



萬洲國際
WH GROUP

萬洲國際有限公司
WH GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 288

2020

Environmental, Social and
Governance Report



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ABOUT THIS REPORT



Overview

This report is the annual environmental, social and governance (ESG) report published by WH Group Limited (hereinafter referred to as the “Company” or “WH Group”), detailing the Company and its subsidiaries’ (hereinafter referred to as “the Group” or “We”) management measures and performance concerning ESG issues from January 1, 2020 to December 31, 2020.

Definition of Names

Shuanghui	Refers to the Henan Shuanghui Investment & Development Co., Ltd.
Smithfield	Refers to Smithfield Foods, Inc.

Basis of Preparation

This report was prepared in accordance with the ESG Reporting Guide published by the Stock Exchange of Hong Kong Limited (hereinafter referred to as HKEX). Appropriate references are made to the MSCI ESG ratings, HKQAA Sustainability Rating and Research, and the Institutional Shareholder Services (ISS) ESG ratings. In addition, subsidiaries of the Company Shuanghui and Smithfield also published the ESG Report, as well as the Sustainability Impact Report respectively. The information above-mentioned can be regarded as supplemental to this report.

Data Item Description

Unless stated otherwise, all financial data in this report is in U.S. dollars. The production in metric tons only refers to fresh pork and poultry meat and packaged meats and does not include hogs produced.

Data Reliability

The board of directors of the Company (hereinafter referred to as the “Board”) confirms that the information in this report contains no false records, misleading statements or major omissions. The Board assumes responsibility for the authenticity, accuracy and completeness of the contents of this report.

Report Confirmation and Approval

After confirmation by management, the report was approved by the Board on July 16, 2021.

CHAIRMAN'S STATEMENT



Wan Long

Chairman and
Chief Executive Officer

Thank you for your interest in WH Group's 2020 ESG Report.

"Integrating global resources and pursuing synergies to create a sustainable future" is WH Group's sustainable development vision. As a leading global meat-producing enterprise, we proactively look to enhance the sustainability of the overall value chain, integrate both upstream and downstream resources, create synergies and focus on having a positive influence on society.

CHAIRMAN'S STATEMENT (continued)

Looking back over this extraordinary year, we saw dramatic global economic turmoil and a turbulent market situation. In the face of both the COVID-19 pandemic and African Swine Fever, it has been our mission to continue our operations uninterrupted and maintain a stable supply of goods to the community, while making every effort to provide secure jobs and a safe working environment for our employees. With our significant investment in pandemic prevention and control, and the concerted effort of our valued staff, we have provided high-quality, delicious and healthy meat products without interruption. In China, we effectively addressed the challenges of the pandemic and resumed work and production efficiently. As the impact of the pandemic continues in the United States and Europe, we have invested over US\$800 million in pandemic prevention and control measures to secure and maintain our product supply while keeping our workers safe. I would like to express my heartfelt gratitude to all of our staff for remaining at their posts and sparing no effort to serve the community, despite the exceedingly difficult operating environment. I am proud of their sense of responsibility and spirit of cooperation during this very difficult time.

While maintaining stable growth, environmental protection has always been one of our key focuses. During the reporting period, we identified the potential risks of climate change to our business. Our subsidiary Smithfield has already set greenhouse gas emissions reduction targets and was the first in the industry to pledge to become carbon negative by 2030 across its U.S. company-owned operations. To achieve our carbon emissions reduction target, we continue to promote overall energy consumption, utilize new forms of energy, upgrade our technology and improve energy management. Meanwhile, we continue to improve our assessment and management of water risks and ensure the smooth operation of treatment systems for wastewater and air-pollutants to minimize their impact on the environment. These measures help to ensure higher efficiency in production and a lower consumption of resources.

As the old Chinese saying goes, "Food is an absolute necessity of the people". Product quality and safety have always been core values in the food industry and

are key to WH Group's sustainable development. During the reporting period, we implemented testing standards and systems stricter than those of the industry generally to ensure food safety and consumer rights. With consumers looking to pursue healthier diets, we have also been continuously enhancing our product research and development to introduce more delicious and healthier products. As an industry leader, we support sustainable agriculture and production in the upstream segment, uphold high standards of animal welfare, carefully regulate the use of antibiotics, and continue to strengthen our leading position in animal welfare in the hog production industry through innovation.

While promoting our business targets, we have retained our people-oriented culture, focusing on creating an inclusive and energetic workplace. We provide an objective platform for the promotion and development for every employee, as well as utilize various communication channels and provide holistic training to help them achieve their personal and professional goals. During the reporting period, 42.9% of our staff were female, showcasing our commitment to a balanced workforce.

We are actively involved in education, poverty alleviation and disaster relief efforts, adhering to the principle of common development and benefiting all parties. COVID-19 had a tremendous impact on people's livelihoods and we realized that we have to work together to prevent and control the pandemic, as well as ride out the hard times together. During the reporting period, our record-breaking donations of medical supplies, protein and anti-pandemic funds demonstrated our commitment to the community.

Despite the many challenges we continue to face, we will continue to provide safe, quality products and create long-term value for our stakeholders, including investors, staff, suppliers and the community. We will review our ESG strategies, including corporate governance, environmental protection, a sustainable supply chain, employee equality and health, and community involvement. We will continue to cooperate with different sectors and promote our corporate ESG performance.



COVID-19 RESPONSE



The COVID-19 pandemic ravaged the world and was largely responsible for some of the darkest moments in 2020. As the largest pork producer in the world, we are keenly aware of the tremendous shock it had to the meat product supply chain and the potential risk of discontinued supply. Therefore, safeguarding supply was top priority in WH Group's pandemic response. While protecting our staff's health and safety, we proactively reorganized production to ensure market supply. In China, under the coordinated command of the "pandemic prevention and control group", we created a safe and reliable production and living environment with zero employee infections. In the United States and Europe, we invested over US\$800 million in COVID-19 response measures at our facilities and employee benefits to keep workers safe and healthy while maintaining our food supply chain.

In the face of the pandemic, WH Group showed its corporate social responsibility by immediately coordinating its internal resources and purchasing a huge amount of supplies to donate to various parts of society. We used our influence and worked with many social welfare organizations to widen the scope of our support. We collaborated and worked hand in hand with the community to combat the pandemic.

Protecting Our Employees

While many companies all around the world chose to work from home, WH Group and our employees stood together and joined the fight against the pandemic, dedicating our efforts to restoring the global pork supply chain.

In China, our labor union proactively supported staff in difficulty by giving out grants of RMB343,300 to about 100 staff members. In the United States, we have not laid off any of our employees since the pandemic began. As the virus spread continuously throughout the United States, we put in place liberal leave and pay policies to guarantee the pay for nearly 13,000 employees who were quarantined to safeguard their livelihoods. We offered paid leave for all employees at high risk of serious complications from COVID-19, as defined by Centers for Disease Control and Prevention (CDC) guidelines. WH Group hired private healthcare providers, at considerable cost, to provide free, on-demand COVID-19 testing for all facilities in United States. We had zero infections among our staff in China, and fewer issues with employee health and safety in the U.S. and Europe than the industry average.

COVID-19 RESPONSE (continued)

In China

We purchased **hundreds of thousands** of epidemic prevention supplies for employees

All employees **0** infections All employees **0** death

In the United States and Europe

We invested **over US\$800 million** in response to the pandemic and employee benefits

The overall employee health and safety rates were lower than the industry averages



Monitoring staff health throughout the pandemic

The Group strengthened tracking of staff members' health conditions to enhance the timeliness and effectiveness of its anti-pandemic measures. Our human resources department took the lead to organize different units and carry out health checks. We closely monitored the health of every member of staff that showed unusual symptoms to cut any possible transmission. We strictly monitored all staff who entered our plants and offices to ensure no cases slipped through the cracks and to ensure that our staff members were not put at risk. Moreover, we adopted online meetings to replace face-to-face meetings. By establishing flexible working shifts, we effectively limited interactions and gatherings and significantly lowered the risk to our staff's safety.



Preventive and protective measures scaled up to protect staff health

WH Group equipped our staff with a lot of personal protective equipment, such as masks and face shields, and set up separators to ensure a safe distance between employees. We reminded staff to keep a safe social distance to prevent the spread of the virus. We provided various disinfectants to clean processing plants regularly and ensure a safe work environment. We placed posters in different languages in prominent locations to raise awareness and understanding of anti-pandemic measures and to protect ourselves and each other.



Overcoming Difficulties Together

COVID-19 had a serious impact on the global meat supply chain. Safe and sustainable supply is a huge challenge for the industry. As the largest pork company in the world, WH Group set best practice for the industry by securing supply and ensuring product quality during the pandemic. In China, we exerted our influence to actively coordinate upstream raw material supply and downstream transportation channels to resume production as soon as possible. In the U.S., we quickly adjusted our product structure from food service to retailing.

In China, we purchased hundreds of thousands of medical supplies for medical teams in regions hit hard by the pandemic. We also donated meat products worth RMB1 million.

In the United States, we donated US\$70 million, which included 69 million servings of protein food.

In Poland, we provided over US\$275,000 to more than a dozen hospitals located at our operating communities for the purchase of personal protective and medical equipment.

In Romania, we announced 21 inaugural beneficiaries of our new Solidarity With the Medical System initiative, a US\$330,000 new funding program launched to support the country's medical institutions.

While devoting our efforts to ensuring the safe restoration of supply, we also supported communities affected by the crisis. In the early days of the outbreak, medical supplies were in critical short supply. As time went on, it not only brought disease and pain, but also more severe social and economic problems, such as the economic loss caused by work stoppages and food shortages due to global supply chain interruptions in different industries. WH Group proactively arranged and integrated our internal resources to provide free protein for the community, purchased a large amount of anti-pandemic medical supplies, and helped social groups suffering from the pandemic address their difficulties.

In China, the virus spread rapidly at the beginning of 2020. We exerted our brand influence and actively coordinated upstream and downstream channels to resume work and production efficiently. We donated almost RMB17 million to purchase 200,000 sets of protective clothing, 80,000 isolation gowns, 70,000 masks and 12,000 sets of goggles to support local medical teams in their race against time to combat the

pandemic. We made full use of our influence and donated meat products worth RMB1 million to severely affected regions and medical institutions, such as the Wuhan Huoshenshan Hospital, to mitigate the food supply problem. We understood the risks many companies and merchants were facing after the government issued an emergency order to stop work and production to prevent the spread of the virus. In light of these circumstances, WH Group took the initiative to waive the rents of 42 street stores leased by us in China to relieve their financial pressure and thank them for their sacrifice in suspending their businesses.

In the United States, the shortage of medical supplies and the spillover effects of the pandemic, such as hunger, were a severe test for the whole country. We donated approximately US\$7 million of funds and US\$60 million worth of supplies to communities to help different sectors of society fight the pandemic together. Our donations included the provision of medical supplies, with tens of thousands of face shields worth US\$700,000 provided to frontline medical workers. Our Helping Hungry Homes® hunger-eradication project, launched in 2008, provided a substantial boost in the fight against the pandemic, including the donation of 69 million servings of protein to Feeding America and other charity organizations. In addition, we quickly restructured our merchandise offerings, transitioning aggressively from the food service side to the retail side to provide better service.

In 2020, WH Group put a lot of effort into fighting the pandemic and demonstrated its social commitment by doubling down on its co-development with the community. Please refer to chapter 3.4 of the report, titled "Caring for the Community" to learn more.

Future Prospects

As of 2021, the pandemic in China has been effectively under control, but other parts of the world remain adversely affected by the pandemic. With COVID-19 vaccines now available around the world, we are actively arranging vaccinations to increase our employee's immunity to the virus. We see a new dawn and hope for a resounding victory in the battle against the virus with the promotion of vaccination schemes and universal access to vaccines. In China, upstream supply chains and the downstream consumer market have restored to the pre-pandemic levels. In the United States and Europe, we are still proactively promoting the implementation of different pandemic prevention policies and staff welfare schemes. In the future, the impact of the pandemic on our production and lives will be significantly mitigated. We will work together with our employees to further promote the development of the industry in the "post-pandemic era" and create products with higher value to regain the trust of customers.

ABOUT WH GROUP

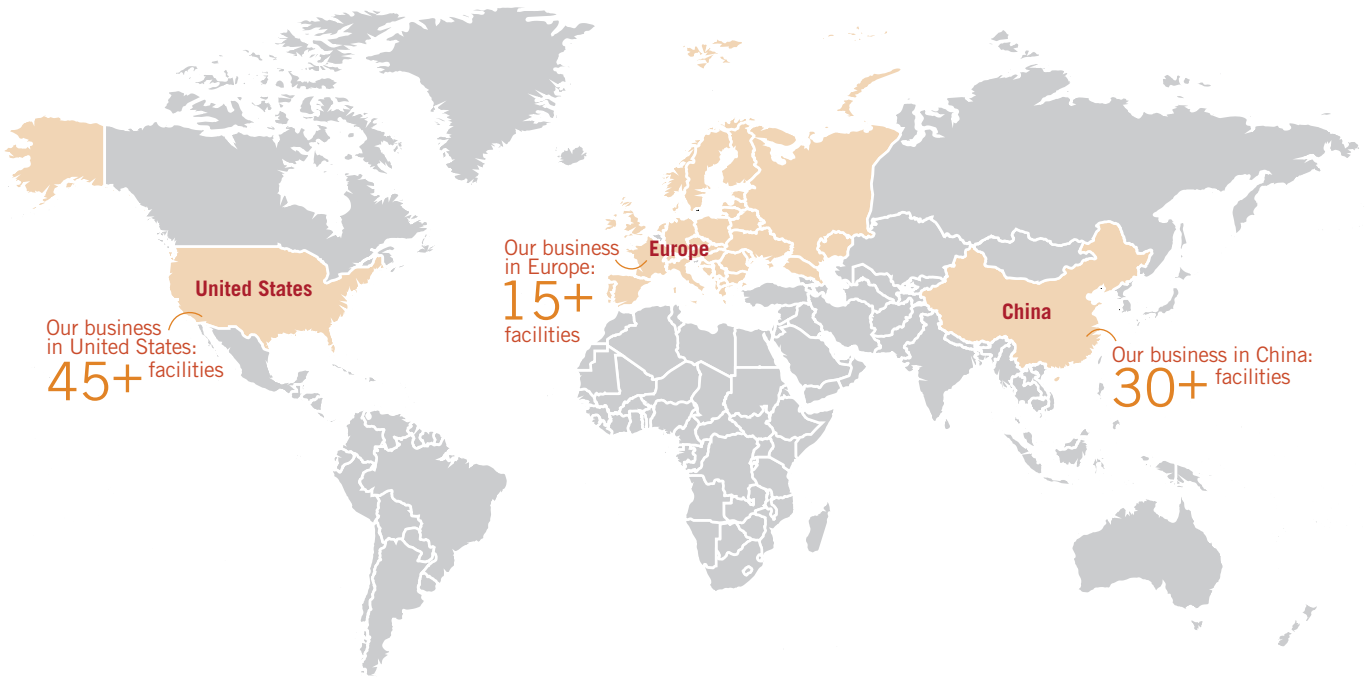
Introduction

WH Group is the largest pork company in the world. It is ranked first in terms of market share in China, the United States and markets in Europe where we operate. The Group has many well-known and trustworthy brands and runs a complete pork industry value chain, from hog production, harvesting and processing to packaged meats. Based on our unique globally integrated business platform, we are at the forefront in all these key links in the industry value chain. WH Group is listed on the main board of the HKEX, with the stock code 0288.HK.

