovation and Development Forum with the theme of "Synthetic Biology - Leading the Future Bioeconomy", which promoted the cross-border integration of synthetic biology technology.



The Company has extensive project cooperation with the Chinese Academy of Sciences Center of Excellence in Molecular Plant Science, the Institute of Microbiology of the Chinese Academy of Sciences, Jiangnan University and other domestic first-class universities and research institutes to make technological breakthroughs and industrialization of key scientific issues, ensuring the Company's high-quality and sustainable development in the field of synthetic biology.

Case 1



In 2023, the Company cooperated with an external company to jointly develop an anaerobic fermentation technology for valine production, which significantly improved the metabolism efficiency of strains and reached the industry-leading level. Compared with traditional processes, this new technology not only simplified the process, but also had higher production efficiency with excellent product quality. In addition, the adverse impact on the environment was also significantly reduced.

Case 2



In 2023, the Company cooperated with Jiangnan University and successfully developed a new generation of high-performance lysine-producing strain, offering strong technical support for lysine's sustainable production and laying a solid foundation for the Company to maintain its leading position in the amino acid industry.

Case 3



In 2023, the Company and Nankai University jointly applied for the "Xanthan Gum Green Smart Manufacturing and Industrial Upgrade Key Technology R&D and Application" project, and won the first prize of Science and Technology Progress Award of China Light Industry Federation. The award-winning achievement reduced the alcohol consumption by 33% and the dosage of washing agent by 50% in the industrial production of Xanthan Gum. The use of some special decolorising agent was completely eliminated, which greatly reduced the consumption of relevant raw materials and environmental treatment pressure. All efforts provided strong technical and product support for environment protection and low carbon development.



🌟 Intellectual property protection

As a company centered on technological innovation, Meihua Group made the layout and protection of intellectual property rights a key part of its strategy. To this end, the Company implemented a comprehensive *Intellectual Property Management System*, established and improved the Company's internal patent review and application standardized process. The Company regularly holds patent knowledge training to strengthen employees' awareness of intellectual property protection, encourages employees to submit new patents with novelty, creativity, and practicality, and formulates an effective patent development incentive system. The Company fully respects the intellectual property rights of others and actively conducts out intellectual property searches and infringement risk analyses during key R&D stages to ensure timely correction and prevention of potential intellectual property infringements. In 2023, Meihua Group cooperated with professional institutions both domestically and internationally to deeply engage in the global intellectual property landscape, effectively improving the Company's global intellectual property protection and management efficiency.

In 2023, the Company added **11** new invention patents and **8** authorizations. The newly authorized invention patents revolved around the Company's core products such as glutamic acid, lysine, and threonine, creating a full-life intellectual property moat for products from design, R&D, large-scale production to marketing. As of December 31, 2023, the Company had applied for **179** patents (including 178 invention patents and 1 utility model patent) and **86** patents were authorized. The Company has achieved full coverage of intellectual property rights in aspects such as strain design and modification, fermentation process control, and downstream processing.



| Providing Excellent Customer Service

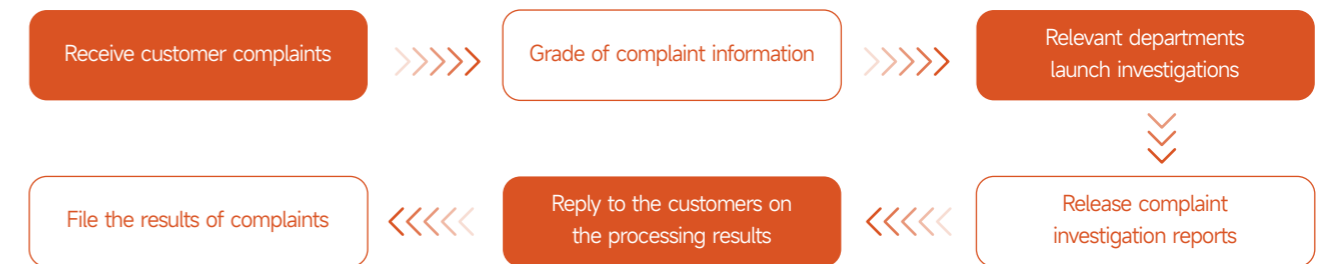
Inheriting the core values of "Industry Thrives on Trust", we will continue to improve the customer service ecosystem to better meet the differentiated needs of global customers and provide more high-quality, efficient and professional services.

We adhere to the "Three Stabilities" service concept to establish a win-win cooperation model with our customers. We provide customers with services with "stable quality, stable supply, and relatively stable price". In addition, the company has optimized and improved the system of *Customer Complaint Handling Process* to improve service efficiency and timeliness and improve customer service quality. We attach great importance to customer service and the quality of our business personnel. We have formulated the *Anti-Bribery Agreement*, conducted training for all employees, and signed the agreement. We strictly follow the Company's *Sales Standardisation Manual* to provide open and fair services to our customers.

As for customer complaints, we ensure timely responses and solutions to them. In 2023, 49 customer complaints were handled, a decrease of 55% from the previous year. Through the implementation of the *Logistics Standardization Manual*, the customer's demand for delivery was satisfied. We continue to collect customer demands and sort out standards to properly resolve customer complaints and service demands.



Meihua Group's Complaint Handling Process



Regarding customer service, the *Sales Office Work Standard Manual* was formulated to plan customer service processes and standards. The Company sorted out different types of customer demands, and ensured that the customer service process was efficient and regulated from the aspects of customer contract management, plan implementation, accounting management, and after-sales service. The customer satisfaction rate reached **95%**.

| Guarding Information Security

In 2023, the Company issued the *Regulations on the Management of the Use of Office Computer*, which clarified the service life of office computers. According to the regulations, 808 office computers were replaced throughout the year, resulting in a total of 4.06 tons of electronic waste.

The electronic waste generated would be recycled and disposed of by the IT Department and deliver to external professional organization to deal with environmentally sound treatment.

In order to strengthen the awareness of information security, information security was included in the new employee induction training course. We will continue to improve the construction of information security, strengthen the maintenance of information network security externally, and establish a continuous, dynamic, and fine-grained access control strategy based on user identity internally to ensure that the responsibility for core data is specific to each person and eliminate internal and external information security risks.

No information security and privacy leakage incidents occurred in 2023.



03

Building the Future Together

Meihua Group has always been "people-oriented" and continues to implement the concept of "all-staff experience, creation and sharing", attracting talents to join with competitive salaries and incentive mechanisms. The Company relies on a comprehensive, multi-dimensional and effective systematic methods to cultivate talents, smooth career promotion channels and create an equal, diverse and inclusive cultural environment for employees to retain talents, thus realizing the independent innovation driving force of employees and enterprises, accelerating the pace of high-quality development of enterprise talents, and realizing the common growth of employees and enterprises.

- ❁ Talent-Driven Development
- ❁ Talent Team Building
- ❁ Valuing Both Health and Care

Meihua Group's UN sustainable development goals



Talent-driven Development

✦ Attracting top talents

Meihua Group always believes that "talent" is the key to the rapid development of the enterprise. The integration of "recruitment, selection, training, and retaining" and the standardized actions are constantly updating and iterating. In 2023, the Company introduced a total of **103** talents, including **24** PhDs and **79** masters; they were high-end talents from Tsinghua University, Peking University, Zhejiang University, Tianjin University, etc. In the process, it has established college-enterprise cooperation with Tianjin University, Jiangnan University, and other colleges with high compatibility with enterprises, providing high-quality graduates for the Company for a long time, laying a solid foundation for talent reserve and subsequent development.



✦ Protecting employees' rights and interests

In order to systematically prevent Meihua Group from human rights abuses such as violence, human trafficking, slavery, exploitation, and restriction of personal freedom, and ensure that the dignity of every employee is maintained. In 2023, the Company continued to improve the relevant systems and issued the *Human Right Protection and Anti-Violence and Conflict Policies*, the *Regulations on the Prohibition of Child Labor*, the *Regulations on the Prohibition of Forced Labor*, the *Anti-Harassment and Anti-Maltreatment Policy*, and the *Anti-Discrimination Policy* to promote the joint supervision and implementation of all employees. We have also formulated a series of preventive measures, such as strict and comprehensive audit and filing in the process of inputting employee identity information, so as to fundamentally prevent the occurrence of illegal employment behaviors such as child labor and forced labor; we organized production bases to carry out regular self-inspection and regular monitoring of human rights situation, so as to ensure the effective avoidance of the risk of human rights violations, and conducted a human rights assessment for Meihua Group's own operation, achieving 79% employee coverage, which is higher than the 75.5% coverage in 2022; we have zero tolerance for discrimination, bullying, intimidation and sexual harassment in the workplace, and are committed to providing employees with a comfortable, fair and secure working environment. During the reporting period, Meihua Group did not commit any human rights abuses.



Insisting on equal employment

- Obey the principle of fair employment and provide equal employment opportunities
- Respect the legal rights and interests of employees to conclude labor contracts and terminate labor relations on an equal footing according to law
- Promise to strictly implement the *Regulations on the Prohibition of Child Labor* and not to employ or support the employment of underage children.
- The proportion of employees covered by the Company's collective bargaining agreement reached 100%.

