MEIHUA

2024

MEIHUA HOLDINGS GROUP CO., LTD.

ENVIRONM

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Introduction

01 ESG Governance

02 Prioritizing Products

Message from Chairman

II. Strengthening the [illegible]

About Meihua Group

Company Profile

As a full-chain synthetic biology pioneer company deeply engaged in the field of amino acid, the Company always focuses on the large-scale production and innovative application of amino acid. Adhering to the "Amino Acid +" development strategy, the Company has continuously expanded its product matrix and business landscape since its establishment, and has now built a complete industrial ecosystem covering livestock nutrition amino acids (lysine, threonine, valine, and other series products), food flavor enhancers (MSG, disodium guanylate and disodium inosinate, and other flavor enhancers), pharmaceutical-grade amino acids (glutamine, proline, and other medicinal raw materials), colloidal polysaccharides (Xanthan Gum, trehalose), and bulk byproducts (corn germ, protein powder, etc.).

Relying on three modern production bases in Tongliao, Inner Mongolia, Wujiaqu, Xinjiang, and Baicheng, Jilin, as well as two R&D and innovation centers in Langfang and Shanghai, the Company has formed a full industrial chain layout covering R&D, production, and sales. The Company's core competence runs through every key link from strain design and build, to fermentation, separation and extraction, and then to product moulding, which builds up a complete and efficient industrial closed loop. Among them, the production capacity and technical level of core products such as lysine, MSG, threonine, xanthan gum, disodium guanylate and disodium inosinate, and pharmaceutical amino acids rank among the top in the global industry, demonstrating the Company's outstanding strength and market leadership in the field of amino acids.

The products produced by the Company include:

Key ESG Performance in 2024

Leading Products

qualification rate

coverage

the development of ESG Disclosure

Guidelines for Chinese Bio-fermentation

100%

In December 2024, Meihua Group received

Enterprises and the ESG Evaluation

Scope of disclosure of hazardous

hazard assessment

the Best ESG Practice Award for Listed

Guidelines for Chines

About Meihua Group

01

Sustainable Development Strategy

combined the beautiful vision of "focusing on biotechnology and creating a better future" with the

The green action route

The responsibility action route

The green action route is one bottom line.

The responsibility action route is our foundation.

The Company takes "developing the

nable Developme

oundation

Development Foundation

Meihua Group's ESG Governance Structure

Board of Directors

ESG Governance Measures

Dual Materiality Assessment of Topics

We used stakeholder survey methods such as questionnaire to collect internal and external information. We distributed questionnaires to stakeholders including stakeholders, suppliers, contractors, media, community representatives.

In this survey, we collected a total of 423 questionnaires, and completed the identification and evaluation of this 3 topics of impact materiality according to the attention, expectations and needs of various stakeholders for

inua Group's ESG Material Topics

ics on the Company, an d analyze the pa pact of the topics on

02

Prioritizing Products

Product and Service Safety and Quality

As a leading global provider of amino acid nutrition and health solutions, Meihua Group always regards product quality and service as a cornerstone for the survival and development of the Company. In the process of continuously expanding production scale and market share, we constantly strengthen the quality and safety management system,

Quality Management System

Quality is the red line and the lifeline of business development. 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

[illegible]rategy

[illegible]he current industry and the operational status of the industrial chain, the Company assessed the risks,

Company's production a[illegible]erations respectively and hitch-month[illegible]

[illegible]e regulations and policies related to [illegible]tomers are paying more [illegible]strate outstanding

[illegible]alue increase

Value Chain [illegible]gement

[illegible]mprove quality management systems and [illegible]ain a regulatory tracking [illegible]collaborate with sustainable

[illegible]update equipment; and enhance employees'

[illegible]quality awareness and operation[illegible]

Impacts, Risks, and Opportunities

Products are the core carriers for an enterprise to establish itself in the market, and Meihua Group deeply understands the