WH Group is the controlling shareholder of Shuanghui (listed on the Shenzhen Stock Exchange, stock code 000895.SZ), the largest meat-processing company in Asia. The Company wholly owns Smithfield, the largest pork company in the United States. The Group has constantly strengthened its global market presence, has multiple famous brands and a broad product portfolio. The Group has developed an extensive market network across the globe.

Global Footprint

WH Group's dedicated global development strategy has ensured the continued expansion of its global footprint and development, and allocation of assets worldwide to consolidate its leading position in the pork industry. We have over 100 facilities in China, the United States and Europe.



Business Segments

The Group's business covers mainly packaged meats and pork (including hog farming, slaughtering, wholesale and retail sales of fresh and frozen pork), with packaged meats as our core business. In addition to the two main businesses, the Group is also involved in several supporting business sectors, including the production and sale of poultry, the manufacturing and sale of packaging materials, the provision of logistics services, the operation of finance companies and a chain of retail grocery stores, the production of flavoring ingredients and natural casings, and the sale of biological pharmaceutical materials. We rely on strict quality controls and food safety systems to deliver premium products to consumers around the world.

Through our own operations, along with tens of thousands of suppliers and distributors, the Group has established a one-stop, farm-to-fork supply chain. Our business partners must follow the high standards of our international procurement process, which enables us to ensure product quality and a sustainable supply chain.

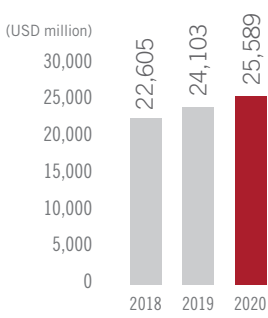
Brand Management

The Group is the largest pork company in the world and a market leader in China, the United States and markets in Europe where we operate. We own multiple well-known household brands, including the following:

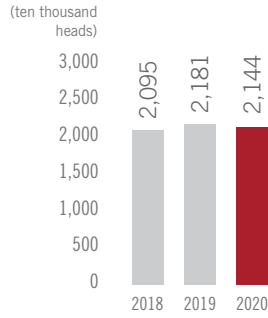


ABOUT WH GROUP (continued)

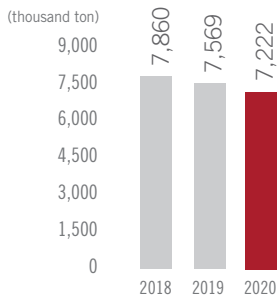
During the year, leveraging its advantages in terms of global resources, scale, integrated business model and management, WH Group further boosted its synergies and overcame various risks and challenges to post record-high revenues.



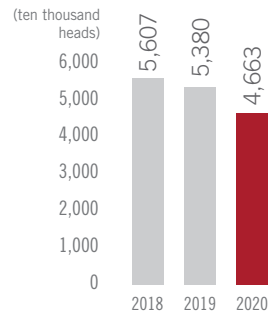
Revenue



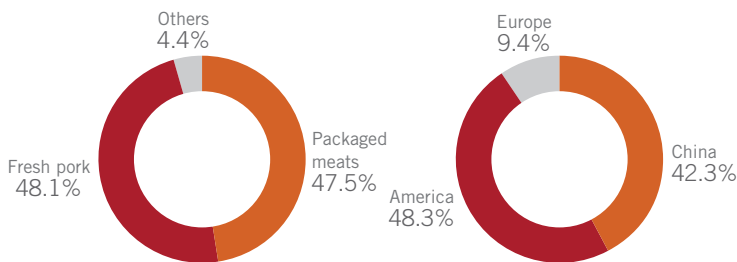
Hog production



Sales volume of packaged meats and fresh pork



Hogs processed



2020 Revenue by Business Segments

2020 Revenue by Region



1. CREATING SUSTAINABLE VALUE

1.1 ESG Management

1.1.1 ESG Vision

As the largest pork company in the world, WH Group is fully aware of its responsibilities in the industry. We have always held ourselves to the highest standards over the years and built a culture that seeks to create sustainable value for society. While focusing on high-quality products, we acknowledge our commitment to environmental, social and governance (ESG) best practices. We have taken steps to mitigate climate change by lowering our environmental impact across our entire value chain as far as possible. By focusing on health and welfare, we believe we are making a positive contribution to society. To foster the sustainable development of WH Group, we supervise and urge corporate compliance with all laws and regulations that apply to our businesses.

ESG Vision of WH Group

Focusing on High-Quality Products

The Group provides high-quality products for consumers. We adhere to high quality standards and legal requirements, covering every stage from feed and hog production to processing, transportation and delivery in our business in China, the United States and Europe.



Supply Chain Management

We comply with sustainability principles and develop sustainable agriculture. While strongly embracing our responsibility to support animal welfare, we also urge our partners across our supply chain to support our welfare initiatives to further ecological harmony throughout the meat industry.



Focusing on the Environment

We prioritize the management of our carbon footprint, controlling carbon emissions, continuously optimizing the use of resources, and strengthening our efforts in terms of reducing pollutants and emissions. We innovate and promote effective environmentally friendly projects and measures, and continually strive to lower our environmental impact across our entire value chain.



Caring for Our Employees

As a people-oriented company, WH Group fully acknowledges its employees' value to the Company. We are committed to respecting and protecting the rights and interests of our employees, willing to provide growth support for them and fully explore their potential. By building a diverse team, our employees can develop together with the Group.



Caring for the Community

We are actively dedicated to social welfare, giving back to the industry we serve, and contributing to the development of local communities. We embrace our social responsibilities across many areas, focusing particularly on education, poverty alleviation and fighting hunger. During the pandemic, we donated to communities where we operate to ensure we went through this crisis hand in hand.



1.1.2 ESG Governance Structure

To ensure that ESG permeates smoothly throughout our organization, we have established an ESG governance structure which consists of the Board, ESG Committee and the ESG Working Group. WH Group's ESG governance structure is as follows:

The Board

As the leader of the Group's ESG-related work at the highest level, the Board is responsible for evaluating, determining and managing ESG risks, thus ensuring that the Group devises suitable and effective ESG targets and risk-management measures.

ESG Committee

The ESG Committee is accountable to the Board, which puts ESG and sustainable development-related issues on the Board's regular agenda. On November 13, 2020, the Group refined the purview of the ESG Committee, making it responsible for identifying business-related ESG issues that affect shareholders and other stakeholders, setting up detailed sustainability policies and plans, reviewing the Group's sustainability performance, and reporting and providing suggestions to the Board¹.

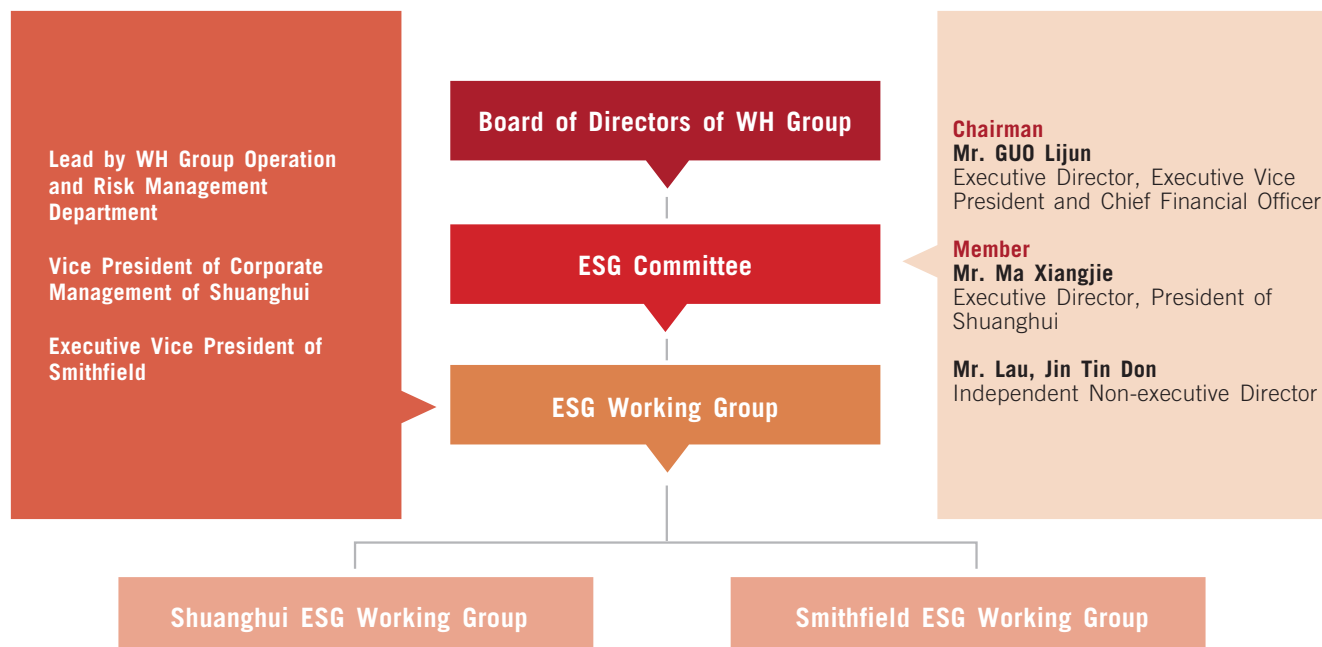
ESG Working Group

At the execution level, the ESG Working Group coordinates with the ESG working groups in Shuanghui and Smithfield, and regularly reports to the ESG Committee. During the reporting period, the Group set detailed specifications for the responsibility of the ESG Working Group. It is required to assist ESG Committee to devise ESG-related policies, regularly review the related data from the Group's subsidiaries, and prepare the ESG report.

Although Shuanghui and Smithfield established their own respective sustainability management systems based on their different markets and supervisory background, WH Group has established a frequent and detailed internal communication system under the guidance of the ESG Committee to promote communication and collaborative work among its subsidiaries.

¹ More on WH Group 《ESG Committee Terms of Reference》
http://media-whgroup.todayir.com/pdf/esgc_en.pdf

WH Group ESG Governance Structure



Moreover, we attach great importance to food safety and have set up the Food Safety Committee under the Board and chaired by the Group's Chairman Mr. Wan Long. The Food Safety Committee reports and advises on policies related to food quality and safety, operating practices and performance to ensure the continued provision of reliable and nutritious products for our customers and fulfill our social responsibility in the food industry.

Board Statement on ESG

Responsibilities of the Board

The Board shoulders the ultimate responsibility for WH Group's ESG strategies and performance. The responsibilities of the ESG Committee include identifying business-related ESG issues that may affect shareholders and other stakeholders, setting up detailed sustainability goals and plans, reviewing the Group's sustainability performance, and reporting and providing suggestions to the Board.

The ESG Committee comprises no less than three members, and the Chairman should be appointed by the Board. More on WH Group <Terms of Reference of the Environmental, Social and Governance Committee>.

The ESG Committee met twice during the reporting period. During the meetings, we held discussions on topics which our stakeholders were concerned about, and further clarified the personnel and functions of the WH Group's ESG Working Group.

Day-to-day Implementation

At the execution level, the ESG Working Group coordinates with the ESG working groups in Shuanghui and Smithfield and regularly reports to the ESG Committee. It also helps devise and implement ESG-related strategies, targets and management policies and make ESG an integral part of our daily operations.

Identification of Opportunities and Threats of ESG

The Enterprise Risk Management (ERM) System of the Group covers ESG risks such as food safety, animal welfare and environmental regulations, etc. WH Group regularly communicates with internal and external stakeholders to learn about their expectations to help identify ESG risks and opportunities. We conducted a thorough ESG risk identification study in 2018 and carefully examine and review the findings annually. During the reporting period, we systemized climate change-related risks and opportunities. (please refer to Chapter 2.1.1 'Climate Change Risks' in this report). We plan to launch additional systematic measures and develop more concrete targets in 2021.

1. CREATING SUSTAINABLE VALUE (continued)

1.1.3. External Recognition

Given its mature ESG administration and excellent management, WH Group has been included in several mainstream ranking indices in the capital markets up to the end of this reporting period, further demonstrating its capability to enhance its ESG performance while creating long-term value for investors.