Working conditions and social protection

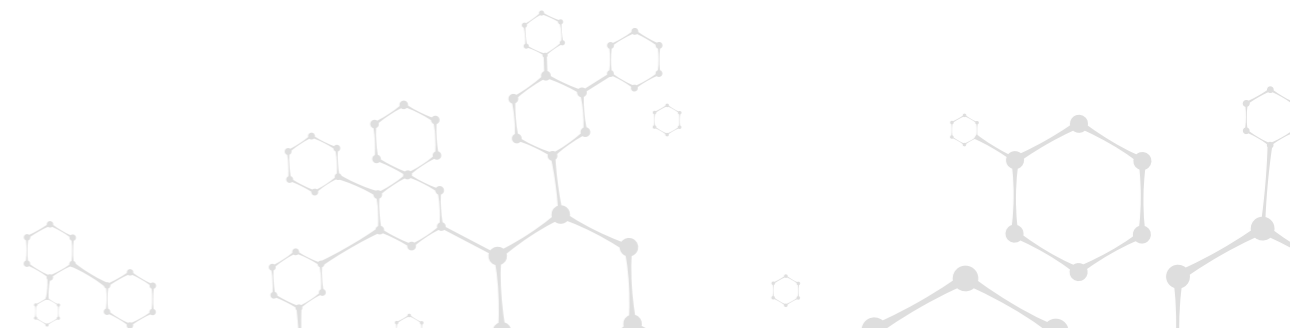
- Create a good working environment, pay attention to the physical and mental health of employees, and provide sufficient development opportunities for employees.
- Provide employees with good working conditions, including wages, working hours, rest time, holidays, etc., to implement gender equality and equal pay for equal work, to respect employees' rights to rest and leisure, to provide employees with paid holidays, and to protect employees' participation and appeal rights.

Anti-discrimination anti-harassment anti-abuse

- No discrimination, rejection or unfair treatment will be given to employees in terms of recruitment, training, promotion, salary and benefits, working conditions, organization and participation in trade unions, retirement and dismissal due to gender, age, religion, race, origin, social background, disability, nationality, marital status, illness, etc.
- All forms of harassment and violation of the human rights of others are strictly prohibited, including sexual coercion, threats, insults, and other related words, gestures, and physical contact.

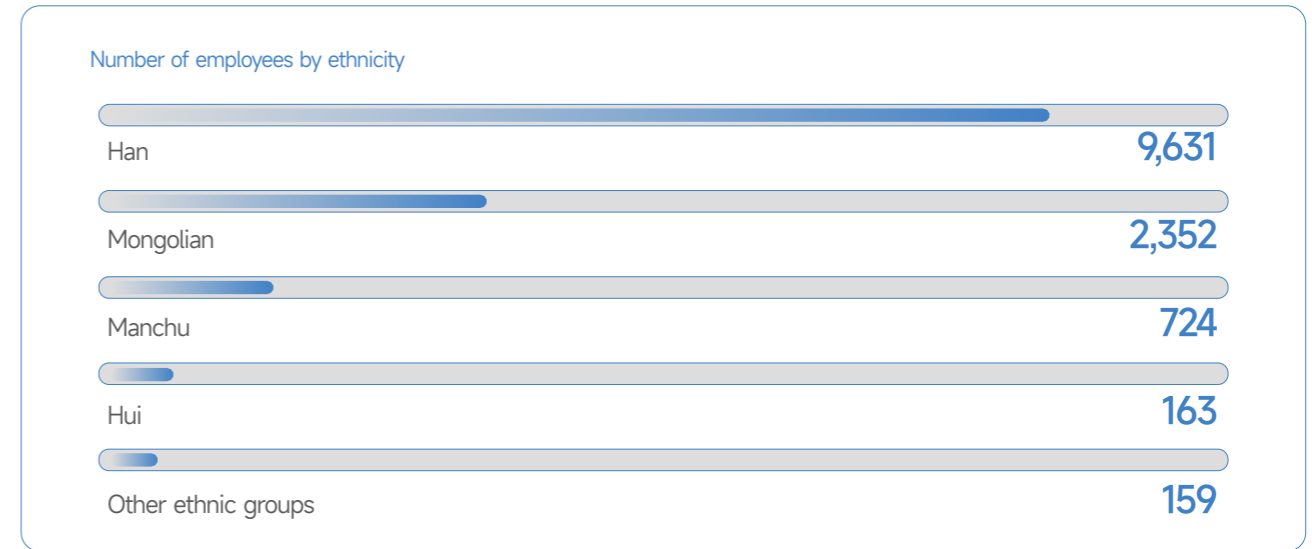
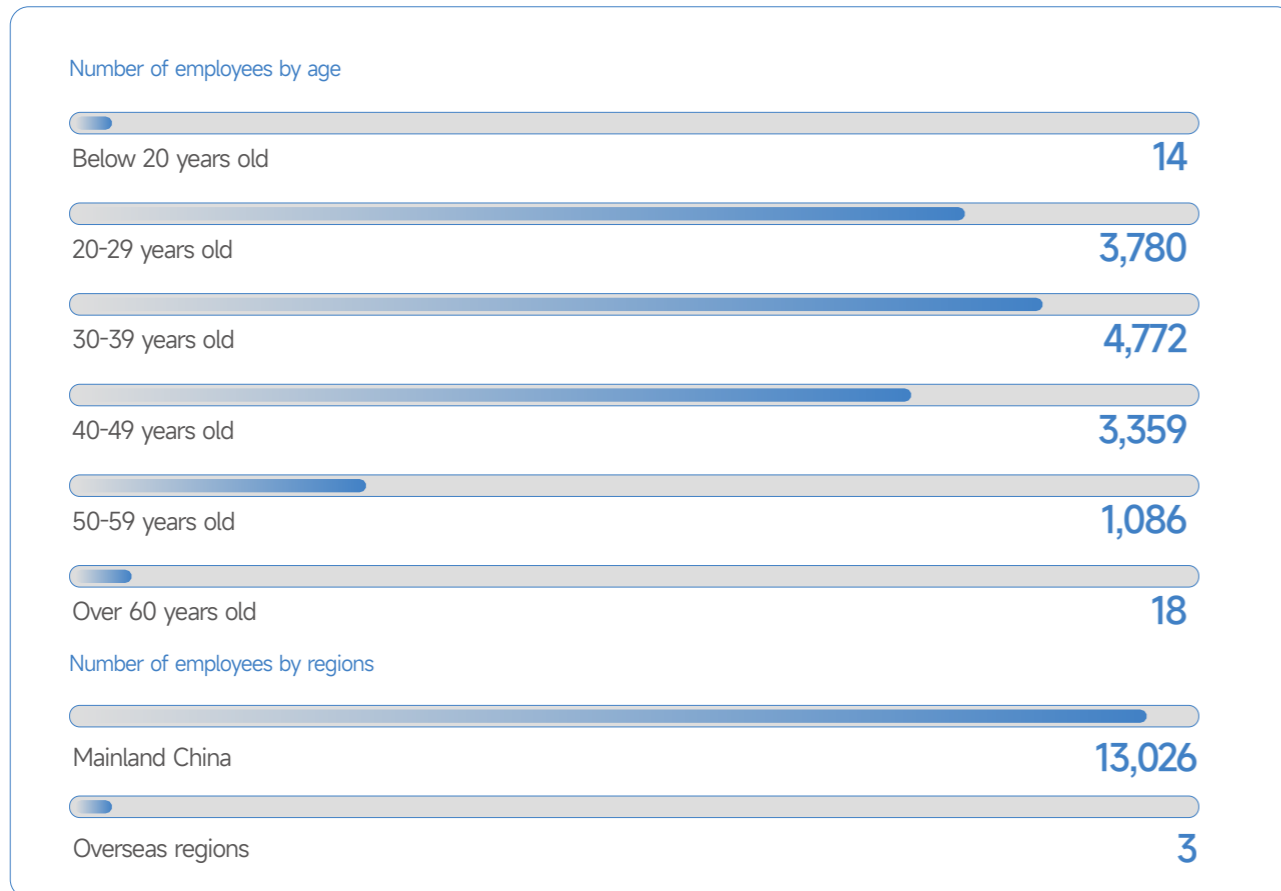
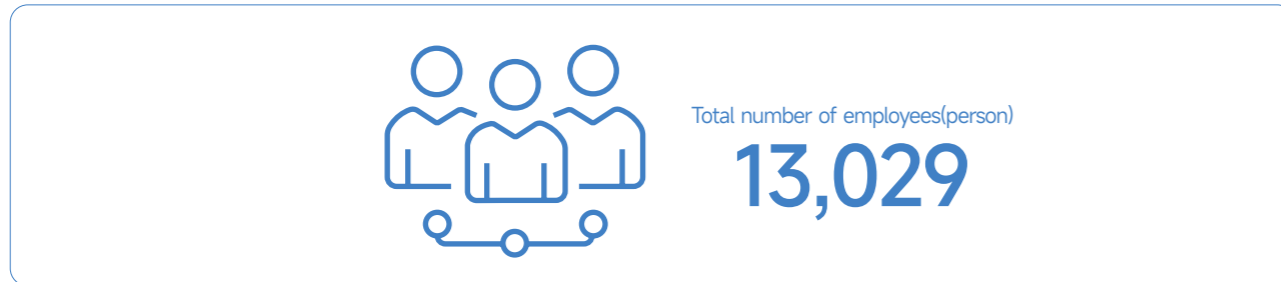
Forced labor is prohibited.