· Process Control

In terms of p[redacted]uali[redacted]

· **Product Testing**

Quality Culture

· **Development of**

The Company vigorously

Chemical Safety Management

Strengthening the safety management of hazardous chemicals is not only an important guarantee for the stable and sustainable development of enterprises, but also a necessary measure to protect the life and health of employees and to maintain the ecological environment. The Company strictly adheres to national laws and regulations, continuously optimizes the management

· Disclosure of Chemicals

The Company strictly follows the requirements for chemical safety management to establish and maintain a complete safety ledger for chemicals, and files with government departments in accordance with the safety ledger to ensure that government reporting and review work complies with the relevant provisions of the Regu

Customer Rights and Interests protection

Data Security and Customer Privacy Protection

Innovation-driven Development And

R&D Team Building

biology to create greener, higher-end, and more precise manufacturing and produce high-qual

blishing close cooperative relationships with several well-known universities and res te Company

Strategy

Based on the R&D layout across the entire industrial chain, Meihua Group has formulated a long-term technological innovation strategy. In the future, the Company will further connect the upstream and downstream industrial chains, strengthen cooperation with raw material suppliers and product sales channels, and achieve coordinated development of the industrial chain. Meanwhile,

Note: we define short-term, medium-term and long-term impact cycles as 1-3 years, 3-5 years, and more

Management of Impacts, Risks, and Opportunities

To effectively manage the uncertainties in the R&D process, the Company systematically manages the impacts, risks, and opportunities related to R&D through three key steps: identification, assessment, and response.

Achievements in Technological Innovation

As a global leader in amino acid production, Meihua Group's technological innovation achievements provide references and demonstrations for the development of the entire amino acid industry, which strongly promotes technological progress and

&D and Innovation Cooperation

on

core component of its corporate strategy.

al Property Management and Protection Regulations to establish

| Intellectual Property System

As a company centered on technological innovation, Meihua Group places great importance on intellectual property protection, viewing it as a core component of its corporate strategy.

Meihua Group has always adhered to an open and innovative development philosophy, unwaveringly deepening its cooperation with top research institutions and universities at home and abroad. By building a deeply integrated cooperation platform

· Industry-University-Research Cooperat

Company implements comprehensive intellec

03

Addressing

Strategy

Management

of Impacts, Risks, and Opportunities

Indicators and Targets

The energy consumption indicators for the Company in 2024 were as follows:

Energy-saving and Carbon Reduction Measures

Meihua Group actively implemented the climate adaptation strategies and carried out actions to address climate change risks. The [illegible] the supply and usage sides through management optimization, equipment upgrading, technological transformation and process optimization, and clean energy substitution

Energy-saving and Carbon Reduction Measures

Reduction by energy supply technical transformation

The Company deepens its green production system to promote energy-saving transformation alongside clean energy alternatives.

Carbon reduction by optimization of production processes

Environmental Compliance Management

Except for Tongliao Base, Xinjiang Base, and Jilin Base, other wholly-owned subsidiaries of the Company are not key pollutant discharge entities as classified by the environmental authorities. Those subsidiaries include Langfang Meihua [illegible] condiments Co., [illegible] condiments; Lhasa Meihua [illegible] investment; Xinjiang Base Investment Company, which is engaged [illegible] investment Holdings Co., Ltd., which is engaged in exter[illegible]

The Company has established a tiered salary performance assessment standard for employees related to environmental protection based on the corporate salary management system, and using the number of key point alarm occurrences as an important assessment basis, conducts phased assessments annually, quarterly, and monthly. Relying on the Company's problem database, business departments can carry out projects targeting key issues and set project incentives to motivate employees, ensuring that environmental protection requirements are implemented.

Strategy

Based on the current industry and the operational status of the Industrial Chain, the Company assessed the risks, opportunities and impacts it faces, clarifying the strategic guidance direction.