	The Company was integrated into the MSCI Hong Kong Index
	Listed as Hang Seng Corporate Sustainability Benchmark Index with A+ rating
	The Company was selected as a constituent stock of DJSI (Dow Jones Sustainability Index) Emerging Markets

The Group also received the following awards and honors during the reporting period:

	Shuanghui was selected as one of the BrandZ™ Top 100 Most Valuable Chinese Brands.
	Shuanghui was recognized as an Enterprise with Leading Social Responsibility in the 17th China Food Safety Annual Conference.
	Shuanghui was awarded the Golden Tripod Award for Enterprise of China Food Safety.
	Shuanghui was named as a Listed Mass Consumption Company with the Largest Growth at The Reputation List of China Listed Companies Award 2020.
	Smithfield was ranked among the Best Employers for Veterans by Forbes in 2020.
	Smithfield was named in <i>Military Times'</i> Best for Vets Employers 2020 rankings.
	North American Meat Institute (NAMI) presented Smithfield with 45 awards for ESG achievements in food quality, environmental protection and staff safety.

1.1.4. Material Issues of ESG Stakeholder Engagement

WH Group attaches great importance to communicating with stakeholders, proactively builds multi-channel communication mechanisms to promote in-depth exchanges with stakeholders and understands stakeholders' views and opinions on sustainability issues. Our main stakeholders include investors, employees, suppliers, regulators, industrial institutions and experts, non-governmental organizations, sustainability think tanks, media, distributors and consumers.

During the reporting period, we held more than 10 interviews with our stakeholders to gain an in-depth understanding of the demands from various stakeholders and their suggestions for the Group's development, so as to continuously improve our management and sustainable development. Shuanghui performed peer benchmarking, media analysis and other strategies to obtain feedback from stakeholders. For more details regarding stakeholder engagement by Smithfield, please refer to the company's official corporate website².

1.1.5. Material Issues

During 2020, we examined the development of the Group, industrial policy trends, media exposure and ESG regulatory requirements, among other factors, to identify a list of material issues. Stakeholders' opinions and expectations are also integrated into our ESG management strategy and policy development. A matrix of materiality was established as follows:

Formulation Process of Material Issues

Identification of Potential Material Issues

Media and peer benchmarking analysis and document reviews helped identify the economic, environmental and social implications of the Group's business, and potential material issues that may affect the assessment and decision-making of stakeholders.

Sequence of Potential Material Issues

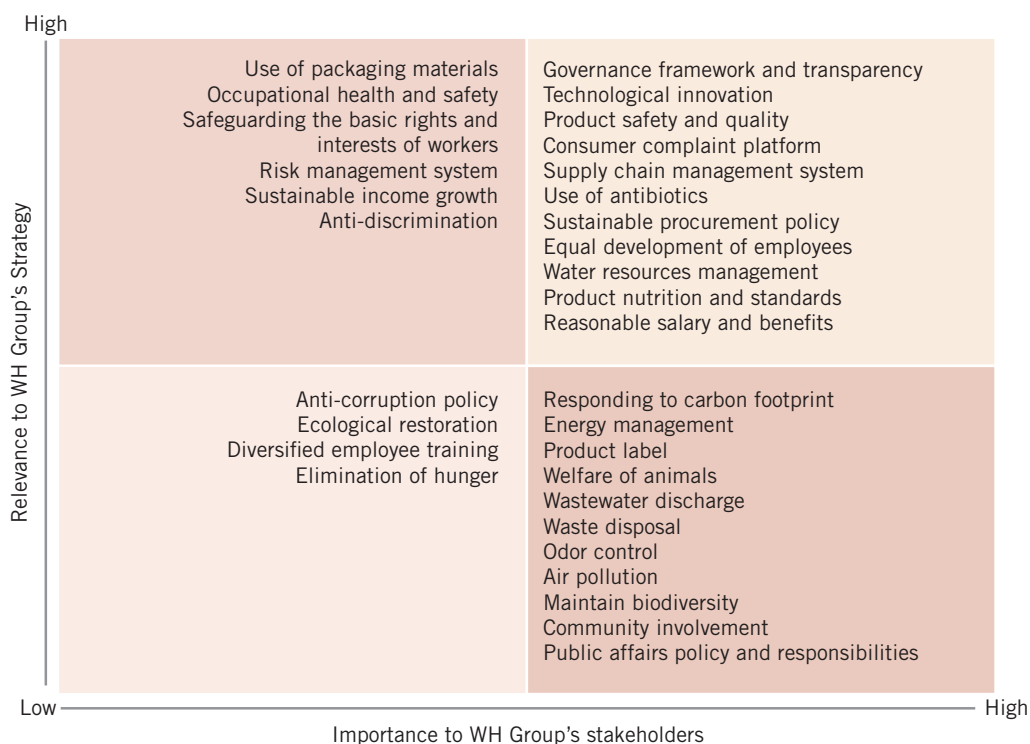
We held management workshops to discuss stakeholders' concerns and re-examine potential material issues. The main issues that concern stakeholders and affect WH Group's strategic development are listed as material issues below.

Conclusions and Feedback

We reviewed the report to see whether it provided a fair description of the Group's ESG impact and performance in the industry and whether the report preparation process reflected the intent of reporting principle. Stakeholders were invited to comment.

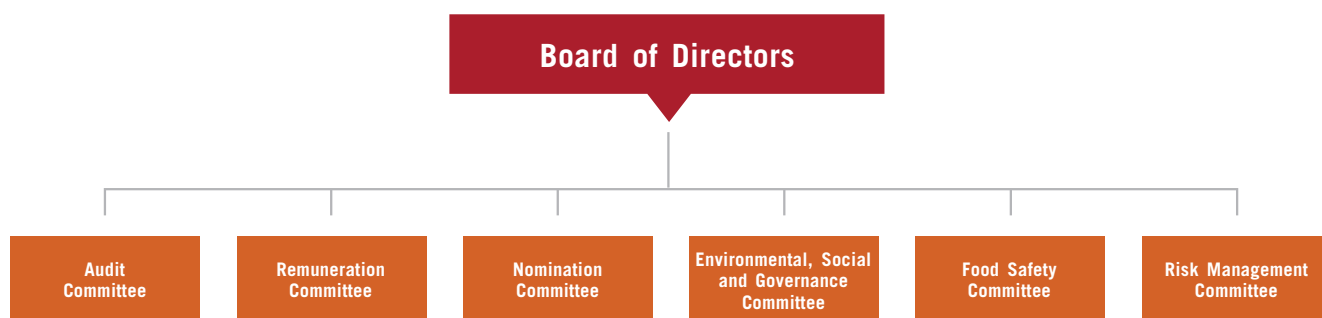
² More information at <https://www.smithfieldfoods.com/sustainability/stakeholder-engagement>

The material issue matrix for the reporting period was as follows:



1.2 Corporate Governance

The Company's development is inseparable from its governance system. WH Group holds itself to a high standard of governance and complies with all local laws and regulatory provisions applicable to where the Group operates. WH Group has set up several professional committees to ensure its Directors are held accountable for their decisions:



WH Group provides continuous professional training and relevant reading materials to members of the Board to ensure that they are aware of the latest updates in commerce, laws and regulations to help them maintain the essential knowledge and skills needed to fulfil their responsibilities.

During the reporting period, WH Group convened one annual general meeting, five Board meetings, three Audit Committee meetings and seven other Board Committee meetings.

1. CREATING SUSTAINABLE VALUE (continued)

1.2.1. Business Ethics and Compliance

The Group operates with integrity, regards business ethics and compliance as major components of the Group's culture, and implements high standards of corporate governance in its daily operations. Pursuant to the applicable laws and regulatory provisions of the regions where the Group is listed or operates, such as the Anti-Unfair Competition Law of the People's Republic of China and the Sherman Antitrust Act in the United States, the Group takes all steps to prevent conflicts of interest, fraud, insider trading or any other behavior that violates business ethical standards to promote correct business practices and values.

WH Group's major subsidiaries have developed internal control policies to ensure the highest standards of business ethics and control compliance risks. In the United States, Smithfield has developed a Code of Business Conduct and Ethics, which explains how Smithfield operates in compliance with applicable laws and is committed to "doing the right thing." All employees must sign a statement showing that they understand the requirements of the relevant business conduct and ethics and that they will comply with them. The Group also expects its suppliers to adhere to high ethical, legal and social responsibility standards, detailed in our Supplier Code of Conduct. In China, we established a Code of Conduct and other business ethical standards that require all employees and partners to behave honestly, follow all laws and regulations, and compete fairly to maintain an honest, clean and compliant business environment. While we continue to enhance our monitoring and accountability system, we are focused on building our employees' awareness of business ethics by promoting a culture of integrity and providing relevant training.

During the reporting period, the Group did not have any cases of non-compliance that violated any laws related to fair competition.

1.2.2. Risk Management

Risk management is essential for WH Group's sustainable development. Our Risk Management Committee is responsible for managing corporate risk-related issues. To promote unified ERM throughout the Group, it will continue to strengthen its ERM program to form an ongoing and effective process to identify complicated and emerging risks (internal and external) facing the Group that might hamper the achievement of its strategic, financial and compliance targets.

ERM includes regular risk identification and assessment, control measures to mitigate the impact of risks, the management and monitoring of key risks, and reporting in a timely manner. Our ERM program incorporates elements related to sustainable development. During the reporting period, we identified 26 key risk areas and prioritized eight of them with regard to risk probability and potential impact: commercial prices and markets, food safety, epidemics, international trading, foreign exchange, industrial competition, laws, policies and listing rules, and plans and strategies. Based on our risk assessment, we formulated measures to reduce their impact.

1.2.3. Anti-Corruption

WH Group advocates a culture of integrity by continuously fighting against and preventing corruption and fraud. The Group strictly follows local laws against corruption, bribery and money laundering wherever it operates, and has formulated internal control policies to combat corruption based on the laws in the countries and regions where we operate. Our subsidiary Shuanghui established a Code of Integrity, and Smithfield has formulated a Code of Business Conduct and Ethics (see <https://www.smithfieldfoods.com/Code-of-Business-Conduct-and-Ethics>), which stipulates the definition of corruption and bribery and the Company's penalties for any violations.

We encourage our employees to report dishonest behavior via designated channels, and we protect the personal information of whistle-blowers to prevent any possibility of revenge. In China, Shuanghui set up an audit center to receive reports and appeals of misbehavior, dishonesty and corruption through various reporting channels. Reports are made in confidence, based on truth, and the reporter's personal information is protected. We introduced measures to protect and, when appropriate, award whistle-blowers, including: setting up a "special protection list"; conducting the reporting process — acceptance, registration, safekeeping, investigation and reward — in strict confidentiality; reporting to the Chairman after the examination of a major report; and rewarding whistle-blowers if appropriate. Our subsidiary Smithfield accepts the reporting of any corrupt behavior through a public whistle-blowing hotline and launches an investigation once a complaint has been filed. We have provided our employees and customers with anti-corruption training and require them to abide by all the Company's anti-corruption policies to prevent corrupt behavior.

During the reporting period, the Group did not identify any material cases related to corruption.

2. A GREENER ENVIRONMENT



2.1 Responding to Climate Change

United Nations Secretary General António Guterres recently said, “Responding to the climate crisis is a key issue of our era, so we must take immediate action.” In 2013, the Food and Agriculture Organization of the United Nations published a report titled “Tackling Climate Change through Livestock — A Global Assessment of Emissions and Mitigation Opportunities”, which stated that greenhouse gas (GHG) emissions from the livestock supply chain constitute 14.5% of all human-induced emissions. As a leading global pork company, WH Group understands the potential impact of our operations on climate change and shoulders great responsibility in addressing climate change.

2.1.1. Climate Change Risks

The challenges and risks posed by climate change continue to escalate. WH Group is dedicated to taking specific action to manage climate-related risks by devising leading sustainability plans and create long-term solutions. The Group’s ESG Committee will continue to monitor our response and management of climate-related risks to ensure that our strategies are clear and effective. We analyze, respond and manage the financial impact of climate-related risks, then identify opportunities and develop corresponding action plans.

Governance

The Group’s ESG committee, which monitors climate-related risks and makes recommendations to the Board, has the following responsibilities:

- ✓ Examining the risks and opportunities posed by climate change;
- ✓ Reviewing and checking climate-related risks, strategies and policies; and
- ✓ Monitoring the implementation of climate-related works and managing progress and performance.

During the reporting period, we systemized risks and opportunities related to climate change. We organized a climate change management workshop to discuss and determine the climate-related risks and opportunities that are likely to affect the Group.

Strategies

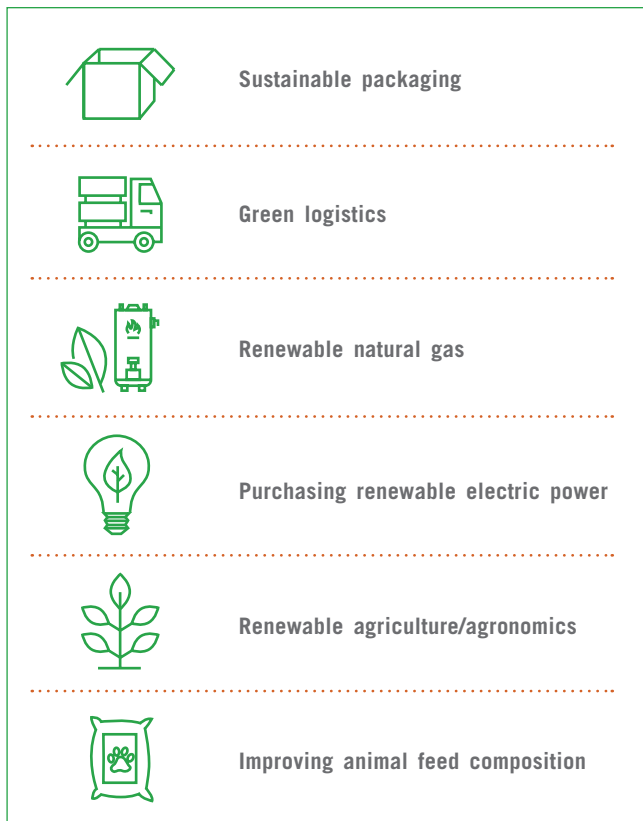
Climate issues are increasingly important. At present, strengthening global cooperation and the response to climate change has become a widely held consensus. The countries or regions where the Group operates have committed to carbon neutrality targets. To achieve low-carbon development, we proactively responded to the promises made by the counties where we operate at the Climate Ambition Summit 2020 and the 2021 Leaders Summit on Climate, as well as responded early to possible future legal and regulatory requirements for a low-carbon transition.