- Promote the joint supervision and implementation of all employees, and formulate a series of preventive measures, such as strict and comprehensive review and filing during the process of entering employee identity information, and fundamentally eliminate the use of child labor, forced labor and other illegal employment practices;



✿ Diversifying the staff composition

Total number and composition of employees staff (including part-time staff) by sex, age, level, ethnicity and nationality.



The proportion of employees from disadvantaged groups (such as the disabled) in the total number of employees, the calculation formula is/ calculated by the formula: the number of disabled employees/total number of employees.

Meihua Group is committed to solving the employment problems of the disabled and other vulnerable groups, and take the initiative to assume social responsibility. As of the end of the reporting period, Meihua Group had a total of 13,029 employees, including about 80 disabled employees, accounting for 0.61% of the total number of employees.

✿ Protecting women's rights and interests

Meihua Group actively protects the legal rights and interests of female employees, abides by relevant laws and regulations, ensures that female employees have equal pay, benefits and career development opportunities, and receive fair opportunities in promotion, evaluation of professional and technical positions, salary distribution, etc., while constantly improving the representation of women in the management team.

As of the end of the reporting period, female accounted for **36%** of the executive positions in Meihua Group.



Training index statistics

2023



Total training duration
2,044,672 hours

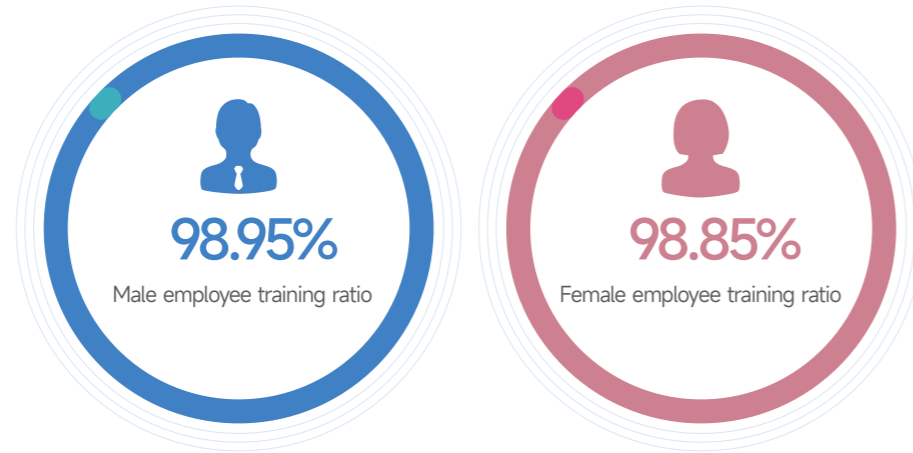
Average training time per employee per year

156.93 hours

Staff training coverage

98.91%

Training ratio by gender >>>>

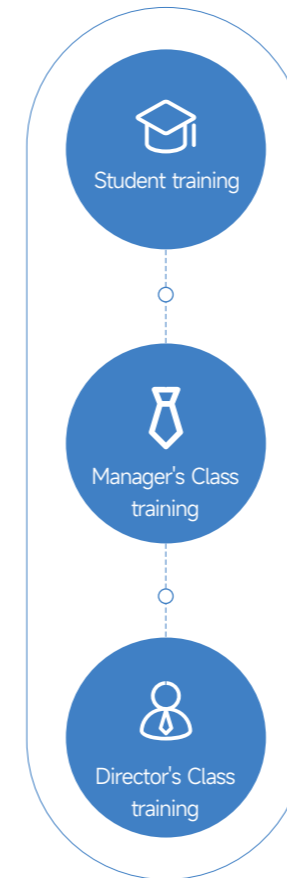


Training ratio by rank >>>>



Talent Team Building

Graded talent training



Meihua Group provides the "Dream Sailing" orientation training program for newly recruited college graduates, including cultural courses, military training, physical training, and other training activities.

The Dream Sailing training class sent 509 qualified college graduates to the Company.

Meihua Group led the trainees of the managers and department heads training class to visit the smart factory SANY to learn excellent operational management experience. It adopted the strategy of "combining training and practice" and was committed to improving the ability of the on-the-job managers to undertake goals and lead the team. A total of 30 trainees participated in this course.

Meihua Group continues to arrange the training for the director's class and the supervisor's class. Through the mode of combining training and practice with cadre rotation, the management ability of the trainees was improved, and the problem of insufficient reserve for the product workshop directors, production section chiefs, and supervisors on duty was effectively solved. A total of **211** trainees were trained.



Win-win compensation and incentives

The Company adheres to the salary concept of "Three Fair and One More" and "Three High and One Low", and is constantly committed to being a salary leader in the industry. In addition, the Company adheres to the business guidelines of "full-staff operation, creation and sharing", guiding and encouraging employees to create value in their respective fields of work, to achieve a win-win situation for employees.

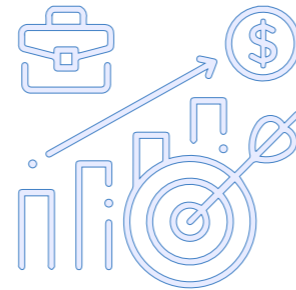
Bonus Pool plan



In 2023, the company continued to implement the bonus pool plan and iterated the incentive plan and system of the bonus pool. The bonus pool target was written into the departmental target responsibility paper, and all departments were encouraged to declare targets and assume more targets.

The goal is "create more, share more", that is, commit more, create more, share more.

The company has long insisted on improving the salary mechanism, and regards employees as the greatest wealth. In the next three years, the Company will continue to raise salaries and double the income of front-line employees as an important strategic goal.



Human capital investment return rate calculation:

By 2023, the human capital system invested in the education, training, and development of employees to improve the economic efficiency of the enterprise. The return on investment in human capital was about **200%** ($31.9/15.92=200\%$), reflecting significant gains in employee education, training, and development.

Smart construction of human resources

Human Resource Information Technology



In 2023, Human Resources further built an information system, introduced Feishu as a collaborative office platform, integrated daily work software, and built a convenient, fast and efficient office environment; in terms of human resources system, the Company introduced the human resources system management software of Inspur, a leading enterprise in information technology, and divided it into two phases. In the first phase, the templates of organization and personnel, attendance, salary performance and cadre files were launched. Through the project landing, the human resources management system was leapfrogged from 0 to 1, and all basic work was improved by more than 50%, and at the same time, the human resources management actions were standardized. The Company implemented the processes and standards of human resource management into the system, standardized the work standards of human resources, standardized business requirements, and achieved high-efficiency work. It could be traced, inquired, and analyzed. Through digital process management, it actively discovered talents, accurately recorded talents, and quickly emerged talents. It supported business analysis and management, and improved the overall employment efficiency of human resources and business departments.

Valuing Both Health and Care

Employee satisfaction survey

In 2023, we launched an employee satisfaction survey to proactively gather genuine feedback from employees, understand their concerns, and dig out problems in employee service work, and continuously improve the Company's management of employees. In 2023, the overall employee satisfaction score of Meihua Group was **3.73**, with a coverage rate of **82%** (full score is **5** points).




🌸 Pay attention to employee health

To minimize the risk of occupational hazards, the Company conducts assessments and evaluation of occupational disease hazard factors every year, and uses scientific and advanced methods to assess the risk of occupational disease hazard. The Company organizes all staff health examinations and special occupational health examinations, establishes occupational health monitoring files for employees exposed to occupational hazards, and actively promotes occupational health promotion in the workplace.

During the reporting period, the Company achieved **100%** for the on-the-job staff physical examinations, and **6,500** people completed the occupational health examination in the process. All of them were examined to prevent occupational diseases and work-related diseases.




🌸 Care for staff life



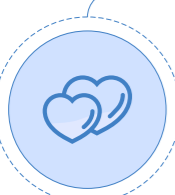
Housing subsidy

The Company provides housing subsidies to the employees who are committed to growing with the Company. By the end of the reporting period, more than **480** employees had enjoyed the housing subsidy, and the accumulated number was about RMB **63** million.




Women's Day

On the day of the festival, the Company will give out small gifts such as roses, carnations, and cakes to female employees, and the administration will take the lead in organizing a flower arrangement salon for female employees.




Double Seventh Festival

Before the Double Seventh Festival, the Company officially launched a dating platform for single youths on the Feishu platform, planning various online activities. The employees could upload their friends and families' information to the platform to help single employees find their Mr./Ms. Right.



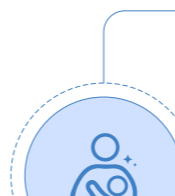
Staff holiday benefits

On the eve of traditional festivals such as the Mid-Autumn Festival and the Spring Festival, the Company will prepare holiday gifts for employees.




Statutory benefits

According to the national regulations, the Company pays pension insurance, employment insurance, work injury insurance, medical and childbirth insurance, and housing funds for employees; and provides legal holidays (including marriage leave, funeral leave, prenatal check-up leave, maternity leave, sick leave, etc.).