Note: we define short-term as within 1 year, medium-term as 1-5 years, and long-term as more than 5 years; respectively; large, medium and low impact levels as serious, moderate and slight impacts on the Company's production

Management of Impacts, Risks, and Opportunities

· Environmental Protection Special Audit

Utilization of Water Resources and Water Conservation Measures

· W

Wastewater Management

· Treatment of Organized Odors

ng organized odor emissions, the Company uses a combination of advanced treatment technologies, including dedustine,

o Base, Xinjiang Base, and Jilin Base have made achievements in wastewater tment. The Tongliao Base has

ters of treatment. Among them, the Xinjiang Base invested RMB 3 million to replace outdated waste gas treatment proce

ses and

dewater generated from amino acid production, achieving resource utilization of waste, and significant

equip t, replacing the wa oto-oxidation equipment with biological rganic wa

reaching 44,150 m³/d.

00 cubic meters of water daily.

ent of Unorganized Dust

Data On Water Pollutant Emissions >>

treatm

s that eject fog into the

ding three completely closed coal yards. The yards are equipped with high-pressure

ds to prevent dust. In the plants, coals are transported in a fully closed way. The car dumper system has dry fog based dust

l volume of industrial wastew

ter

30,709 ton

876,234 ton

2,185.68 ton

Total volume of domestic wastewater

Chemical oxygen demand (COD)

norganized dust.

Waste Management

Green Packaging Materials

04

Social Responsibility

Strategy
Cost increase
Supervision and inspection

Management of Impacts, Risks, and Opportunities

Identification

In order to effectively identify and manage supply chain risks, Meihua Group regularly conducts supplier

Assessment

The Company assesses suppliers' risks in social, environmental, and governance aspects using the ESG

Response

Based on the results of ESG risk assessment, we classify our cooperat[illegible] suppliers into three

Tier-1 suppliers

Key Tier-1 suppliers

[illegible]ey non-Tier 1 suppliers

[illegible]y or region and annual purchase amount of more [illegible] had RMB 10 million and a purchase

[illegible]n-first-tier suppliers with an

Indicators and targets

Indicator	Unit	2024
Proportion of cost of food raw materials that have obtained third-party certification	Percentage	98%
Proportion of products with raw materials [illegible]	[illegible]ntage	100%

· Precise Recruitment to Reserve Future Talents

The Company has always believed that "talent" is the core driving force behind the rapid development of enterprises, and continuously optimizes the integrated talent management model of "recruitment, selection, training, and retention." The Company recruits outstanding fresh graduates from universities through the "Aim High Management Trainee Program" and provides comprehensive support and training for talents through a model of "on[illegible]rding training + executive ma[illegible]z + project

Risks

Risk of shortage and loss of high-skilled talents

Countermeasures

positions, in line with industry competitiveness levels.

with [illegible] progress, the establishment of technical barriers, and

Deepening industry-university-research cooperation: jointly cultivate [illegible]college and [illegible]

iversity, Nankai University, and Tianjin University. In the process, we have established school-enterprise cooperati

ent with universities and research in[illegible]sh."

reserve and cadre training.

ilign closely with the Company, such as Tianjin University and Jiangnan University, to ensure talent

production stability.

graduate resources in[illegible]

targeted t

· Build An Efficient Management Sys[illegible]tem

Strategy

Type of opportunities	Financial Impact	Impact Period	Degree of Impact	Likelihood of Occurrence	Value Chain Segment Affected

Management of Impacts, Risks, and Opportunities

By identifying potential risks and opportunities through multiple dimensions, and comprehensively assessing their driving factors,

Respecting for human rights

Insisting on e employm

nt opportunities;

nd One More" and "Three High and One Low", the Company increases its investment in labor costs each year, establishes and

e principle of fair employment and provide equal employm

es, bonus pool plans, and employee

promoting the dual enhancement of co

Bonus pool plan

d to update and improve the bonus pool

· Compensation and Performance

In line with the business philosophy of "full-staff operation, creation and sharing" and the management principles of "Three Fair

Caring for Employees' Lives

According to the relevant internal regulations of trade union, the Company actively listens to employees' demands, plans a variety of cultural activities to meet the diverse needs of employees, and organizes employee events irregularly to help employees better integrate into the collective, enrich employees' leisure lives, continuously enhance employees' sense of belonging and happiness, and inject new vitality into the Company's cultural construction.