In 2020, our subsidiary Smithfield set GHG emissions-reduction targets and became the first in the industry to announce a goal to become carbon negative³ across its company-owned operations in the United States by 2030. Through various initiatives that reduce the GHG emissions associated with business operations, such as hog farming, manufacturing and production and transportation, we will achieve this goal without purchasing carbon credits to offset emissions. Smithfield proactively works with industry partners to combine resources and professional knowledge, which we believe will help accelerate the projects in our renewable energy plan and help us realize our carbon reduction goals and targets.

³ Negative carbon emissions refer to companies reduce CO₂ emissions from the atmosphere that exceed their own emissions.

2. A GREENER ENVIRONMENT (continued)

Carbon-reduction Initiatives of WH Group



Measure 1: Reducing carbon emissions on farms

We attach great importance to finding opportunities to reduce our carbon emission relating to our hog farming operations. We reduce carbon emissions through the use of efficient fertilizers and soil health conservation measures, as well as implement renewable energy projects. Currently, our consumption of renewable energy includes renewable natural gas, and wind and solar power. Our innovative biogas programs have been the key measure to reduce carbon emissions. Through partnerships in manure-to-energy projects, we collect methane from the hog manure on farms and transform it into renewable natural gas.

Measure 2: Optimizing energy structure, using clean energy to enhance energy efficiency

We recognize that meat processing requires significant amounts of energy and have thus continued to reduce energy consumption at our production facilities, from sources such as refrigeration and lighting, to lower carbon emissions. In addition, we are continuously increasing the proportion of renewable energy through using wind power and other clean

energies. Smithfield also has “wastewater-to-energy” projects in several facilities, which are used to power its modified steam boilers.

Measure 3: Reducing solid waste to landfill

Our subsidiary Smithfield set itself the goal of a 75% reduction in solid waste to landfill and to achieve a zero-waste-to-landfill certification of 75% at its U.S. facilities by 2025. We will continue to minimize waste and recycle or reuse materials that were once considered garbage, ultimately reducing waste sent to landfill.

Measure 4: Optimizing logistics and transportation

We believe that improving and optimizing logistics and transportation are key to carbon emissions reduction. The aim of our logistics optimization initiative conducted by our subsidiary Smithfield is to reduce the number of regional distribution centers and enhance transportation routes to be shorter and more efficient. Currently, our efforts reduce the distance traveled each year by approximately 11.2 million miles and reduce diesel consumption by 1.6 million gallons, equating to an annual GHG emission reduction of nearly 13,000 metric tons of carbon dioxide equivalent (CO₂e), equivalent to taking more than 2,800 passenger cars off the road annually.

Measure 5: Biodiversity and conservation

Agriculture and forests are essential to addressing climate change. Our subsidiary Smithfield is dedicated to fostering and enhancing programs to sequester more carbon in agricultural lands and natural ecosystems. One example is the Monarch Butterfly Habitat Exchange Project, which aims to rehabilitate 1.5 million acres of high-quality breeding and nectar habitat along butterflies' migration routes to help restore and protect the species. Moving forward, we will continue to identify new opportunities focused on biodiversity and conservation.

Climate Crisis Risk Management

According to the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks consist of transition risks and physical risks. Transition risks come from the low-carbon economic transition to better adapt to the global climate, including risks related to policy, law, technology, market and reputation. Physical risks are related to extreme weather and the rise of the global average temperature, including acute risks (typhoons, floods), chronic risks (rising mean temperatures, rising sea levels) and other risks. During the reporting period, WH Group fully systemized and identified climate-related risks that may affect our business and finances according to the geographical location of our operations, government planning and policies, and extreme weather events. We ranked climate change risks and explored the corresponding opportunities. Ultimately, we identified the five most important climate-related risks to our business and operations, as follows:

Climate-related risks (Level one)	Climate-related risks (Level two)	Climate-related risks (Level three)	Financial impact
Transition risk	Technology	Substitution of existing products and services with lower emissions alternatives	Reduced demand for products and services Write-offs and early retirement of existing assets
		Unsuccessful investment in new technologies	Preliminary Research and Development (R&D) expenses for new and alternative technologies Preliminary venture capital for technology development
		Preliminary expenses for low-emission technological transformation	Preliminary costs for adopting or deploying new practices and processes
	Market	Higher raw material costs	Increase in operational costs
	Reputation	Changes in consumer preferences	Reduced revenue from lower demand for products and services
Physical risk	Acute risk	Drought	Increase in operational costs Effect on product quality results in changing consumer choices Production is affected, resulting in a fall in revenue

Potential Opportunities

WH Group is dedicated to systematically identifying opportunities created by climate change. In terms of production value, WH Group is determined to develop a low-carbon industry chain that is adaptable to climate-related risks and help enhance the adaptability and industry value of the Company. As for business topology, to lower climate-related risks, WH Group will continue to explore and maximize the application of innovative technologies, such as the application of new energy technologies. This helps us



formulate a low-carbon economic and business portfolio and remain competitive in the midst of global climate change.

2. A GREENER ENVIRONMENT (continued)

Resource efficiency opportunities

- **Transportation.** In response to climate-related risks, WH Group will further enhance its logistics routes and increase transportation efficiency to lower operation and maintenance costs.
- **Water consumption.** We will reduce the amount of water we use to tackle water resource risks and lower operational costs by improving production technologies.
- **Recycling.** We will increase the recycling rate of water resources and apply suitable treatment for manure and sludge to increase the economic benefits.
- **Production flow.** We will optimize production flow to enhance energy efficiency during the product R&D process.



Energy sources opportunities

- **Low-emission source of energy.** Unlike other food companies, WH Group uses waste such as manure to produce methane as a cleaner source of energy.
- **Rise of new technologies.** Clean energy such as solar and wind energy can be installed at plants with sufficient space to replace fossil fuels.



Product and service opportunities

- Lowering our carbon footprint can help us to cater to the requirements of governments and consumers who prefer low-carbon products.
- We will seek solutions to potential product storage problems resulting from global temperature rises through R&D and innovation.



Market opportunities

- Lowering our carbon footprint will facilitate easier access to markets with more stringent carbon regulations in the future.



Adaptability opportunities

- Increasing supply chain reliability. WH Group products require extensive use of cold chain transportation. Reliability can be enhanced by using technologies that help adjust cold chain transportation.
- R&D of new product and service. Conducting R&D on low-carbon products in advance may help WH Group become more adaptable.



In order to further reduce the risk of climate change, WH Group began to explore the specific applications of climate change opportunities based on the opportunities identified. We are committed to cultivating a more climate change adaptable business layout and business development capabilities, as well as realizing the transformation of a low-carbon economy.

WH Group actively seizes product opportunities, such as promoting plant-based protein products

We have launched plant-based protein products, such as the “Shuanghui Veggie” and Pure Farmland™, plant-based protein series. Facilitating R&D of plant-based protein products helps to conserve water, protect the atmosphere, forest and biodiversity, and reduce GHG emissions with significant climate change mitigation effects. Research shows that the global plant-based protein market is estimated to grow at a compound annual growth rate of 14.0% from 2019 to 2025, reaching US\$40.6 billion⁴ in 2025. We believe that strong demand and changing consumer preferences will support our strategic direction when seizing product opportunities.

⁴ Data source: Markets and Markets, American market research and consulting company.

2.1.2. Energy Conservation and Consumption Reduction

Regarding the identification of climate-related risks and opportunities, we are actively exploring effective measures to lower our carbon footprint. We are committed to achieving structural emissions reduction through energy structure adjustments and optimization, technological emissions reduction through technology upgrades and transformation, and management emissions reduction through enterprise management standardization, refinement and informatization.

Energy Management

To save energy in production, transportation and purchasing, we attach great importance to our energy management and improving our energy consumption efficiency. We strictly abide by local regulations and laws, including the Energy Conservation Law of the People's Republic of China and the Energy Policy and Conservation Act of 1975 to ensure compliance in energy consumption and conservation.

In China, we continue to strengthen our internal management capabilities and actively implement internal management systems, such as Energy Technology Standards, Energy Management Standards and Energy Assessment Programs, and facilitate energy management through policy promotion, assessment guidance and process control.

In the United States and Europe, we continue to improve our facilities and management techniques and cooperate with governments to lower the energy consumption rate in our plants. We have implemented unified operational enhancement projects, including the enhancement of refrigeration, lighting and other equipment, to reduce energy consumption.

Key Control and Energy-saving Measures in 2020

Monitoring facilities operations

- Tracked the operation of coal-fired and gas-fired boilers and improved the energy efficiency of boilers by standardizing the use of deaerators, installing low-nitrogen burners and regularly monitoring the oxygen level of boilers.

Upgrading facilities to save electrical power

- Installed LED lighting and purchased electronic equipment at a standard no lower than level two energy efficiency to reduce energy consumption.
- Used energy-saving equipment such as air suspension blowers, which reduce energy use by 41% compared with traditional Roots blowers, as well as used air-saving nozzles and energy-saving air compressors to reduce compressed air use to lower energy costs.

Electrical power saving technology

- Launched a sterilization heat energy recycling project, in which a plate heat exchanger was installed before the warm water tank that enters the cooling tower. This allows running water to be pre-heated by these plate heat exchangers before being provided to the boilers and put to everyday use.

During the reporting period, the Group's energy consumption data were as follows:

Energy consumption	Unit	2018	2019	2020
Direct energy consumption	Million kWh	5,851	5,878	5,216
Direct energy consumption intensity	kWh/metric ton of products produced	579	617	603
Indirect energy consumption	Million kWh	3,808	3,686	3,811
Indirect energy consumption intensity	kWh/metric ton of products produced	377	387	440
Total energy consumption	Million kWh	9,659	9,564	9,026
Total energy consumption intensity	kWh/metric ton of products produced	956	1,004	1,043

Use of Renewable Energy

Increasing the use of renewable energy lays the foundation for the reduction of carbon emissions. The Group has continued to expand the scope and proportion of clean energy it uses, such as solar energy, biomass energy and other renewable energies, to replace fossil fuels. Our new energy application projects are as follows:

Biomass energy	<ul style="list-style-type: none"> Launched biomass projects in China and gradually promoted this to facilities that met the conditions in 2020.
Renewable natural energy	<ul style="list-style-type: none"> Launched projects in many states in the U.S. to capture methane emissions on pig farms and transform them into renewable natural gas, providing power for families, corporates and transportation. In collaboration with partners Dominion Energy and Roeslein Alternative Energy, we launched "manure-to-energy" projects in states across the U.S. to capture methane emissions on hog farms and transform them into renewable natural gas, providing power for families, businesses and vehicles.
Solar energy	<ul style="list-style-type: none"> Installed solar energy water heating systems at 32 poultry farms for staff showers.
Wind energy	<ul style="list-style-type: none"> Partnered with United Wind to develop wind energy infrastructure on dozens of our farms in the United States. It is estimated that more than 15% of our total energy consumption in the U.S. will come from wind power after infrastructure completed.

2. A GREENER ENVIRONMENT (continued)

During the reporting period, the GHG emissions data were as follows:

GHG emission	Unit	2018	2019	2020
GHG emissions	Metric tons of carbon dioxide equivalent	2,632,607	2,616,317	2,562,584
GHG emissions intensity	Metric tons of carbon dioxide equivalent/ metric tons of products produced	0.26	0.27	0.30

2.2 Resource Management

As water and packaging materials are crucial to WH Group's production, we attach great importance to the integrated management of resource conservation. While lowering operational costs, we explore innovative technologies and work with our industry partners and communities to establish resource conservation projects and shoulder environmental protection responsibility together.

2.2.1. Water Resource Management

The Group continues to strengthen its water resource management and improve water resource efficiency. We strictly abide by the laws and regulations in the regions where we operate, including the Water Law of the People's Republic of China and the Clean Water Act in the United States. We continuously monitor our water consumption. Through reasonable planning and target setting for water usage, and guided by water risk assessment results, we improve water usage efficiency based on planned production and other indicators.

In addition to implementing water conservation measures in our plants, we proactively protect the water catchment areas where we operate and explore and implement innovative measures to further reduce the impact on water resources from our production and operations. In the U.S. and Europe, we have introduced and been implementing long-term water policies and working with local communities and monitoring centers to tackle water-quality and water-use problems.

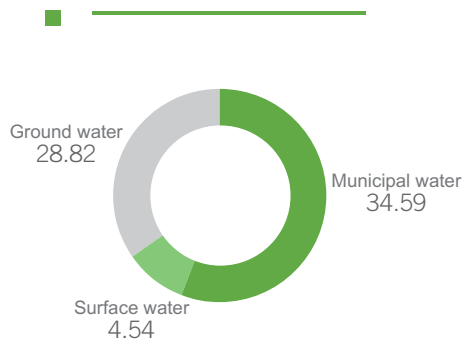
WH Group Water Conservation Measures

Risk management	<ul style="list-style-type: none"> Announced a watershed analysis project in the U.S., and pledged to adopt internationally recognized management standards to assess watersheds in our operating regions and mitigate water-related risks. Devised emergency plans and set up an emergency leading group in China to deal with emergencies in a timely manner. We constructed running water storage tanks and autonomous pumping stations equipped with double-loop water supplies and 24-hour shifts to minimize water resources risks.
Innovative strategies	<ul style="list-style-type: none"> As part of the SmithfieldGro program, Smithfield works with farmers in agricultural supply chain to reduce pesticide water pollution and soil erosion and protect water resources. Promote the use of electronic chemical water treatment facilities and strengthen the recycling of water resources. Reduce the amount of water used by recycling the heat energy of sterilization water.
Community cooperation	<ul style="list-style-type: none"> Our Tar Heel facility in North Carolina partnered with the local water authority to build a new surface-water plant to reduce the impact on groundwater in eastern North Carolina.