Child welfare/Mommy's Room


- Female employees are entitled to statutory maternity leave when giving birth;
- If the employee has children under the age of 10 at home, both the father and mother are entitled to have a one-hour delay in starting work for childcare.
- The Company set up a "Mommy's Room" for female employees to breastfeed. It meets the needs of the majority of female employees and expectant mothers, and gives every working mother tolerance and dignity.




Rationalization proposal

The Company introduced the Feishu intelligent office system and established an open and equal communication platform "Company Circle" to encourage employees to speak freely. After going online, it has received a total of **220** reasonable suggestions and implemented **53** of them, finally took them into actions.

Work environment improvement



In August 2023, the management layer of Meihua Group visited excellent external enterprises to learn and imitate them. The Company set up an environmental civilization office, persists in investing in and continuously improving hardware facilities, creates a clean, hygienic and fully functional working environment, allows employees to create a clean and tidy workplace, builds a garden-style factory and an "environmental civilization" lighthouse factory, and promotes the Company's "internal and external image".



04

Addressing Climate Changes

Climate change is one of the great challenges faced by the whole world. Since entering the industrial era, the global temperature has risen due to greenhouse gas emissions, which has caused many problems such as melting glaciers and rising sea levels. The environment on which human beings depend is facing unprecedented threats and challenges. Adhering to the concept of sustainable development, Meihua Group has actively implemented the *United Nations Framework Convention on Climate Change* and *The Paris Agreement*, fully aligning with the national "Carbon Peaking and Carbon Neutrality" goals and the development trend of energy transformation, and actively participated in the global response to climate change. With reference to the Task Force on Climate-Related Financial Disclosure (TCFD), we established a governance framework to address climate change, effectively integrated climate change strategies into the Group's strategy, actively carried out climate change risk management, set climate change-related indicators and targets, promising to reduce greenhouse gas emissions and transform into a greener, low-carbon and sustainable business model.

- ⚙️ Climate Change Control
- ⚙️ Low-carbon Environmental Protection Action
- ⚙️ Effect of Energy Saving and Pollution Reduction

Meihua Group' UN sustainable development goals



Climate Change Control

Climate governance layout

The Company attaches great importance to climate change related risk management, and carried out climate change risk and opportunity analysis based on macro policies, strategic planning, production and operations on a regular basis. It has formulated the *Management Measures for Addressing Climate Change and Sustainable Development*, the *Energy Management System* and other systems, clarified the responsibilities of all levels in addressing climate change, and proactively integrated climate change into the Company's development strategy, major decisions and production and operation.

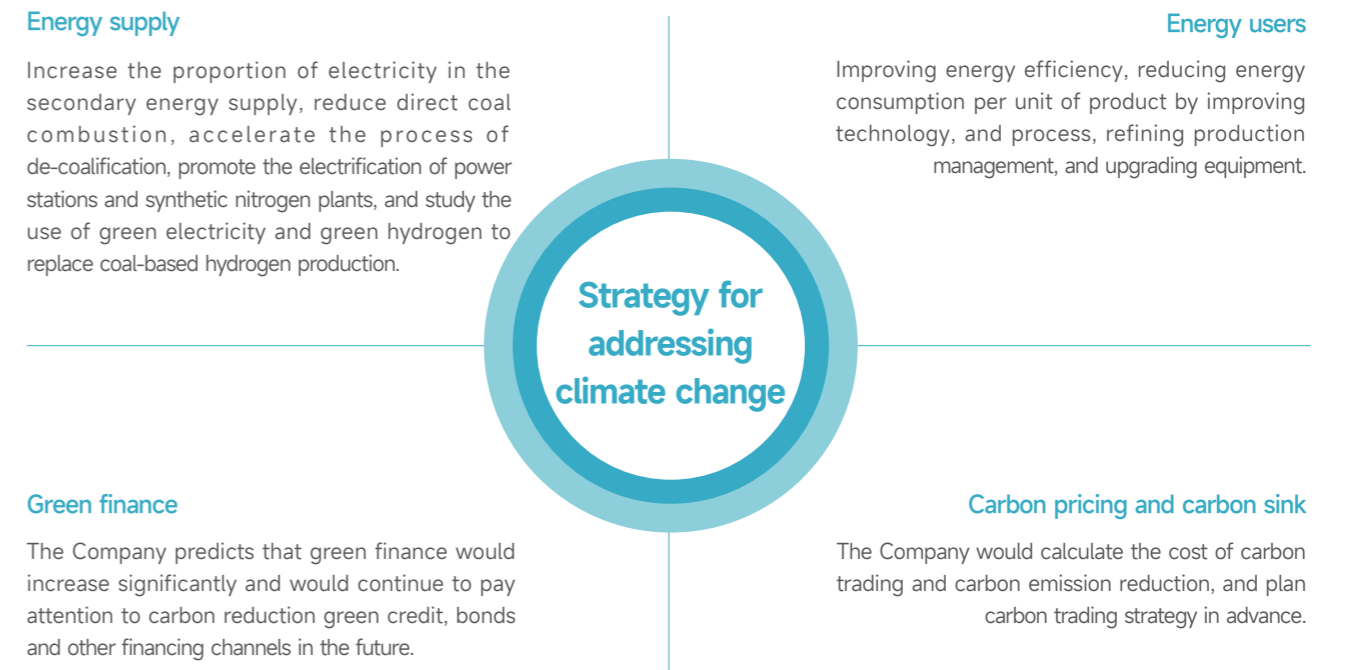
The Strategic Committee members of the Board of Directors of Meihua Group are responsible for approving climate change-related performance targets and incentive mechanisms, and regularly reviewing the achievement of these targets.

Climate Change Management structure	Responsible Insitutions	Responsibilities
Governance Level	Strategy Committee	<ul style="list-style-type: none"> Supervise and approve the Company's climate change strategy and plans, and supervise climate change risk management; Responsible for approving climate change related performance targets and incentive mechanisms, and regularly reviewing the completion of targets.
Management and Executive Level	ESG Leading Group	<ul style="list-style-type: none"> Develops the Company's medium to long-term energy conservation plan, energy development plan, and energy conservation and emission reduction targets; Responsible for identifying and evaluating the risks related to climate change, and supervising the implementation of energy conservation and emission reduction at base; Organize and hosts training on climate change.
	All relevant departments	<ul style="list-style-type: none"> Responsible for identifying and assessing risks related to climate change; Responsible for implementing the risk management measures to deal with climate change in business activities and implementing the energy conservation and emission reduction plan.

Strategic response to climate

In the context of nation efforts promote carbon neutrality in 2020, Meihua Group actively responded to the National call and took the initiative to do various work to address climate change risks. The Company has developed the strategy aimed at addressing climate change and reducing greenhouse gas emissions between 2020 and 2025, and clarified the specific objectives, work tasks, assessment and incentive methods of the whole company to ensure the effective implementation of specific work.

Meihua Group actively implemented the climate adaption strategies and carried out actions to address climate change risks. The Company strived to reduce greenhouse gas emissions and continuously improved its ability to cope with climate change risks from four aspects: energy supply, energy users, green finance, carbon pricing and carbon sink through management optimization, equipment upgrading, technological transformation and process optimization, and clean energy substitution.



Climate risk management

Meihua Group has identified and assessed the risks of climate change based on its own situation by analyzing the national policies related to carbon peaking and carbon neutrality goals and policies on climate change, types of natural disasters in the country, and formulated countermeasures to adapt to or mitigate the impact of climate change on business.

Transformation risks

Political risk >>>>

The proposal of the national Carbon Peaking and Carbon Neutrality goals will lead to stricter greenhouse gas management. The compliance risk of Meihua Group in the process of low-carbon transformation increased, and the cost of energy structure adjustment increased.

Countermeasures >>>>

- Actively promote renewable energy, expand the use of solar energy and wind energy;
- Efforts are being made to implement technological transformation and energy recovery projects with the aim of reducing energy waste and promoting more effective and rational use of energy.

Technical risk >>>>

Indicators and targets Increased investment costs for decarbonising production processes and introducing energy-saving and consumption-reducing equipment.

Countermeasures >>>>

- Advance the R&D of energy-saving technologies;
- Monitor the latest development and application of energy-saving technologies in the bio-fermentation industry, conduct feasibility analysis of technology replacement, and introduce advanced energy-saving equipment.

Physical risks

Acute risk >>>>

Extreme weather such as extreme rainfall and high temperature may cause damage to production equipment and storage facilities, disruption of transportation, and cause other property damage, as well as threaten the health and safety of employees.

Countermeasures >>>>

- Prepare flood control and high temperature emergency rescue plans;
- Pay close attention to the news released by the meteorological authorities, especially weather warnings;
- Add extreme weather defense facilities.

Chronic risk >>>>

Long-term climate change risks such as water scarcity may affect normal production and increase operating costs.

Countermeasures >>>>

- Gradually conduct water risk analysis and assessment, and incorporate water risk management into the Company's overall risk management in the future.

Low-carbon Environmental Protection Action

Achievement of low-carbon goals

Under the guidance of the national carbon peak and carbon neutrality, Meihua Group insists on equal emphasis on both technology and management, and continues to reduce the energy consumption of products. Based on the concept of sustainable development of green synthetic manufacturing, we encourage all employees to make reasonable suggestions on energy conservation and carbon reduction, and reward the proposers of rationalisation proposals that have achieved significant results after implementation, in accordance with the regulations.