Women's Day activities

On the day of the festival, the Company will give out small gifts such as roses or carnations to female employees, and the administration will take the lead in organizing health lectures for female employees, fun sports games and other activities.

Employee cultural and sports league

In order to create Meihua Group characteristic activities and enrich the cultural life of employees, the Company organized the May Cultural Festival and the first Employee Cultural and Sports League in May 2024. Everyone performed well in basketball games, skill competitions, and knowledge quizzes. The team competed on the stage and fought hard, staging a high-level and

Focusing on Talent Growth and Diversified Employee Training Supports

Meihua Group has developed a variety of training programs to meet the needs of employees at different levels.

Training for college students

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. In 2024, the Dream Sailing training class sent 454 qualified college graduates to the Company.

Manager's Class training

In 2024, Meihua Group led 30 trainees of the managers and department heads training class to visit Shandong Wanhua, Shenyang Machine Tool and North Heavy Industries learn excellent operational management models and experience. It adopted the strategy of "combining training and practice" and was committed to improving the ability of future/current managers to undertake the Company's strategic goals and lead the team to achieve efficient operation of the organization.

Director's Class training

The 2024 Director's Class training focused on improving the quality of training, while also improving the competence and

Work Safety

Strategy

nsiders the importance of occupational health and safety to the enterprise. By identifying potential risks and opportunities in the production process and analyzing their possible financial impacts, it formulates scientific response strategies to ensure the occupational health and safety of employees and achieve the Company's sound development.

eres to the bottom line thinking and the consciousness of red line, deeply implements HSE roves the level of intrinsic safety, promotes the solidification and deepening of of employees.

Mejhua Group always a compliance requirements, continuously in safety culture, and ensures the occupational health and safe

Management of Impacts, Risks, and Opportunities

Safety production indicators	Unit	2024
Number of safety training sessions	Session	1,104
Safety training coverage rate	Percentage	100%

Meihua Group fully implements the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the People's Republic of China and other relevant laws and regulations to conduct risk assessments on the ... within a bearable range that is ... the Work Safety Law of ... ...'s occupational health and work safety processes, ensuring that risks are controlle... ...ompatible with ... al objectives, and safeguarding the Company's sustainable development.

... duration ... system, and sets up accident notification boards, warning symbols, occupational health notice ... cards, etc. in the production workshops. ... ...ent system certification ratio

Occupational Health and Work Safety management Measures

Production Standardization

The Company insists on including contractors

· Safety Production Training

Adhering to the ideology of "Safety First, Prevention Foremost," the Company comprehensively

· Online Monitoring and Early Warning Management Syste

Occupational Health Management

The Company continuously improves its occupational health and safety management system, with safety departments at each production base establishing occupational health engineers responsible for occupational health prevention work, strengthening occupational health supervision, and eliminating potential occupational health risks.

Occupational health management measures

Occupational health Archives management

Establish "Three Simultaneities" occupational health archives (covering simultaneous design, construction, and commissi[illegible] occupational health publicity [illegible] examinations:

[illegible] monitoring archives for relevant construction projects, effectively implementing occupational health [illegible]

[illegible] cupational health monitoring archives for employees with higher risk of exposure to [illegible]

Occupational health training

Occupational health management personnel:
participate in the occupational health knowledge training organized by the District Health Commission every year;
All production line personnel:
receive occupational health knowledge training once a quarter;
All employees:
organize various activities and training to continuously improve employees' safety awareness and skills.