The Group's water consumption data in 2020 were as follows:

Water Consumption	Unit	2018	2019	2020
Total volume of freshwater	Million cubic meters	73.06	70.87	67.95
Water consumption intensity	Cubic meters/ metric tons of products produced	7.23	7.44	7.85

Apart from 0.19 million cubic meters reclaimed water used, other sources of water consumption in 2020 were as follows:



**Source of Water Consumption
(Million cubic meters)**

2.2.2. Packaging Materials Management

We have always made it our priority to manage the amount and selection of packaging materials we use to conserve resources and reduce the environmental impact from our operations. To ensure the safety and reliability of our packaging materials, we emphasize reducing packaging where possible, utilizing lighter, more environmentally friendly materials and increasing their reusability.



In China, we responded to the “Comments on Strengthening Plastic Pollution Governance” jointly published in 2020 by the National Development and Reform Commission and the Ministry of Ecology and Environment of the People’s Republic of China. We have exhaustively examined and studied the requirements and solutions for “prohibiting and limiting the production, sales and use of single-use plastic products to significantly reduce single-use plastic product consumption”.

In the U.S. and Europe, we continue to pay attention to applicable laws and regulations regarding the usage, recycling and treatment of packaging materials, and make timely responses.



To optimize packaging materials management, we reduce our environmental impact across all aspects from production sources, packaging design to post-use recycling. We also work with other industry partners to create sustainable packaging.

Measures Taken by the Group on Packaging Materials Management

Selection of Materials



At our plants in China, we explore and promote the replacement or reduction of plastic packaging. We have more than 20 types of reusable packaging supplies, including containers, milk proteins or starch and alcohol barrels, etc.

Packaging Design

We refined some of our five-layer paper boxes and reduced 850 metric tons raw paper usage.

We took packaging reuse possibilities into consideration in our packaging design to increase reusability at the customer end.

We replaced shrink sleeve labels with partial in-mold-labelling technology to reduce the surface area of our plastic labels.

We devised an optimum packaging plan in terms of packaging size and forms, etc., to reduce plastic packaging and overpackaging as much as possible.

Packaging Recycling

With the launch of our Pure Farmland™ brand in 2019, we introduced a product tray made from 50% recycled materials.

2. A GREENER ENVIRONMENT (continued)

Participated in Walmart's Project Gigaton to promote sustainable packaging

We actively responded to initiatives launched by our customers, such as Walmart's Project Gigaton, to help them meet their target of eliminating 1 billion tons of GHG emissions in the global value chain by 2030. In the ongoing project, we focus on improving packaging design, sustainable purchasing and increasing our recycling rate to advance our sustainable packaging initiatives. Our target, scope and completion date for packaging management are set according to each business and product, and we report our project progress and influence every year.



Our packaging material consumption data during the reporting period were as follows:

Packaging material consumption	Unit	2018	2019	2020
China	Metric ton	229,619	233,187	226,695
USA	Metric ton	185,281	228,787	213,916
Europe	Metric ton	136,135	135,563	152,631
Gross	Metric ton	551,035	597,537	593,242
Packaging material consumption intensity	Metric ton/metric ton of products produced	0.06	0.06	0.07

2.3 Emissions Management

WH Group continued to lawfully and transparently manage emissions and to realize green development through the implementation of an effective management system that monitors emissions across every aspect of our operations. We strictly abide by laws and regulations related to pollutant emissions in the regions where we operate. We have also refined our environmental management system and established green plants and a sustainable industry chain to fulfill our environmental responsibilities using green concepts and innovative technologies.

2.3.1. Environmental Management System

The Group continued to focus on sound environmental management. We are strengthening our environmental management capabilities and raising our environmental management awareness and level by actively implementing the division of environmental responsibilities and duties at each operation site, setting environmental targets including compliant operations and clean production, and conducting environmental management system certification.

Environmental responsibility implementation

- China**
 Subsidiaries implemented an environmental management structure overseen by the headquarters' Safety and Environmental Protection Centre;
- U.S. and Europe**
 Each plant has full-time employees in charge of handling daily environmental affairs, led by the regional directors of Environmental Affairs.

Environmental management system certification

- All of the Group's major business facilities have ISO 14001 certifications for environmental management systems.



2.3.2. Wastewater Management

We strictly abide by laws and regulations related to wastewater discharge in the areas where we operate, such as the Water Pollution Prevention and Control Law of the People's Republic of China and the Clean Water Act in the U.S. We have established internal management systems, such as the Standardization of Wastewater Discharge Stations Safe Operations, to ensure compliant wastewater⁵ pollutant emissions, while also striving to lower our pollutant emissions to reduce our environmental impact.

In China, we met our annual targets for wastewater discharge management, achieving full-year compliance with pollutant discharge standards and no major environmental emergencies. We continue to enhance the professionalism of our environment management team and have organized environmental protection training to improve environmental governance. In the United States and Europe, we continue to raise the wastewater discharge management levels and enhance our wastewater treatment technology.

In 2020, we discharged a total of 57.80 million cubic meters of wastewater, with 6.67 cubic meters per metric ton of products produced. In China, a total of 445.56 metric tons of chemical oxygen demand (COD) was emitted, and the COD emission intensity was 0.18 kilograms per metric ton of products produced.

⁵ Wastewater refers to the wastewater collected from individual plants and farms or treated at plant wastewater treatment stations and discharged to an outside environment or municipal network. In the U.S. and Europe, wastewater also includes treated wastewater used for internal and external irrigation.

2.3.3. Air Emissions

We strictly abide by laws and regulations related to air emissions where we operate, such as the Air Pollution Prevention and Control Law of the People’s Republic of China and the Clean Air Act in the U.S., to ensure compliant air pollutant emissions. We also established and implemented internal systems, such as the Code for Air Emissions Regulations, while striving to lower the relevant pollutant emissions.



In China, we strengthened the management of environmental data through strict review and declaration of online monitoring data, third-party testing data and daily government-filled data. We identify abnormal pollutant emissions in a timely manner and ensure that we meet emission standards throughout the reporting period. We have also enhanced our maintenance of exhaust gas treatment facilities, intensified the monitoring of volatile organic compounds (VOCs), and reduced the emission concentration of exhaust gases.

In the U.S., we attach great importance to the management of air emissions data. We regularly report nitrogen oxides (NO_x) and sulfur oxides (SO_x) emissions to the U.S. Environmental Protection Agency and state regulatory agencies. In the U.S. and Europe, we continue to improve energy efficiency and actively use clean energy such as natural gas.

In 2020, our air pollutant emissions data in China were as follows, and more information about our emissions in the U.S. can be found in the 2020 Smithfield Sustainability Impact Report:

Place of Operations	Type of Pollutant	Unit	2018	2019	2020
China	SO ₂ emissions	Metric ton	59.26	48.91	44.70
	NO _x emissions	Metric ton	175.23	161.68	132.84

2.3.4. Solid Waste Management

We strictly abide by the laws and regulations related to solid waste management in the regions where we operate, such as the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Waste and the Solid Waste Disposal Act in the U.S. We also implemented internal management systems, such as the Code for the Management of Solid Waste, strictly manage non-hazardous and hazardous waste, and have set specific solid waste management targets that meet the requirements in the regions where we operate. On the basis of ensuring the compliant solid waste disposal, we strive to minimize waste generated and sent to landfill.

Solid Waste Management Goals of the Group

Solid waste management goals in China

Reduce solid waste and dispose of waste properly.



Solid waste management goals in the US

Reduce the amount of solid waste taken to landfill by 75% and achieve zero-waste-to-landfill certifications for 75% of our U.S. facilities by 2025.



Direction of Solid Waste Management in Our Operations in China

Non-hazardous waste

We work hard to reduce waste generation and actively increase our recycling rate.

Hazardous waste

We handle the disposal of hazardous waste in a compliant and appropriate manner and take steps to reduce the generation of hazardous waste.

In China, we have devised different management directions and tactics for reducing and handling different types of solid waste. For hazardous solid waste, we adopt strict compliant storage and disposal measures. To meet the requirements of the latest Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, we have upgraded and renovated our storage facilities and engaged qualified third parties to transfer and dispose hazardous waste⁶ to reduce the impact on the environment. Regarding non-hazardous waste, we implemented new techniques to reduce waste volume and enhance our recycling rate.

⁶ Hazardous waste in China refers to the waste listed in the National Hazardous Waste List. In the U.S., it refers to “Hazardous waste” and “Universal waste”, as defined by the National Environmental Protection Agency. In Poland, hazardous waste is defined in the 2010 National Waste Management Plan. In Romania, hazardous waste is referred to in the Consolidated European Waste Catalogue (CEWC).

2. A GREENER ENVIRONMENT (continued)

Solid Waste Disposal Measures in Our Operations in China

Reducing waste generation

- Solid-liquid separators are used to reduce sludge from the source.
- Adjust wastewater treatment station processes according to influent concentration to reduce sludge generation.
- High-performance filter presses are used to reduce the moisture content of sludge, which enables us to achieve sludge reduction and hazard-free treatment.

Increasing recycling

- Make use of manure resources by collecting chicken and pig manure and using it as fertilizer after treatment.

In the U.S. and Europe, we also put considerable effort into the management of solid waste generated from our facilities. We are committed to achieving zero-waste-to-landfill certifications at 75%, i.e. 37 of our U.S. facilities, by 2025. One plant achieved zero solid landfill disposal in 2020. Our U.S. operations sent 63% less material to landfill in 2020 compared to our 2010 production-weighted baseline. Through our strategic partnership with Anuvia™ Plant Nutrients, organic matter in hog manure is collected from our North Carolina farms and is being used to create sustainable, commercial-grade fertilizer (SymTRX™). We currently offer a discount program to farmers who use SymTRX through our partnership with Anuvia.

Our solid waste data in 2020 were as follows:

Recycled non-hazardous waste	Unit	2018	2019	2020
Scrap metal	Metric ton	9,370	12,201	18,605
Waste plastic	Metric ton	3,652	4,425	7,892
Waste paper	Metric ton	39,823	40,706	37,265
Coal cinder	Metric ton	6,633	6,344	4,900
Hog manure, sludge and other organic matter	Metric ton	234,130	240,170	191,780
Gross	Metric ton	293,608	303,846	260,442

Discarded non-hazardous waste	Unit	2018	2019	2020
Gross	Metric ton	78,987	60,768	53,736
Non-hazardous waste disposal intensity	Kg/metric ton of products	7.8	6.4	6.2

Hazardous waste	Unit	2018	2019	2020
Gross	Metric ton	3,444	3,265	5,268 ⁷
Hazardous waste intensity	Kg/metric ton of products	0.341	0.343	0.608

⁷ Increase in hazardous waste in 2020 came from the US disposable personal protective equipment

3. MORE HARMONIOUS SOCIETY



3.1 Focusing on High Quality Products

Food safety and quality are the foundation of our business as a food company. The Group puts food safety at the top of the agenda and actively exercises its Corporate Social Responsibility to provide safe, nutritious products for our customers, while strengthening our services, to become a company worthy of consumers' trust.

Highlights

- **US\$148 million** invested in research and development in 2020 
- **39 plants** in China obtained ISO 9001 Certification 
- **5 laboratories** in the US accredited by the American Association of Laboratory Accreditation 
- All facilities in US and Europe certified by Global Food Safety Initiative (GFSI) 

3.1.1. Food Safety and Quality

The Group strictly abides by all food quality and safety laws and regulations in its operating countries and regions, including the Food Safety Law of the People's Republic of China and the U.S. Federal Food, Drug, and Cosmetics Act. The Group upholds food safety management principles that emphasize prevention and risk management, thorough controls, and employee participation at all levels. In the locations that we operate in, we fully comply with our comprehensive quality control management systems at all stages of production ranging from animal feed production, hog production, and food processing to transportation and delivery, demonstrating our competitive edge in quality control.

Quality Management System and Goals

At the Board's supervisory level, we established the Food Safety Committee to identify, assess and evaluate the food safety situation and coordinate food safety-related work. We established a food-safety monitoring team, which is responsible for all food safety control measures at each step of the production process, and we also established a quality management team comprised of more than 1,000 employees, whose duties are to monitor our food safety and quality performance under stringent standards and make continuous improvements.

3. MORE HARMONIOUS SOCIETY (continued)

Based on the continuous improvement of the quality control system, we established a total of 481 quality control objectives in each business segment in China, with clear targets for both process and results. During the reporting period, we achieved 83.16% of our goals, which was one percentage point higher than that in 2019. We keep track of unachieved goals, analyze them regularly and arrange monthly meetings for improvement. We also developed the “Four Most Strict⁸” quality improvement policy to enhance awareness of quality management and ensure overall control on the quality and safety of our products.

In China, 39 of our plants have received ISO 9001 Quality Management System Certification and 30 subsidiaries received ISO 22000 Food Safety Management System Certification/Hazard Analysis Critical Control Point (HACCP) System Certification. All of our processing facilities and packaged meat plants have received recognition of their quality and food safety management systems. Our poultry processing facilities in China received FSSC 22000 Food Safety Management System Certification and Certification of Pollution-free Agricultural Product and Administrative Provisions on the Filing of Export Food Manufacturers. Luohe Shuanghui Industry Group Co., Ltd., one of our subsidiaries, received British Retail Consortium (BRC) Certification and Marine Stewardship Council and Aquaculture Stewardship Council (MSC/ASC) Certification.

In the United States and Europe, we set three food quality and safety targets to lower food safety risks:

Food Quality and Safety Targets

- Zero product recalls
- GFSI certification for all relevant facilities
- Continuing food safety training for staff

In the United States, we implemented a food safety policies and relevant procedures and established 40 internal policies to support all daily safety and quality control work. By adopting GFSI, we are able to achieve outstanding industry performance. All our facility management programs in the United States are based on the HACCP management framework. Our quality assurance plan uses the HACCP model as a baseline to manage key quality-control points. All our plants in the United States and Europe have passed the Safe Quality Institute examination and met the requirements of the GFSI standard. United States Department of Agriculture (USDA) inspectors and our internal audit team examine the safety and quality procedures in our processing plants daily.