In addition, the Strategy Committee of the Company regularly monitors the completion of climate change related targets and indicators, and carries out regular performance evaluations to ensure that relevant departments comply with the set targets. During the reporting period, we achieved our annual carbon dioxide reduction target.

Chronic physical risk is a longer-term change in climate patterns that could cause sea level rise or prolonged heat, such as persistent high temperatures.

Formulation of environmental standards

In order to regulate the greenhouse gas accounting standards for the bio-fermentation industry, Meihua Group took the lead in formulating the group standard *Greenhouse Gas Emission Accounting and Reporting Requirements - Bio-fermentation Production Enterprises* proposed by the China Biotech Fermentation Industry Association, which was released in December 2022 and implemented from April 1, 2023.

Meihua Group participated in the drafting of the group standard *Evaluation Standard of Energy-saving and Environmental Protection Benchmark Enterprises in Bio-fermentation Industry* proposed by the China Biotech Fermentation Industry Association, which was published and implemented on December 18, 2023.

Meihua Group took the lead and participated in the formulation of the standard - *Water-saving Enterprise Fermenting Industry* (GB/T 32165-2023), which was drafted by the National Standardization Management Committee and the China Biotech Fermentation Industry Association, and released on December 28, 2023.



Training on carbon reduction and energy saving

In order to strengthen the professional capacity of employees in addressing climate change risk and reducing carbon emissions, the Company provided comprehensive training on energy-saving strategies, policies and standards.

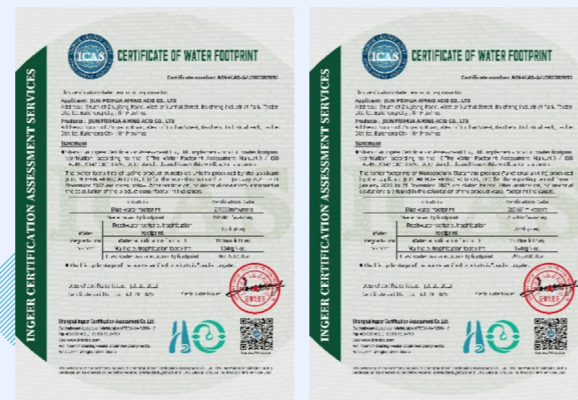
In 2023, Meihua Group carried out four trainings on the topic of climate change and energy-saving and energy-reduction strategies. The training content included the interpretation of the national carbon neutrality development trend, the energy-saving and energy-reduction strategies of the same industry, the current energy consumption situation of the Company, and the energy-saving and energy-reduction planning strategies. The number of participants reached **150**, and the total training duration reached more than **600** hours.

Positive certification of environmental performance

In 2023, Meihua Group certified the carbon footprint, water footprint, greenhouse gas emissions, and carbon neutrality plan for MSG and lysine products using the Jilin Base as the benchmark factory, laying a good foundation for the subsequent full coverage of carbon neutrality.

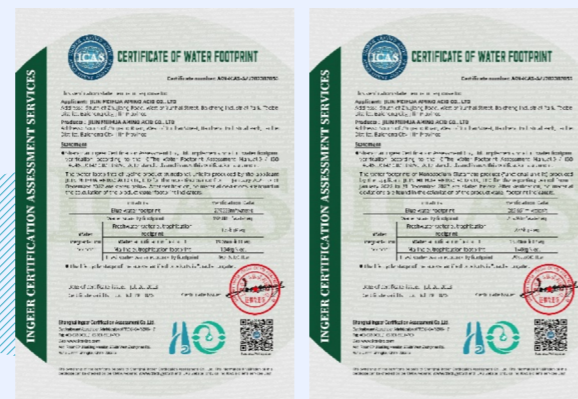
Case: The carbon footprint certification of MSG and lysine in Jilin Base

The carbon footprint study yielded positive results for Jilin Base to identify the greenhouse gas sources and corresponding amounts of the MSG series products. This data can facilitate communication and cooperation between enterprises, raw material suppliers and product buyers. Furthermore, it can serve as a data basis for enterprises to provide product carbon footprint certification.



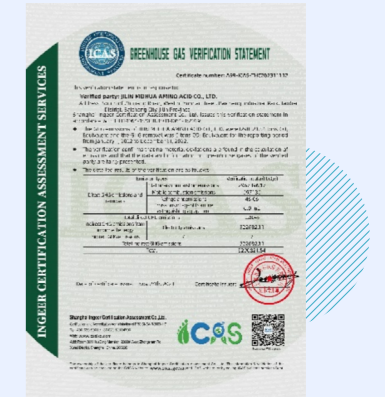
Case: Water footprint certification of MSG and lysine in Jilin Base

In addition to the carbon footprint, the water footprint has also become an important indicator for evaluating a company's sustainable development and social responsibility performance. Meihua Group has taken a positive step towards protecting water resources by promoting water footprint certification. Moving forward, the company will continue to explore and make breakthroughs on this path, which is full of both hope and challenges.



Case: Calculation of Greenhouse Gases in Jilin Base

Jilin Base will take measures to monitor and manage greenhouse gas emissions in order to contribute to the global effort to combat climate change, while fulfilling its corporate social responsibility and commitment to sustainable development. The aim is to conserve energy resources and preserve the global ecological environment through Jilin Base's management.



Case: Energy Management System Certificate of Tongliao Base

The purpose of this standard is to assist organizations in implementing the appropriate systems and procedures to continuously improve their energy performance, encompassing energy efficiency, utilization, and consumption. The standard delineates the criteria for the organization's energy management system. The implementation of an energy management system, supported by a culture of energy performance improvement, is contingent upon the dedication of all levels of the organization, especially top managers. In many cases, it involves cultural change within the organization.



Effect of Energy Saving and Pollution Reduction

During the reporting period, in order to further reduce carbon dioxide emissions, each base of the Company carried out energy-saving and energy-reduction work in various aspects such as production process management, heating station technical transformation, and solar photovoltaic (PV) power generation. We will perform energy-saving and energy-reduction work in various aspects.

Cases of energy saving and pollution reduction

Some examples of energy conservation and pollution reduction are as follows

Case 1: Energy supply technical transformation project



- Low-pressure steam pipe network operation optimization project of Xinjiang heating station: The Xinjiang base compared the usage of the overall steam pipe network with the design standards, found the optimization point, and reduced the overall steam consumption rate of the power plant by 0.2 Kg/kWh by adjusting the external steam pressure. It is estimated that the annual standard coal would be saved by 33,800 tons and the carbon discharge will be reduced by 87,800 tons.
- PV power generation in Tongliao and Jilin plants: The Company actively responded to the call of the national clean energy development strategy and built PV power projects in Tongliao and Jilin Bases respectively in line with the concept of green and sustainable development. The project has been completed and put into use. It is estimated that the annual green electricity generation will be 35.52 million KW·h, and the annual carbon discharge will be reduced by 1.1 tons.

Case 2: Equipment improvement and process management



- Energy-saving technical transformation of Xinjiang starch boiler: Xinjiang starch workshop boiler added a set of evaporating tower system, and the tail gas recovery heat can save steam volume of 9T/h per hour. It is estimated that 10,000 tons of standard coal will be saved and 2.6 tons of carbon will be reduced.
- Refining the Xanthan Gum process: The new production line of Xanthan Gum was built in Jilin Base. The new extraction process was used and the boiler was improved. The unit steam consumption of the product was reduced by 11%, saving 54,000 tons of steam annually. It is estimated that 7,700 tons of standard coal will be saved and 20,000 tons of carbon will be reduced.

Performance in energy discharge and emission

Meihua Group Energy Use and Carbon Footprint in 2023



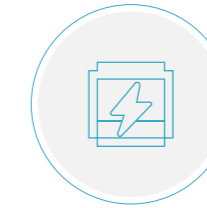
Coal consumption

3,898,041 tons



Diesel consumption

889 tons



Purchased power consumption

948,914,516 kWh



Natural gas consumption

15,740,936 Cubic meters

Renewable energy use

58,306,215.60 kWh

Comprehensive energy consumption density

4,115.26 Gigajoules/turnover of RMB one million

Total greenhouse gas emission of Scope 1

9,383,709.02 Tons of carbon dioxide equivalent (tCO₂e)

Total greenhouse gas emission of Scope 2

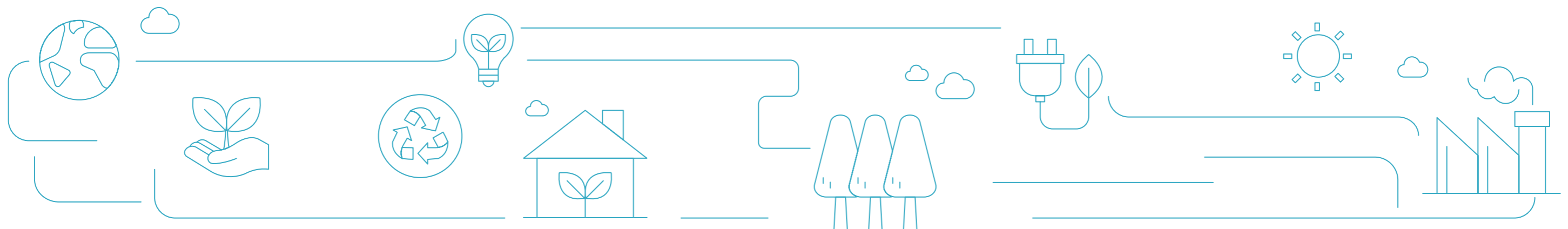
286,889.12 Tons of carbon dioxide equivalent (tCO₂e)

Total GHG emission

9,670,598.14 Tons of carbon dioxide equivalent (tCO₂e)

GHG emission intensity

348.36 Tons of carbon dioxide equivalent (tCO₂e)/turnover of RMB one million



05

Building a Green Factory

Meihua Group always adheres to the scientific concept of "lucid waters and lush mountains are invaluable assets" and actively devotes itself to environmental protection and resource conservation while utilising natural resources. Aware of the importance of treating nature with respect, we continually improve the environmental management system, constantly optimize water resources efficiency, vigorously promote waste management and pollution prevention, enhance the recycling level of packaging materials, and strive to become an "environmental pioneer" to promote the harmony between people and the environment with practical actions.