Rural Revitalization and Social Contribution

in key social areas such as rural revitalization, education, and
y, actively fulfil corporate social

e Company attaches great importance to community participation and public welfare charity, considering it an
nportant part of fulfilling social responsibility. To standardize the Company's donation and sponsorship activities

nating a total of RMB 400,000 to 45

through

tunities through the agricultural indust

Social Contribution

e Company continues to focus on and inves
healthcare, create key brand projects that align with the core values of the Comp

Industrial Cooperation

nated RMB 75,000 to a primary school in Ange
Donated RMB 150,000 to the Children's

rge-scale procurement of corn and other

Social Contribution

Charitable Donations and Volunteering Activities

sectors of society to create a better future.

05

Business Ethics and Anti-corruption

Business ethics and anti-corruption management system

Key indicators

Business Ethics and Anti-corruption

Management System

Reporting Mechanism

Business Ethics and Anti-corruption Management Measures

Specific content of measures

Regular financial audit >>>>

Conduct independent financial audits regularly to effectively prevent bribery risks;

Due diligence >>>>

As part of financial control for bribery risk assessment, conduct due diligence on specific transactions, activities, business partners, or the Company's employees;

Special audit >>>>

Utilize internal control testing methods to conduct special internal control audits to identify

Integrity pre-control >>>>

Assess and identify high-risk positions, and require new employees in key

Key Indicators

0

Number of cases involving corruption concluded

0

Number of litigation cases involving commercial ethics concluded

0

Number of incidents of business ethics andanti-corruption reporting

30 items

Intra-company reporting matters investigated and handled

erating income RMB 100 million 250.69

Environmental indicators	Specific indicators	Unit	2024
Environmental compliance management	Environmental management system certification ratio	Percentage	100%
	Environmental violations	Case	0
	Investment in environmental protection funds	RMB 10,000	6,851
Water resource	Total water intake	Ton	35,361,776
	Total water consumption	Ton	54,980,998
	Water resource recycling amount	Ton	18,023,399
	Alternative water usage	Ton	2,000

Environmental indicators	Specific indicators	Unit	2024
Atmospheric pollutant emissions	Emissions of sulfur oxides (SOx)	Ton	1,434.85
	Emissions of nitrogen oxides (NOx)	Ton	1,860.63
	Emissions of volatile organic compounds (VOCs)	Ton	192.81
	Total volume of waste generated	Ton	1,553,120.78
	Density of hazardous waste(calculated per RMB 1 million of operating income)	Ton/RMB 1 million	0.02
	Total volume of hazardous waste generated	Ton	467.71

Environmental indicators	Specific indicators	Unit	2024
Waste	Density of non-hazardous waste (calculated per RMB 1 million of operating income)	Ton/RMB 1 million	61.93
	Total volume of non-hazardous waste generated	Ton	1,552,653.07
	Volume of industrial waste generated	Ton	871,655.58
	Volume of kitchen waste generated	Ton	545.16
	Volume of dust generated	Ton	678,346.34
	Volume of office waste generated	Ton	2,105.99
Packaging material	Reduction in packaging material weight	Ton	120
	Recycling amount of packaging materials	Ton	1,098
	Primary plastic	Ton	28,000

Indicator	Unit	2024
Finished product qualification rate	Percentage	100%
Quantity of recalled products	Ton	354
Major liability incidents related to product and service safety and quality	Case	0
Coverage of quality training for employees	Percentage	100%
Total hours of product quality training for employees	Hour	47,295
Total number of employees participating in product quality training	Person	2373
Percentage of supplier product quality certification	Percentage	43%
Number of customer complaints	Case	89

R&D and innovation >>>>

Indicator	Unit	2024
Total number of Tier-1 suppliers		
Proportion of R&D investment to income from		
Increased proportion of suppliers with high ESG risk		
Percentage of personnel with a bachelor's degree or higher		
Number of valid patents during the reporting period		
Proportion of products with raw materials traceable to the		