Suppliers' Food Safety and Quality Management

We continue to improve our control of suppliers' food safety and quality management. During the reporting period, we established a supplier inspection team in China and assessed 170 suppliers for food safety. We also sent specialists to conduct onsite inspections. From May to December 2020, 71 inspectors conducted quality inspections on the premises of 30 chicken suppliers, and 6 inspectors inspected product quality at our sweet corn suppliers. We are committed to ensuring the quality and safety of our products at the source.

We established a strict quality-control system covering all aspects of hog purchasing in China, as follows:

- Suppliers must make sure all delivered hogs have ear tags and complete, valid documentation. An information checking must be completed for all hogs, including ear tags and animal quarantine certificates before delivery. Checks shall be performed from time to time during delivery. They can enter the plant only when the Department of Animal Quarantine has released a pass showing that the documents have been validated and the hogs have passed the quarantine.
- We keep files about the safety and integrity of our hog suppliers. We register the number of hogs delivered every day, along with their quality information, and regularly review the files to strengthen our hierarchical management.
- Our hog suppliers must sign the Hog Trade Commitment and guarantee the quality of the delivered hogs. If it is discovered during inspection that the hogs contain prohibited additives or medicine, the hog supplier will be blacklisted immediately and its qualifications for hog delivery will be suspended.

During the pandemic, in China, we established our Imported Cold Chain Food System and related requirements regarding potential risks in the imported cold chain. We also worked with trading companies, imported raw materials from low-risk countries, and carried out sterilization and inspection at all import ports.

In the United States, suppliers must undergo annual GFSI certification or other appropriate third-party food safety and quality audits, as well as a third-party animal welfare audit, including a transportation audit.

Production Process Controls

The Group complies with food-safety requirements throughout the production process. We implement risk evaluation and hazard analysis at all stages of production and have relevant risk-control measures in place. We use information systems to monitor critical food-safety control points to ensure full implementation of our practices.

⁸ “Four Most Strict”: The strictest standards, inspection, handling, and punishment

In China, we pay great attention to the management and control of the production process to ensure the effective operation of our food-safety management system. More than 900 professional quality-control staff conduct inspections throughout the production process to ensure that each production and processing stage complies with our food quality and safety requirements. In addition, we implement key checks on critical operation steps to minimize risks and improve product quality.

Continuously Improving the Quality Inspection System

During the reporting period, to resolve the problem of small holes appearing in meat casings because of high temperatures, we established a working group in China. Through measures such as thorough search, testing and upgrading of key facilities, we strengthened our control of chemical procedures and the meat production process. After one year of test runs, the rate of small holes appearing decreased significantly.

In the United States our facilities are subject to safety and quality audits from in-house auditors, governmental organizations, and third-party agencies. Any nonconformities found during the audits are handled in each facility. We conduct a follow-up audit after the primary audit to ensure that all corrective action is completed and share our findings with our other facilities. We conduct routine environmental pathogen tests in our processing facilities to prevent microorganism contamination that may affect our food safety and quality.

Product Testing

Product testing is an important focus area to ensure that we provide safe products for consumers. In China, we test our products through the two-hierarchy system, consisting of a quality inspection department at our headquarters and in our 44 subsidiaries across the country. There are more than 2,900 sets of testing equipment in our labs, covering more than 600 indicators including nutrients, microorganisms, pesticide residue, veterinary drug residue, microelements, heavy metals, food additives, and prohibited additives.

During the reporting period, we continued to implement the “ractopamine” test procedure for each hog which has been applied in China since 2011. Once detected, we report all cases to the regulatory agency and conduct innocuous and timely disposal in accordance with national regulations.

In the United States, we utilize in-house laboratories in nearly all our processing facilities to ensure the quality and safety of our food products. Most of them are microbiological laboratories, which help monitor the production facilities and equipment surfaces, as well as the number of microbes in the air. Five of our laboratories have American Association for Laboratory Accreditation (A2LA), which proves their technical competence in conducting sampling of pathogen products and performing environmental monitoring of listeria species in the processing facilities.

Product Recalls

To mitigate risks related to food safety, the Group continuously improves its emergency response mechanisms. We conduct annual drills regularly on the product recall process and calibrate the adequacy of emergency measures to manage emergency situations and continuously improve food safety emergency response capabilities. During the reporting period, there were no product recalls in China and the U.S. Amid a multi-country outbreak of Salmonella Enteritidis, we had three recalls of raw turkey product in Poland and two recalls in pork trimmings in Romania in 2020. Our food safety and quality systems help ensure that we can respond quickly to address product recalls should they occur. In the U.S. and Europe, we continued to strengthen our internal communications channels and established and implemented an food safety and quality assurance (FSQA) scoring system. FSQA helps us build a database of monthly key quality indicators, customer complaints, recalls and shelf life information for fresh meat and meat products to further strengthen food safety supervision.

In China, we developed the Product Recall Control Operational Manual according to the Administrative Measures for Food Recalls, which clearly stipulates items such as food safety risk assessment, preparing a recall plan, implementing recall activities, disposing of recalled products, corrective measures, management evaluation, and summaries. We have also built an information system for product traceability to control the entire process of product procurement, production, distribution and sales, and to clearly understand the whereabouts of our products for timely recall. During the pandemic, we promptly responded to the policy of the Chinese government and cooperated with the country’s product-tracing platform to ensure full traceability of imported cold chain food.

Training on Food Quality and Safety

To ensure comprehensive staff awareness of food safety, we provide professional knowledge and skills training for staff. In China, we provided the following training to our employees and suppliers:

- We invited 3M trainers to conduct an assessment of microbe risk and provide on-site training for every staff member from meat production, processing and quality management to increase their level of professional knowledge.
- We installed LED monitors in the cafeterias of various companies to promote occupational safety. Conducting various kinds of events, such as Food Safety Week, a Food Safety Knowledge Contest, a Food Safety Writing Competition, a Food Safety Public Speaking Contest, and a Competition for Quality Management Proposals, helped raise the passion and commitment to food safety among all staff.
- Hog suppliers must participate in regular training at the plant level to raise their awareness of food safety and improve their ability to prevent problems and control quality to guarantee legal, healthy and safe hog delivery. During the reporting period, we organized 178 training sessions for our hog suppliers, which had 3,574 attendees.

3. MORE HARMONIOUS SOCIETY (continued)

3.1.2. Innovation and Nutrition

WH Group takes innovation as the driving force for the company to move forward, incorporates the concept of innovation into each business unit and enhances the development of innovation management capabilities with consumer demand as the core. During the reporting period, the Group invested US\$148 million in R&D.

Corporate Innovation

To strengthen our corporate capability for independent innovation, in China, we established an R&D innovation team, comprised of almost 200 people. We proactively participated in R&D meetings organized by the industry to increase our internal food innovation capability and production innovation capability. In the meantime, in order to create intelligent and innovative factories in China and achieve digitalization and efficiency of production flow, we make use of various kinds of autonomous innovative facilities to improve the production rate and product quality through technological innovation.

During the reporting period, we launched many innovative quality projects and were granted five patents in areas covering quality, safety, and production management. We played an increasingly important role in industry standard communication, while participating in the formulation of one industry standard and nine national or international standards.

Product Innovation

The Group has proactively driven product innovation to provide more diversified product choices for our customers. During the reporting period, we made greater efforts to develop new channels, such as food and beverages and Chinese food. We invested RMB560 million in the following innovative products to cater new demands from the market.

Development of Food and Beverage Products

- We seize the fast growth period of the meat industry and focus on developing large-scale products such as meatballs, crispy meat and steaks.

Development of Household Consumption Products

- We developed products such as Dongpo pork and curry chicken to meet the changing needs of modern young families in the kitchen.

Development of Quick-frozen Products

- We developed quick-frozen products consisting of buns and meat, such as roast pork buns, and asparagus, mushroom and pork buns, to explore new markets.

In the United States, our plant-based protein portfolio — Pure Farmland™, launched in 2019, made a breakthrough as an alternative source of protein. All products in the soy product series are gluten and dairy free and include essential amino acids that many other plant-based protein products lack. This satisfies the needs of consumers looking for a complete plant-based diet. Revenue from these products increased by 56% year-on-year.



Nutrition and Health

Due to the growing awareness of healthy lifestyle, we observed an increase in consumer needs for nutritious and healthy food. Under the rising trend of improving health, we studied relevant consumer needs while adhering to the openness and transparency of information about raw materials and nutrients. We have reduced, if not stopped using, additives and antibiotics. Instead, we have added more functional nutrients.

We provide food nutrient information and product description, including nutrition facts, nutrition claims and nutrition functions claims, to contribute to the healthy diet of customers. Moreover, we worked with the China Meat Association to draft the outline of the *Nutrition and Health of Meat Manufacturing Industry Development Action* as well as relevant group standards. The standards will be introduced to the market once refined. We believe this will help motivate our industry peers to also provide healthy and nutritional protein products to consumers.

In China, we actively respond to the “Healthy China” strategy. We continue to launch innovative products with low sugar, low fat, and low sodium along with organic nutrition and healthy alternatives, giving consumers more choices.

Low-calorie sausages: reduced fat, reduced sugar and reduced sodium

In 2020, we introduced healthy, nutritious and delicious low-calorie sausages to meet customers' needs to reduced fat intake, maintain body shape and meet the bodybuilders' demand for high protein while keep the snack taste. 100g of the product contains less than 5g of sugar, less than 10g of fat, less than 800mg of sodium, less than 5g of saturated fatty acid and more than 14g of high protein. Our product is dedicated to serving as a benefit for consumers who strive for a healthier body.

In addition, we introduced the Added Calcium Shuanghui King Ham Sausages, which satisfy consumer needs with increased calcium.



Added Calcium Shuanghui King: Ham sausages with increased calcium

Low-calorie sausages: reduced fat, reduced sugar, and reduced sodium

In the U.S., we refine our recipes and plan to reduce the added sugar and sodium in all our product lines by 10% by 2025. We provide consumers with healthy food while maintaining the taste quality. We offer diverse products that enhance the consumer experience in order to cater to the diets and lifestyles of different people. We use natural ingredients in our food processing for customers' organic lives. We always support transparency and cleaner labeling, which allow consumers to easily understand the ingredients of our products. In Europe, several of our recent offerings are free from preservatives, MSG and phosphates. Our international operations offer a wide assortment of food products that meet all EU nutrition and labeling standards.

Power Bites: Convenient High Protein Choice

In 2020, we launched a new product, called "Power Bites". Each 4oz serving contains 17 to 19 grams of protein, and has no MSG or artificial additives. It is a convenient and nutritious product for consumers who live a fast-paced life.



Each 4oz cup contains 17 to 19 grams of protein

Replacing anti-bacterial preservatives with natural substances

While adhering to the strictest food safety and quality standards, the Group continues to employ simpler ingredients in its products and has adopted certified innovative technologies for its ingredients and production process. Our subsidiary Smithfield attempts to use familiar ingredients in our recipes such as celery juice and cherry powder to place traditional ingredients like lactic acid, sodium nitrite and sodium erythorbate.

3.1.3. Consumer Protection

WH Group complies with relevant laws and regulations on the protection of consumer rights and interests in the markets in which we operate. To improve consumer experience and satisfaction, we have established a comprehensive consumer service system to protect the legal rights, interests and privacy of consumers, regulate our advertising and promotional activities, and encourage consumers to consume reasonably, thus enhancing overall consumer experiences and satisfaction levels.

Customer Services

To ensure that consumers' voices are heard, in China, we formulated management systems, such as our Customer Complaint Handling Standards and Product Quality Information Feedback Work Process, to standardize the management of the customer-complaint process and boost customer satisfaction.

3. MORE HARMONIOUS SOCIETY (continued)

Complaint Handling System and Process

Platform Establishment

- Established an after-sales information platform.
- Expanded the complaint channel to the Sina Black Cat Complaint Platform, and established TikTok and WeiBo accounts.
- Improved our after-sales service training to enhance the problem-solving skills of front-line staff.

System Handling

- 400 service hotlines receive complaints from consumers and complete complaint forms on the complaint platform. Complaints are distributed to salespeople who will contact customers for further handling.
- After complaints are handled, the results are uploaded to the after-sales service platform.

Surveys

- Distribution centers conduct customer-satisfaction surveys.

To get a complete understanding of the service requirements of our distributors and consumer preferences, during the reporting period we conducted two surveys of distributors and consumers in China. Based on survey results of low satisfaction areas, we have actively carried out our corresponding rectification and enhancement work in different aspects of marketing. In 2020, the level of consumer satisfaction was 85.11% in the first half year, and increased to 85.49% in the second half.

Through phone conversations, email, social media platforms and mail, our subsidiary Smithfield maintains excellent communication with its customers. We regularly measure and track the performance of our major brands through several key purchase metrics, including consumer awareness of the brand, purchase considerations, previous purchase history, future purchase intentions and affinity to better understand our consumers' needs and opinions.

Consumer Privacy Protection

In the era of e-commerce, consumers now face enormous challenges in protecting their personal information. To protect the legal rights of our customers when they purchase and use our products and services, we abide by the Protection of Consumer Rights and Interests Law of the People's Republic of China, the E-Commerce Law of the People's Republic of China, and the California Consumer Protection Act.

In China, we require staff not to screenshot, forward, or share messages to avoid the disclosure of customer information. Consumer information may be accessed only with specific permission, in order to protect customer privacy. In addition, we provide customer privacy protection training for employees every year to raise employee awareness of the importance of consumer privacy protection, to continuously practice their responsibility to protect consumer privacy, so that we can build a harmonious and more reputable service team. During the reporting period, no lawsuits over customer privacy or leakage of business information were issued against our businesses in China.