- ✿ Environmental Protection First
- ✿ Management of Water Resources
- ✿ Promotion of Pollution Control
- ✿ Recycling of Packaging Materials

Meihua Group's UN sustainable development goals



Environmental Protection First

Development of systems

Meihua Group Strictly complies with the *Environmental Protection Law of the People's Republic of China* and other laws or regulations. In line with the actual situation of the Company's environmental protection work, the Company release the *Management System for Stable Odor Compliance* and the *Management System for Stable Operation of Sewage Workshop*. Each base strictly implements the Company's requirements and has formulated internal management documents such as *Environmental Protection Management System*, *Environmental Protection Monitoring System*, *Environmental Protection Education and Training System* and *Environmental Protection Inspection System*. We implement environmental management in accordance with the principles of "prevention first, source control, terminal treatment, discharge to standard" and "whoever is in charge is responsible".

Management measures

- To ensure that environmental management can be effectively implemented, a comprehensive environmental audit system is established, reinforcing the main responsibility for environmental protection work.
- The Group's HSE Management Department regularly convenes environmental reports and special meetings. It works with each base to formulate environmental protection plans and validates the environmental protection resources for new, expanded, or renovated projects, thus comprehensively managing Meihua Group's environmental protection efforts.
- Meihua Group has implemented regular environmental protection training for all employees to enhance their environmental awareness, strengthen their understanding of the Company's environmental protection concept, and improve their ability to use environmental protection technology. Furthermore, the Company is mandated to regularly publish environmental protection information and safety incident cases in its journals and on workshop bulletin boards to raise employees' awareness of environmental protection regulations.

Environmental management system

As of the end of the reporting period, (Meihua Group achieved full coverage of the ISO 14001 certification system), the three production bases under Meihua Group achieved full coverage of the ISO 14001 certification system, and the certification ratio reached **100%**.



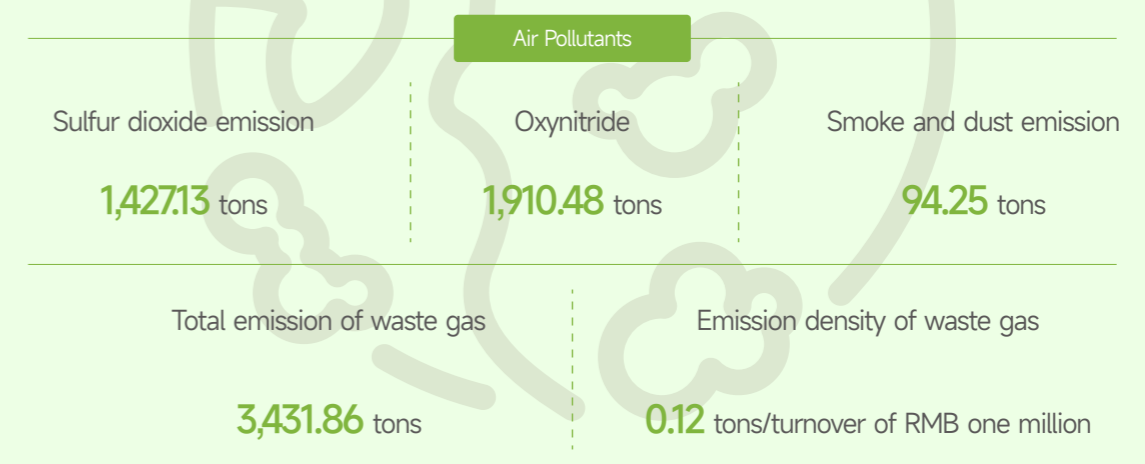
Management behaviors

- The local government's environmental management department regularly carries out supervisory monitoring of waste water and waste gas, and internally tests it on a monthly, quarterly, and annual basis.
- Management is implemented by subdivision, with workshops being managed by environmental protection specialists, taking into account the sewage situation and the operating status of environmental protection facilities.
- The Company set up an environmental protection award and organized a monthly joint inspection every month to focus on the operation of the Company's environmental protection system.
- The Group Company take the lead in organizing regular environmental compliance inspections of the production base, four times per year.

Key cases

The Xinjiang Base has invested RMB 180 million in total to complete 37 atmospheric treatment projects such as the treatment of unorganized dust and odor in the organic fertilizer workshop, the treatment of dry waste gas in the starch workshop, the treatment of tail gas from the seventh production line of MSG (the seventh extraction workshop), the treatment of unorganized waste gas in starch soaking, the treatment of dust in the starch-cleaning grain section, the treatment of fermentation waste gas, and the treatment of unorganized dust in the coal shed, etc., which have been put into operation. After the implementation of various treatment measures, the Company commissioned a third-party testing company to do the test, and the test results all met the limits in the *Emission Standards for Odor Pollutants* (GB14554-93). The discharge concentration of the particles, sulfur dioxide, sulfuretted hydrogen, hydrogen chloride, non-methane total hydrocarbons, odor concentration and other indicators at the 32 discharge outlets of the enterprise involved in odorous waste gas meet the limit requirements of the *Integrated Emission Standard of Air Pollutants* (GB16297-1996), the *Odor Pollutant discharge standard* (GB14554-93), the *Emission Standards for Odor Pollutants* (GB14554-93) and pollution emission permits.

The Jilin Base invested RMB 2,783,900 to add an external PSCR detoxification reaction device to four high-temperature and high-pressure circulating fluidized bed furnaces in the fifth production line of the heating station. As a result, the boiler's discharge index was reduced to less than 50 mg/nm³ and reached the ultra-low discharge standard. Furthermore, the enterprise entrusted a third-party testing company was hired conduct tests after implementing these measures. The concentration of particulate matter, sulfur dioxide, nitrogen oxides and other indicators involved in the odor exhaust outlet of the enterprise met the limit requirements in the *Integrated Emission Standard of Air Pollutants* (GB16297-1996) and the pollution emission permits.



🌿 Environmental emergency management

The Company's environmental protection specialists compile environmental contingency plans according to the *Interim Measures for the Administration of Emergency Response Plans for Sudden Environmental Events* and the *Measures for the Administration of Registration of Emergency Response Plans for Sudden Environmental Events in Enterprises and Institutions*. The Company also organizes relevant drills to promptly report unexpected environmental pollution events to the superior departments. According to the requirement that the contingency plan should be revised every three years, Tongliao Base has completed the updating and compilation of the *Emergency Response Plan for Sudden Environmental Events* in April 2023 and has put it on record.

In 2023, the three bases carried out a total of six emergency drills

including two of these carried out **by Tongliao Base**, namely, the fire emergency drill for extracting threonine with low content and the emergency drill for liquid ammonia leakage in synthetic ammonia production line;

two emergency drills carried out **by Jilin Base**, namely, emergency drill for sulfuric acid leakage accident in lysine extraction workshop and emergency drill for liquid ammonia leakage in synthetic ammonia production line;

and two emergency drills carried out **by Xinjiang Base**, namely, drill for liquid ammonia spherical tank leakage, and drill for leakage of hazardous chemicals rooms.

We strictly adhered to the emergency plan steps, analyzed and summarized the results of each drill, and exercised the response ability and disposal ability of personnel at all levels through practical operations.

| Management of Water Resources

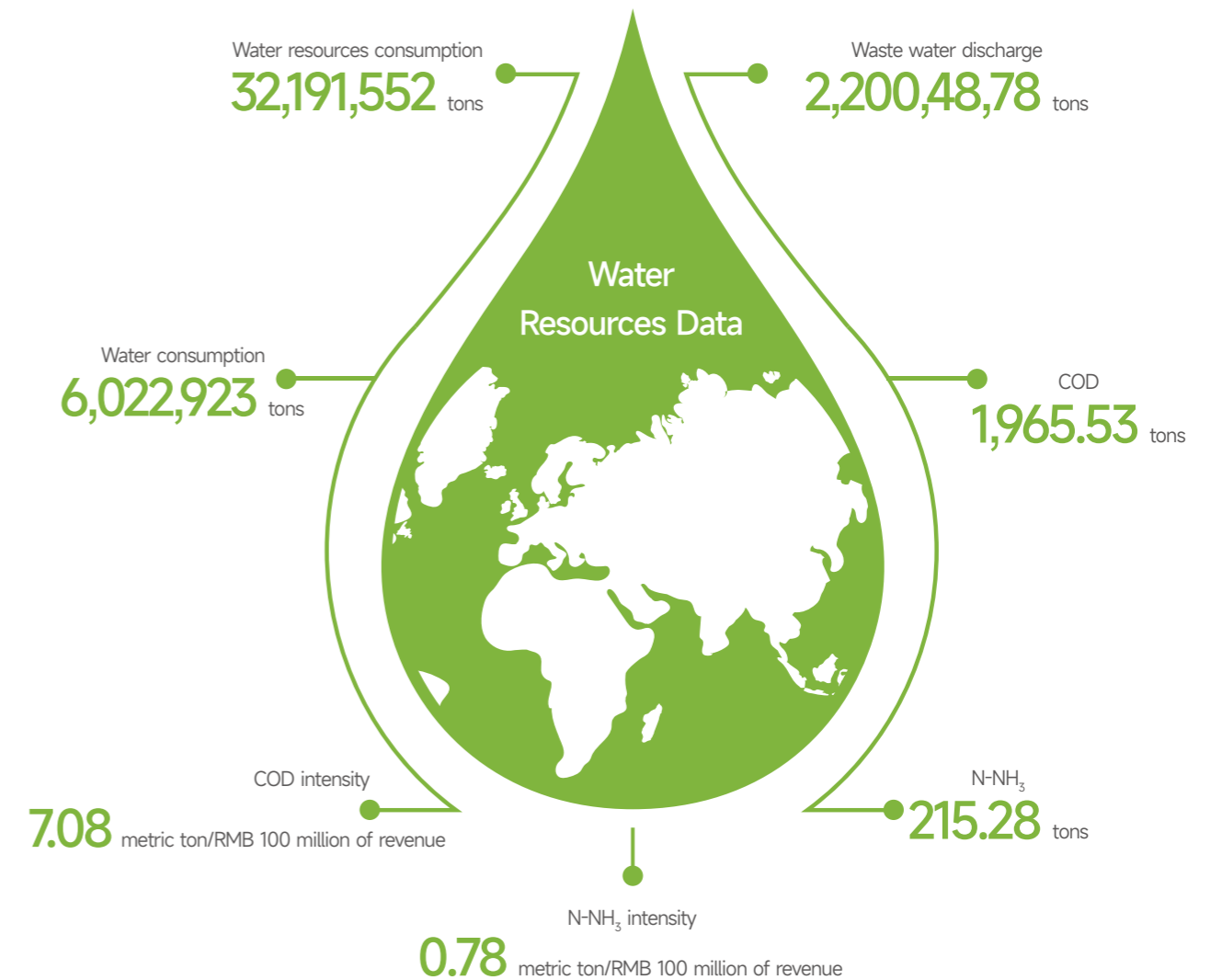
In 2023, Meihua Group identified the water risk level of all the Company's operations based on the water risk analysis tool of the World Resources Institute (WRI). It found that 100% of the water intake came from high-risk areas, and the percentage of crops purchased by the Company from areas with high or extremely high water pressure reached 80%-100%. These risks have motivated us to continuously improve water resource efficiency. The Company is committed to reducing water usage, regularly evaluating performance, and protecting water resources through practical actions. Through measures such as optimization of process flow and recycling of water resources, we can effectively control water-related risks and achieve water conservation.

We have formulated the *Management Measures for Water Resources of Meihua Group*, set the strategy committee of the board of directors as the highest responsible institution for the company's water resources management, established a three-level water resources management framework for the Company, production bases and production units. The system clearly stipulates that the water resources of Meihua Group should be planned as a whole, to strengthen the conservation, protection and scientific utilization of water resources. Additionally, efforts will be made to improve the reuse rate of water, expand the utilization of non-traditional water resources in industry, and create water-saving industrial enterprise. In 2023, there were no water-related incidents in all the bases of Meihua Group.

Cases



- Threonine technical transformation project: The secondary steam of the evaporating device in the threonine workshop was condensed and reused. The optimized cooling technology no longer uses circulating water to cool down, which can save 39,800 m³ of circulating water/year.
- The high-phosphorus water of the acid was reused in the tail liquid workshop for chemical treatment, saving 300m³ cubic meters of water every day.
- Lysine was washed with the secondary condensed water instead of the de-salted water, saving 1200m³ of secondary washing condensed water per day.



Promotion of Pollution Control

By continuously enhancing the reduction, comprehensive utilization and harmless management of solid waste, Meihua Group prevent solid waste from polluting the environment and endangering human health in the process of production, storage, transportation and treatment. In the process of production and operation, we strictly abide by national laws and regulations, implement the *Pollutant Release Management System*, the *Dangerous Waste Management Regulations* (Trial) and other systems to ensure the stable operation of the pollution treatment facilities, achieve the discharge of all kinds of atmospheric pollution and waste water, and properly handle all kinds of waste.

Waste treatment

Meihua Group continues to deepen solid waste reduction, comprehensive utilization and harmless management to prevent solid waste from polluting the environment and harming human health during production, storage, transportation and treatment process. In the process of production and operation, we strictly abide by national laws and regulations, implement the *Pollutant Release Management System*, the *Dangerous Waste Management Regulations* (Trial) and other systems to ensure the stable operation of the pollution treatment facilities, achieve the discharge of all kinds of atmospheric pollution and waste water, and properly handle all kinds of waste.

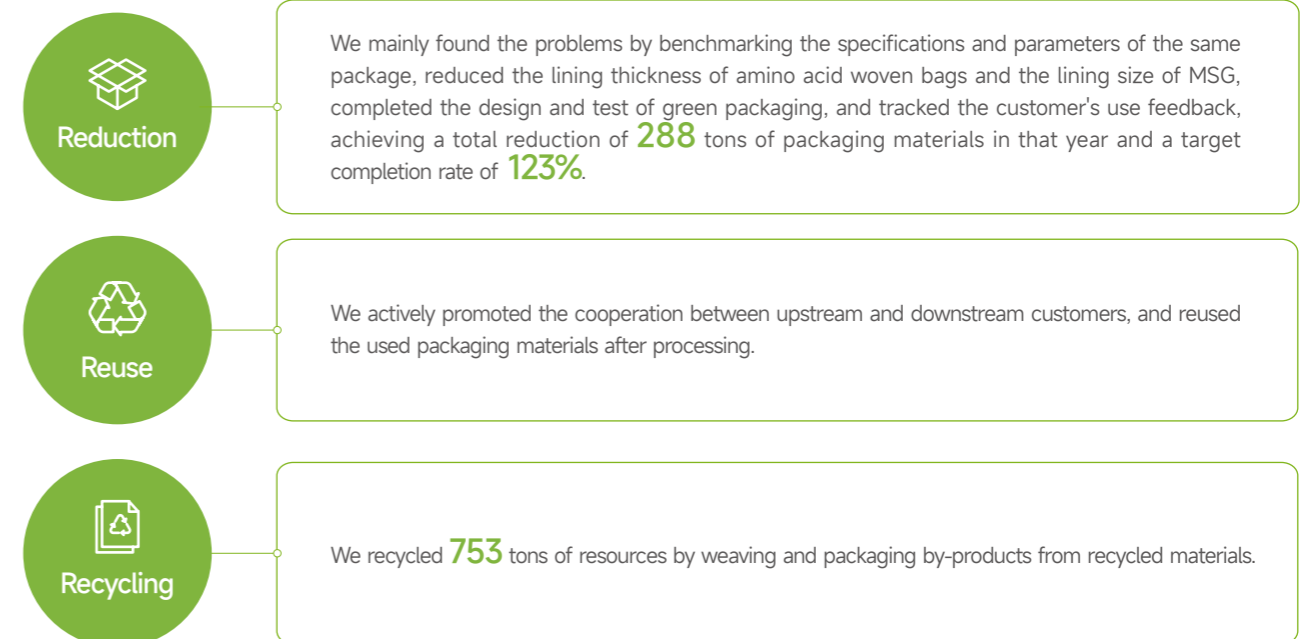


Recycling of Packaging Materials

With the continuous increase in production, sales, and customer base, Meihua Group has strengthened the concept of resource reduction. The Company has actively promoted the use of raw and auxiliary materials conducive to saving materials and reducing carbon emissions and has implemented the recycling and reuse of packaging materials. This effort aims to harmonize economic development with resource and environmental protection, establishing a circular economy based on the efficient use of resources and environmental preservation.

In 2023, Meihua Group strictly implemented the *Green Packaging Materials Procurement Strategy and System of Meihua Holding Group Co., Ltd.* and continued to manage the green packaging materials. The packaging materials were comprehensively sorted out and compared. All departments collaboratively achieved the green design of the packaging and sought for resources to evaluate and select excellent suppliers to implement the plan.