In the U.S., we only collect only the information that is necessary to accomplish a given purpose, and we do not collect consumers' social security numbers. As we expand our targeted marketing efforts, we continue to put security measures in place to ensure that there are no data security concerns from a technical and operational perspective for all the information we collect from consumers.

Responsible Advertising

We strictly abide by the laws and regulations in the countries and regions in which we operate, while guiding consumers to consume responsibly. We abide by the Code of Business Conduct and Ethics and are deeply committed to honest and fair dealings with all of our customers. We commit to not engaging in misleading or deceptive advertising or marketing practices, and to strive for a level of fair play, based on quality and price.

In China, we comply with all national and local laws and regulations, including the Advertising Law of the People's Republic of China, for all advertising activity of any kind. We have established a system for marketing, advertising and sales in which all promotional materials and forms must be reviewed to ensure compliance and appropriateness. Exaggerated or false information is prohibited.

In the United States, unless our products have met the USDA's definition of minimum processing without artificial ingredients or our label statement has received USDA's approval, we do not brand any product as "natural". In our European business, we provide dozens of fresh meat and packaged foods to meet the needs and tastes of various consumers, and all of them meet the nutrition and labeling standards of the European Union.

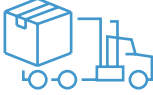



3.2 Supply Chain Management


We are committed to becoming the most trusted, respected and ethical leader in the food industry. We focus on the management of the entire value chain of our products from breeding, production, transportation to the sales end to ensure animal welfare. We urge suppliers to be committed to environmental and social responsibility, and to be committed to building an environmentally friendly, healthy and sustainable supply chain.

Highlights

- In the United States, our suppliers are required to sign the Supplier Code of Conduct : In China, we conducted assessments of the sustainable development of our **187 supply chains**.


- Shuanghui invested over **RMB10 million** in facility renovation to fight against African Swine Fever, and Smithfield invested more than **US\$2 million** in African Swine Fever-related biosecurity measures in 2020.


- In the United States, we reduce nearly **13,000 metric tons** of carbon dioxide equivalent annually through our logistics optimization initiative.



3.2.1. Caring for Animals

Since the Group is a leader in the breeding industry, animal care is part of our core philosophy. We are responsible for prioritizing the animals' safety, comfort and health, and for respecting and protecting their welfare in terms of their biological, environmental and hygienic environment. We are also responsible for ensuring the animals are treated humanely, from breeding and feeding to transportation and processing. Our suppliers are required to fulfill the same responsibility to increase the quality of the animals' lives and our global business competitiveness.

Animal Welfare Management System

We have established an internal animal welfare management system based on the Office International Des Epizooties (OIE), the National Pork Board Pork Quality Assurance Plus (PQA Plus) of the US Pork Committee, the Transport Quality Assurance of the US National Pork Committee, and the European Union Animal Welfare Quality Assessment System, and invite third parties to conduct annual audits at Smithfield in accordance with the guidelines of the North American Meat Institute (NAMI).

Turning Animal Care into Standard Practice

During the reporting period, we continued to enhance our animal welfare management system to ensure effective animal care measures. Our subsidiary Smithfield combined seven regional documents into a single manual of standard operating procedures (SOPs) and training practices. This standardized document embraces best practices in SOPs and training from across the United States, infusing greater consistency into the production system and in the day-to-day humane care of our animals.

3. MORE HARMONIOUS SOCIETY (continued)



Nutrients in Animal Feed

We pay close attention to the nutritional properties of our animal feed. Enhancing our feed formulas ensures that we satisfy our animals' nutritional needs in a safe, healthy and economical way. Our businesses in Europe and the United States invite professional animal nutritionists to collaborate with our R&D teams to assess the impact of new feed concepts and additives on the health and functions of our animals, which has allowed us to maintain our leading position and competitiveness in animal care. Our operation in China introduced seven management practices to ensure standard feed production. Meanwhile, we exchange ideas with various big feed companies and learn from them and bring in quality raw material programs to enhance our feed formulas and provide nutritionally balanced feed.

Safe Feed/Safe Food Program

During the reporting period, our subsidiary Smithfield developed the Safe Feed/Safe Food Program, creating a framework of accountability covering how we manufacture and deliver safe and nutritious animal feed. This program was implemented in all our feed mills and bakery by-product mill converting to feed operations in 2020.

Safe Animal Feeding

In terms of animal care, it is important to ensure animal safety and health in the animal feeding process. Through automation of agriculture and environmental optimization, our animals are provided with a comfortable, safe and hygienic living environment, resulting in a higher survival rate.

Animal Feeding Safety Measures

Environmental Welfare

- Chicken manure is removed regularly to enhance air quality.
- Autonomous agricultural technology is used to ensure sufficient light, and suitable temperature and humidity, resulting in a comfortable environment.
- We created a system for pregnant sows, transferring them to individual delivery rooms to allow them to give birth to and feed their piglets comfortably.

Hygienic Welfare

- Animal quarantines are conducted according to the immunization schedule to safeguard their health.
- Regular sterilization and cleaning is performed in the agricultural areas to ensure a clean and hygienic living environment.

Biological Welfare

- Autonomous water processors are provided to improve the quality of the water the animals drink.
- The feed nutrients are adjusted according to animal age in days to fit growth needs.

Animal Transportation and Processing

We are committed to ensuring the humane transportation and processing of our animals. We have formulated strict transshipment specifications to ensure safe, comfortable transportation and smooth transshipments. All of our drivers in the United States must be trained and certified under the National Pork Board (NPB) Transport Quality Assurance® (TQA®) program, which provides education and guidelines for transporters, producers and animal handlers in all aspects of hog handling and transportation.

We implement humane processing methods to minimize the suffering of animals. We set up a waiting lairage in the abattoir, which is equipped with ventilation and a sprinkler system to prevent chickens from being exposed directly to sun, rain or snow. To reduce the stress on the animals during processing, we utilize soft blue lights and provide massage boards for chickens. For our hogs, we utilize advanced technology through carbon dioxide stunning or three-point electrical stunning to minimize their pain.

Managing the Use of Antibiotics

Antibiotics are vital for animal health, but the potential risks caused by antibiotic resistance have increasingly raised public awareness. We carefully control the use of antibiotics and provide safe, quality food for consumers through securing animal health. The independent animal vendors we work with are encouraged to use medication with caution. Our veterinarians ensure good animal care practices and ample nutrition, perform preventive health examinations, prescribe vaccinations and antibiotics, and are proactive in assessing potential health threats. Our subsidiary Smithfield is the only company in the US hog industry that annually reports on the amount of antibiotics it uses. It has established an antibiotic working group, comprising a cross-functional team from hog production, corporate affair, food safety and quality, and sales. The team discusses issues from the U.S. perspectives to maintain Smithfield's responsible leading position in the judicious, transparent use of animal antibiotics.



Antibiotics use and research

Use of antibiotics is the key issue of the industry, and we are conscious of the growing consumer needs for nutritious meat products. During the reporting period, we maintained complete control of different procedures, including feeding, breeding and slaughtering, by regulating the use of antibiotics. Moreover, we further invested in antibiotics research.

- In the United States, our subsidiary Smithfield, provided a scientific research fund totaling US\$1.4 million to researchers at the College of Agriculture and Life Sciences, Virginia Polytechnic Institute and State University. The research aims to enhance animal health and productivity by focusing on the alternatives to antibiotics.
- In China, we have strengthened our controls in the feeding, commercial broiler rearing and processing stages. By replacing antibiotics in feed with additive benzoic acid and mycotoxin adsorbent, as well as introducing imported anticoccidial drugs to enhance intestinal health, we have realized the target of no antibiotics in all feed production. In the commercial broiler feeding stage, we suspended the use of antibiotics, such as cephalosporin, erythromycin thiocyanate and enrofloxacin; the increase in the use of acidulant and herbal medicine in poultries has lowered the incidence of disease in chickens and achieved better results in the replacement of antibiotics. Antibiotics and prohibited ingredients are monitored before processing to eliminate the problem of excessive antibiotic residues in products.

Biosecurity

As the world's leading pork producer, we are aware that biosecurity is not only crucial to our business, but also lays the foundation for sufficient food for the world's growing population, creates jobs for our communities, and maintains business in the supply chain. The biosecurity policy of our subsidiary Smithfield is strictly implemented and covers the animal production process of every farm, including the Group-owned farms and contracted farms. We cooperate with relevant regulatory institutions and other experts to work together to ensure biosecurity and to identify current and emerging animal disease threats.

During the reporting period, African Swine Fever continued to ravage China. Shuanghui renovated its farms, including increasing the number of separation areas, laboratories, bathrooms, parking lots, sterilization rooms, centralized cleaning systems, and the complete separation of the drains and sewers to help prevent and control African Swine Fever. We also implemented effective control of transmission through transport, people, external supplies and animals and reduced pandemic risks by means of a thorough upgrade of disease-prevention systems and infrastructure.

3.2.2. Responsible Supply

We choose only quality, reliable suppliers. By carrying out regular audits and evaluations of suppliers and empowering the industry value chain by supporting sustainable agriculture, we have developed a supply chain made up of responsible suppliers.

3. MORE HARMONIOUS SOCIETY (continued)

Supplier Management

In the United States, our suppliers are required to sign the Supplier Code of Conduct⁹, which outlines our high expectations regarding legal compliance, environmental sustainability, business integrity, and labor and human rights to ensure that they meet our requirements. Similarly, in China, we maintain standardized supplier requirements for all facility, material and hog suppliers. The requirements include equal employment opportunities, environmental protection, and animal welfare criteria. We urge our suppliers to perform environmental and social responsibility beyond food quality.

We conduct the evaluation and screening of suppliers' stable supply capability through a regular supplier grading, evaluation and audit system, which helps us screen out non-compliant suppliers in a timely manner and strengthen our supply chain management level. In the United States, we established a scorecard system for suppliers' performance to ensure they comply with our key performance indicators. Our technical services team inspects high-risk co-manufacturers and suppliers. We also maintain files for annual third-party audits of suppliers. In 2020, our audit work was reduced to inspecting 18 suppliers (including 15 co-manufacturers and 3 high-risk suppliers) because of the COVID-19 pandemic. No significant risks were found. In China, we classify suppliers in five main categories: raw materials, excipients, chemical materials and packaging, agricultural raw materials, and facilities and supplies. We conduct assessments of the sustainable development of our supply chain and reinforce control of high-risk suppliers. During the reporting period, we inspected 187 suppliers on site and suspended cooperation with 27 unqualified suppliers. By continuously enhancing and increasing our supply chain management standards, we increased our supply of frozen chicken products by 20% year-on-year, and we increased the amount we purchased from premium suppliers by 20%.



We pay attention to the sustainable development of our suppliers and give assistance to those who have problems after audits and ask for rectification in order to establish a stable long-term relationship. In the United States, we offer help to suppliers who failed our audits, provide R&D collaboration and technological support where applicable to improve their operations. In China, the production and operations of our subsidiary Shuanghui were affected by the COVID-19 pandemic. Shuanghui actively communicated with the government and supported our suppliers to resume work. These measures helped ensure greater stability in our supply chain.

Sustainable Agriculture

WH Group is committed to practicing the ESG vision in our entire supply chain and empowering our entire value chain by creating sustainable agriculture. In the United States, to minimize the carbon footprint of our upstream supply chain, we collaborated with the Environmental Defense Fund (EDF) to optimize fertilizer use and improve soil quality, and reduce growing costs while improving water quality and reducing greenhouse gas emissions. We also worked with Anuvia™ Plant Nutrients to collect organic matter in hog manure for the production of commercial fertilizers, thus helping to improve crop yields. In China, we upgraded our manure handling facilities and installed new centrifuges to improve separation effect; through culturing biological strains, we enhanced the processing rate of the anaerobic procedures; through constructing additional septic tanks, we facilitated the complete collection and transportation of waste. Meanwhile, we combined the mode of planting and feeding to maximize the integrated use of manure resource.

Green Logistics

We have a vast logistics transportation system and improving and optimizing this system is one of the key factors in reducing greenhouse gas emissions. Through our logistics optimization initiative, we are reducing the number of regional distribution centers and enhancing transportation routes to be shorter and more efficient. In the United States, we launched our first-ever hybrid trailer program consisting 34 electrical hybrid trailers. Between program launch in August and year-end, we saved more than 9,000 gallons of diesel. We also worked with the U.S Environmental Protection Agency (EPA) and continuously promoted logistics optimization initiatives to support our greenhouse gas emissions reduction targets. During the reporting period, this project reduced diesel consumption by 1.6 million gallons, equating to an annual GHG emission reduction of nearly 13,000 metric tons of carbon dioxide equivalent (CO₂e).





3.3 Caring for Employees

WH Group firmly believes that employees are the core motivation for continuous value creation, and strives to create a safe, reliable and comfortable work environment. On the basis of respecting employees' individual legal rights and freedom, we also value employees' career development path and promote fair promotion opportunities. We have actively improved incentive systems, established a diverse work atmosphere and enriched the career planning of employees to help them fully explore their potential and help them become competitive industry elites from newcomers in the workplace, in order to make progress together with the Group.

⁹ More information at <https://www.smithfieldfoods.com/Policies-Disclosures>



Performance Highlights

- The Group had approximately **107,000 employees**, of which 42.9% were female. 
- The Group had **1.42 work-related** injuries per 200,000 work hours. 
- In the United States and Europe, we invested more than **US\$800 million** in COVID-19 response measures and protect employees' health and safety and benefits. 
- In China, we reached **2,420,000 person-time** of training with an average of 180 training hours per person. 

3.3.1. Value-Based Employment

Employee value constitutes a crucial part of WH Group. Maximizing the value and potential of our employees is our criterion for value-based employment. In the process of helping employees realize their value, the Group starts with legal and compliant recruitment, strictly abides by applicable laws and regulations, and continuously standardizes and promotes our employment system to protect the legal rights and interests of employees. Pursuant to applicable laws, such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Fair Labor Standards Act, we treat each employee with respect and fairness.