Green Packaging Materials Action >>>>>



Meihua Group will continue to promote special actions of packaging reduction and resourcing. In 2024, the Company will continue to practice "green" design for packaging. Through the development and discussion of new green low-carbon packaging materials, and the transformation of equipment, the packaging form will be changed, which means, the use of paper plastic bags will be reduced, and more woven bags will be used to reduce environmental damage. We plan to reduce the environmental impact by **100** tons. Besides, by improving the product quality of the packaging contents, increasing the stacking density and decreasing the packaging size, we plan to reduce the weight by **80** tons.

Consumption of Packaging Materials in 2023 >>>>>



06

Achieving Win-win with All Walks of Life

Our sustainable development needs the concerted efforts of our partners. Meihua Group, with its mission to develop the circular economy and benefit Chinese agriculture, is committed to enhancing its responsible procurement practices. In collaboration with top-tier suppliers in the bio-fermentation and bio-pharmaceutical industries, we aim to foster the sustainable development of our supply chain. Furthermore, we will not forget to practice corporate citizenship duties, actively participate in social charity, and make progress with society to create a better future.



- ✿ Sustainable Supply Chain
- ✿ The Banner of Party Building
- ✿ Active Community Participation

Meihua Group' UN sustainable development goals



Sustainable Supply Chain

Meihua Group continued to refine the supplier management system around the concept of "social responsibility", fully implemented green and sustainable procurement, prioritized "environmental certification" suppliers, continued to improve the Procurement Management Manual, further tightened the supplier admission standards and evaluation mechanism, and required the cooperative suppliers to sign the *Social Responsibility Commitment of Suppliers* to fulfill their responsibilities in environmental protection, social responsibility, labor protection and other aspects. In 2023, the suppliers' signing the Social Responsibility Commitment of Suppliers reached a coverage rate of 71%.

Sustainable procurement strategy

Based on the vision and mission of "Value sourcing for Excellence", with our supply chain capabilities, industry influence, and market expertise, we are committed to creating a more sustainable future with our suppliers and promoting our procurement system toward sustainability and responsibility. In total, **255** suppliers have passed the ESG assessment, accounting for **14%**.

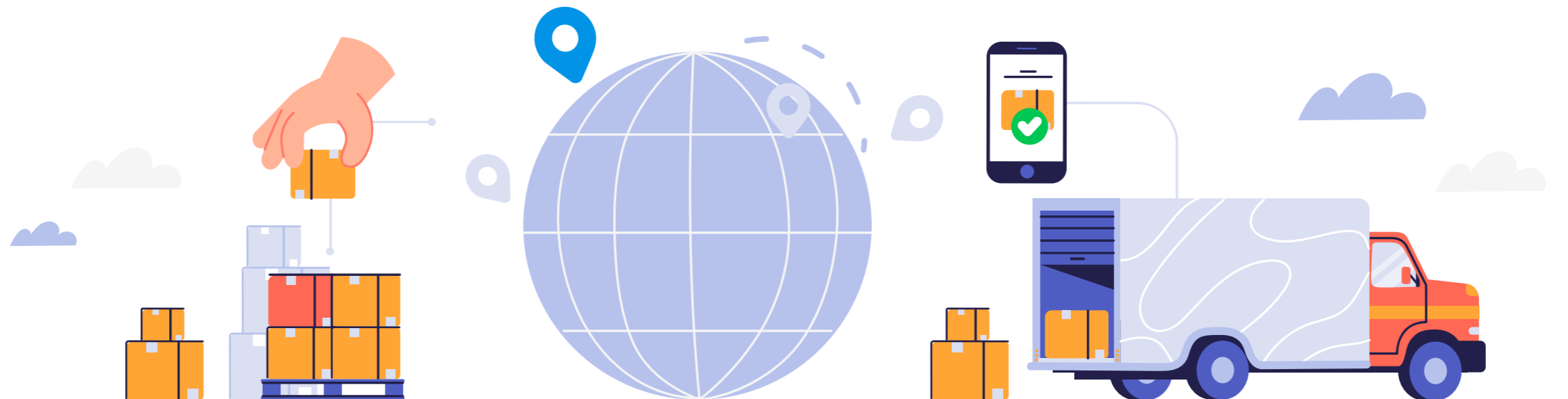


Responsible procurement

Meihua Group strictly have followed the *Supplier's Responsible Procurement Management Measures of Meihua Holding Group Co. Ltd.*, fully integrated the concept and requirements of fulfilling social responsibility into the entire process of corporate procurement, and ensured the Company's supply chain management level through the whole process of supplier management.

Supplier risk management

Meihua Group places significant emphasis on supplier compliance management. Upon entry, suppliers are required to sign the *Supplier Connection Commitment Clause*. It is important to note that any violations of relevant regulations may result in blacklisting and permanent suspension of trading qualifications.



The Banner of Party Building

Meihua Group insisted on strengthening the leadership of the Party and combining it with the construction of modern enterprise system, consolidating corporate governance, improving risk control compliance, and strengthening supplier management. In addition, we built a stable, efficient and sustainable corporate governance system, which provides a reliable foundation for the company's high-quality development.

Adhere to the party building guidance

Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Meihua Group enhanced the "Four Consciousnesses", strengthened the "Four Self-confidence" and achieved the "Two Upholds". We must uphold the Party's overall leadership, strengthen Party Building, and strictly govern the Party in an all-round way. We emphasize high-quality Party Building to lead and guarantee high-quality development.

We have improved, strengthened, expanded and deepened the study and education of party history and the implementation of the achievements of the national Party Building meeting of state-owned enterprises. In addition, we have actively built a dynamic organization to provide a strong guarantee for the Company to achieve its annual production and operation targets with comprehensive and high-quality products.

Strengthening party style construction

In 2023, Meihua Group focused on grassroots party organizations, promoted the wide coverage of learning, education and training, and strengthened the improvement of ability to further consolidate the quality of grassroots party building work.



Active Community Participation

While we are continuously improving our economic efficiency, we are also dedicated to our social mission of giving back to society and supporting vulnerable groups. We leverage our industry advantages and actively participate in public welfare through various initiatives, such as rural revitalization, charitable donations, community construction, and fighting the epidemic. We are dedicated to contributing to society and assisting others through virtuous deeds, which reflects the company's social responsibility of creating a positive influence on the world.

In addition, Meihua Group established the Tibet Meihua Group Public Welfare Foundation and formulated a special management system such as the Tibet Meihua Group Public Welfare Foundation Donation Management Measures, focusing on charity work in Hebei, Xinjiang, Tibet and other provinces.



Throughout the reporting period, Meihua Group employees took part in community charity activities, including student aid and environmental protection, for a total of **35,706** hours during working hours.

In 2023, Meihua Group donated a total of RMB **4,716,700** in public welfare.

Flood relief

During the rainstorm in Bazhou, Langfang, Hebei Province, Meihua Group urgently helped Bazhou and donated a total of RMB **1.5** million in living supplies (instant noodles and water).



Public welfare activities

Case: Public Welfare Cloud Walk, Walking Together for Love



On June 18th, 2023, the Meihua Group Trade Union and the Foundation jointly launched the "Public Welfare Cloud Walk, Walking Together for Love" charity donation event. The event attracted a total of 615 Company employees to participate. In seven days, everyone traveled a total of 31,100 kilometers, walked a total of 43,377,292 steps, donated a total of RMB 6,000 to the public welfare fund, and donated **1,000** lunches to the left-behind children in the mountainous areas of Guangxi.

They recorded their goodwill with their steps and practiced charity with their actions. The accumulation of each step and the success of each charity donation condensed the deep love of the Company volunteers.

Number of participants: **615**, total donation: RMB **6,000**



Case: Donations to Schools



The student aid program was launched as scheduled in July 2023, marking the sixth year of collaboration between Meihua Group and the Stars Public Welfare Foundation in supporting education and the sixth year of embodying the spirit of public welfare. After 43 days of preliminary examination, visits, and evaluation, the sixth phase of the student aid program completed the funding for **239** students, including **154** students from the previous period and **85** new students. Reflecting on the past six years, a total of **669** students have been sponsored. Each number not only testifies to Meihua Group's steadfast commitment and contribution but also strives to illuminate the path forward for the students.



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Feedback form

Dear readers,

Thank you for reading the 2023 Environmental, Social and Governance (ESG) Report of Meihua Holdings Group Co., Ltd. We look forward to your comments and suggestions on the report and our work. Thank you again!

1. Which type of stakeholders to Meihua Group do you belong to?

Shareholders and investors Customers Creditors Management Ordinary employees

Government and supervisory agencies Suppliers Contractors Media

Cooperation partners (industry associations, research institutions, etc.) Community representatives (NGO, local residents, representatives of public welfare projects, etc.)

Others (please specify) _____

2. What is your overall comments of this report?

Good Relatively good Common Poor

3. What do you think of the clarity, accuracy, and completeness of the information and data disclosed in this report?

Good Relatively good Common Poor

4. How comprehensive do you think this report reflects the governance responsibilities of Meihua Group?

Good Relatively good Common Poor

5. How comprehensive do you think this report reflects the environmental responsibility of Meihua Group?

Good Relatively good Common Poor

6. How comprehensive do you think this report reflects the social responsibility of Meihua Group?

Good Relatively good Common Poor

7. What do you think of the design and layout of this report?

Good Relatively good Common Poor

8. What are your opinions and suggestions on Meihua Group's environmental, social and governance work and the preparation of the report?

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