Employee Diversity

Promoting diversity in the workplace is a high priority for WH Group. Our employees will never be treated differently because of gender, age, race, ethnicity, illness, marital status, family status, or religious beliefs. Any violations of our employment policies will be investigated, and appropriate action will be taken based on the facts of each case. Adhering to the pursuit of talent diversity, we strongly support and welcome minority groups to join us. Veterans, people with disabilities, and female employees are among groups we focus on in all of our global operations. When recruiting, we specify the requirements of posts and duties to find the most suitable person for the job.

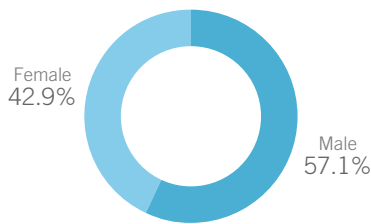
3. MORE HARMONIOUS SOCIETY (continued)

In 2020, our business in the United States launched an initiative called “Helping Our Heroes”, which helps US veterans and their families transition back to civilian life through dedicated veteran employment, training and retention programs. We set up the project to express our gratitude to the social commitment of veterans. We value the professional skills they have developed, and we plan to hire 4,000 military veterans by the end of 2025 and will expand our recruitment efforts to include veteran spouses.

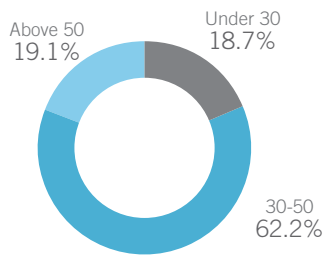
In China, we proactively recruit employees through various practices. In 2020, the Group signed a School-Enterprise Cooperation Agreement with 24 colleges and universities. Enhancing our campus recruiting cooperation platform allows us to recruit more highly competent and well-educated talents. This year, we recruited about 4,000 outstanding university graduates.



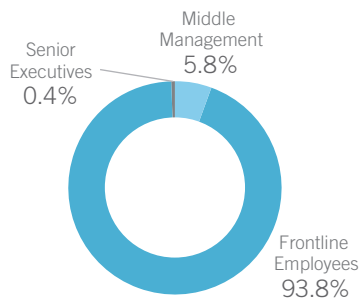
In 2020, the COVID-19 pandemic brought a huge challenge that empowered us to become more united. We have committed to building a more diverse, equitable and inclusive working environment. By the end of 2020, WH Group had over 42,000 female employees, accounting for 42.9% of all employees. With 19% of our management team being female, we are pleased to see our female employees making great strides. During 2020, the employee turnover rate was 25%, with no large-scale layoffs. The specific employee distribution is as follows:



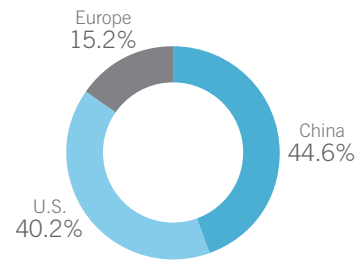
Employee gender distribution



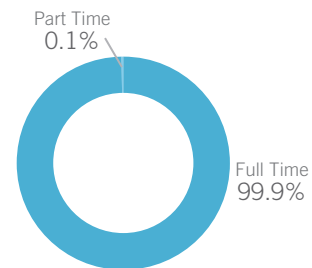
Employee age distribution



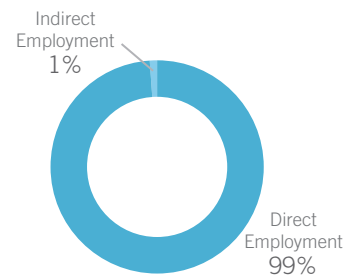
Employee level distribution



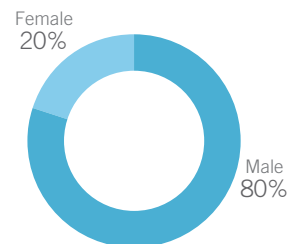
Employee geographic distribution



Distribution of full-time and part-time employees

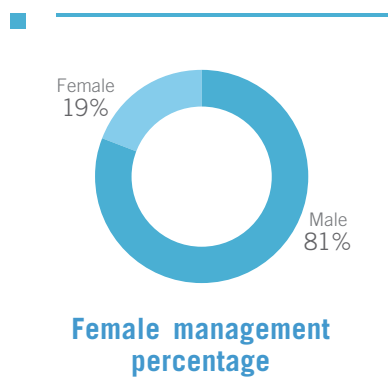
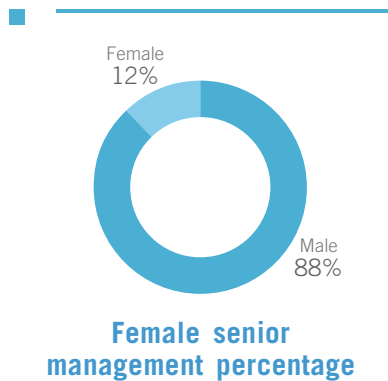


Distribution of direct and indirect employment



Female middle management percentage

3. MORE HARMONIOUS SOCIETY (continued)



Labor Rights

We prioritize staff human rights and the protection of their legal rights to build a sound working environment. The Group respects employee values and strictly abides by the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Trade Union Law of the People’s Republic of China and the Social Insurance Law of the People’s Republic of China. We published a comprehensive Employee Handbook to protect employee rights, including equal opportunities, health, environment, safety, harassment and violence, and labor rights. In the United States, the Group is determined to protect employee privacy and encourages them to acknowledge the Human Rights Policy to defend their rights.

The Group also disseminates our Human Rights Policy to all of our major suppliers and emphasizes human rights issues in the Supplier Code of Conduct to encourage them to follow our policies and codes and take appropriate action. In 2020, the Group continued to refer to the United Nations (UN) Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights (UDHR) to refine the human rights management of the Group and our entire supply chain. We also integrated human rights into our ERM system.

The Group prohibits the use of child labor or forced labor of any kind and has a zero-tolerance policy against any form of child or forced labor.

In China, we do not allow the use of forced labor of any kind. All employees have signed our Employment Contract in accordance with the laws, and recruitment has been conducted on a voluntary basis, with two-way selection. Our employees are free to quit their jobs whenever they wish. Shuanghui has formulated an annual leave plan, which provides employees with long rest periods or rotation breaks. We strictly abide by the provisions of the State Council’s Regulations on the Prohibition of the Use of Child Labor and clearly stipulate that the recruitment of employees under the age of 16 is strictly prohibited in the Regulations on the Administration of Employee Recruitment and Mobility. Moreover, we verify the identity of new employees within three months after their start date. Any employee can give feedback and report on forced labor or the employment of child labor in violation of the laws and regulations through our audit center and inspection center hotline, manufacturing employee symposium, or human resources hotline.

In the United States, we operate a 24/7 toll-free Smithfield Ethics Hotline for employees to report any concerns regarding the code of ethical conduct. Calls to our third party-administered hotline are confidential and can be made anonymously at any time. Our dedicated team will investigate and summarize its findings based on the evidence and facts collected. Individuals can follow up on their complaint with the ethics hotline, and the hotline service will inform the complainant of the results of the investigation.

3.3.2. Health and Safety

As a meat production company, most of the Group’s employees have frequent contact with animals and machinery and are exposed to certain safety risks. Therefore, the Group abides by the Safety Production Law of the People’s Republic of China, the Regulations on Industrial Injury Insurance of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, and the relevant provisions outlined in the Occupational Safety & Health Act of the United States. Meanwhile, we take practical actions on security and risk management to protect our employees. The Group adopts a people-oriented approach, adhering to the safety management principles of “safety first, prevention first, comprehensive management”, and continuously promote employee awareness of self-safety precautions.



In China, we established a safety management system under central management, comprising a Safety Management Committee, a Safety and Environment Protection Center and various project companies. The Group has formulated systems and guidelines related to production safety management; established systems for warning and notification of occupational disease hazards, declaration of occupational disease hazard items, and education and training on occupational disease prevention and control.

In the United States and Europe, to reduce safety risks and prevent accidents, we established the Smithfield Injury Prevention System (SIPS) and integrated the requirements of the ISO 45001 occupational health and safety management system.

Pandemic Response

In 2020, the COVID-19 pandemic posed many safety risks and health hazards to our employees. As a food company, we have the obligation to protect the health and safety of our employees while maintaining continuous operation of the food supply chain. We implemented strict protocols to help reduce the spread of COVID-19 and support affected employees, including investing heavily in the purchase of personal protective equipment (PPE), providing broad paid leave and expanded medical benefits, and developing pandemic prevention and control procedures. Further details about our COVID-19 response can be found in the “COVID-19 Response” section of this report.

Production Operations

Most of the Group’s employees work in factories and on production lines. Therefore, WH Group pays close attention to related occupational diseases and potential safety risks. To comply with the laws and regulations related to occupational health and production safety in the regions in which we operate, we address safety risks and ensure the safety of our employees and our production systems through refined management.

The Goal of Production Safety

In China, we established a set of 2020 production safety management goals, requiring strict implementation of our safety management system to eliminate hazards. The following were the key safety management goals for China operations which we have successfully completed in 2020:

- ✓ Annual minor injury accident rate: ≤ 1.5%
- ✓ Annual severe injury accident rate: ≤ 0.15%
- ✓ Deaths: 0

In the United States, we aim to achieve company-wide ISO 45001 certification to enhance our injury-prevention system and implement the principles developed by the International Organization for Standardization.

Safety Culture

We integrate safety awareness into our corporate culture by organizing safety training and related activities for employees to enhance their awareness of safe practices to avoid potential workplace risks. We guide employees to pay attention to production safety through various activities like cultural and artistic performances, speech contests, employee panel discussions, and so on.

During the reporting period, the labor injury rate per 200,000 working hours¹⁰ of WH Group was 1.42, a 10% reduction year-on-year. Unfortunately, there was one work-related fatality (the collapse of a product rack resulting from a forklift collision in a U.S. warehouse), after which we immediately cooperated with OSHA to organize an investigation, compensated the families of impacted employees, and re-evaluated and improved the relevant safety procedures. Following this accident, we also provided more detailed requirements and supervision for employees to minimize the possibility of such accidents. During the reporting period, there were no severe injuries, production fatalities or major production safety accidents in China, and no occupational diseases were identified.

¹⁰ This is how OSHA calculates the injury rate: number of workplace accidents ÷ total working hours × 200,000.

3. MORE HARMONIOUS SOCIETY (continued)

Index	2018	2019	2020
Worker injury rate per 200,000 work hours	1.52	1.57	1.42
Work-related fatalities	4 ¹¹	1	1

In 2020, we continued to strengthen our dual prevention system for production safety in China, including the identification and control of production safety risks and the identification and management of safety hazards. The Group also set up a team to put the key elements of the system into action. During the reporting period, our China business, Mianyang Shuanghui, obtained ISO 45001 Occupational Health and Safety Management System certification.

The Group takes national standards, industry characteristics, and job-specific operational characteristics into account to continuously optimize the protective equipment and emergency supplies for employees. To reduce the risk of occupational hazards for our employees, our protection efforts include, for example, the provision of soundproof ear plugs for employees in a noisy environment and dust masks for employees in a dusty environment. While raising the safety awareness of our employees, we also strengthened our measures for dealing with work-related injuries and fatalities. When a workplace injury occurs, we respond as follows:

Step One

- Promptly provide medical treatment and actively declare work-related injuries for employees so that they can enjoy the benefits available for work-related injuries

Step Two

- Analyze reasons for accident and formulate preventive measures to avoid a recurrence. Pay attention to employees' state of mind and deal with abnormal situations in real time

Step Three

- Revise the regulations for accident management, clarify responsibilities at all levels and corresponding assessment standards, and strengthen the inspection of fatal accidents

3.3.3. Talent Empowerment

WH Group provides all employees with clear guidelines for career development through comprehensive assessment dimensions, diverse forms of training, and a vertical promotion system. WH Group's goal for talent development and cultivation is achieved by empowering our employees. In the annual evaluation, which covers all employees, we carry out 360-degree evaluation of all employees to assess their degree of competence for their positions in all respects.

Talent Development

WH Group is committed to fully optimizing its resources and conducting targeted training that takes the varying situations of different regions into account. Our training programs align with our core corporate values, are integrated with our operational philosophy, while ensuring training results can be effectively transformed to our operational performance. In 2020, the Group increased its investment in employee training to enhance operational efficiency by empowering its employees.

In China, we arranged different forms of staff training for different positions, mainly to help staff get familiar with their job functions and enhance their professional skills. Combined with important areas such as laws, regulations, quality and safety, a three-tier training system was developed covering all front-line employees and middle and senior management. In 2020, we reached 2.42 million person-time of training, and the total training time reached 8.52 million hours. The average training hours per person was 180 hours. Among them, the average training hours for senior management was 83 hours, 166 hours for middle managers, and 181 hours for frontline employees.

In the United States, we are constantly exploring ways to optimize educational resources and improve training mechanisms to enhance the quality of our professional training. In 2020, we continued to offer instructor-led leadership courses for employees using our online training platform. Meanwhile, we provided more than 40,000 online courses for employees in a variety of areas.

Our new program, Operation Employee Retention, will be led by a dedicated task force comprised of team members from Operations and Human Resources. The program focuses on three areas — engagement and communication, onboarding, and soft people skills development — to provide a holistic approach to employee training needs, while managing human resources efficiently and improving job satisfaction.

Talent Promotion

The Group established a scientific promotion channel, combining job functions, operating regions, and other practical conditions to create employee promotion channels. Employees can clarify the direction of development according to the corresponding promotion channels, reasonably assess their personal development needs, and develop the experience and skills for their target positions in advance.

¹¹ The six fatalities reported in the 2018 WH Group Sustainability Report include two that were not directly work-related.

In China, we established “Staff Promotion Management Regulations” to standardize the talent-selection process. Employees can compete for management positions after being trained on the production line. During the year, we revised the Shuanghui Management Handbook to update the criteria for hiring managerial staff and the selection criteria for reserve managerial staff to enhance the fairness and transparency of management personnel assessment.

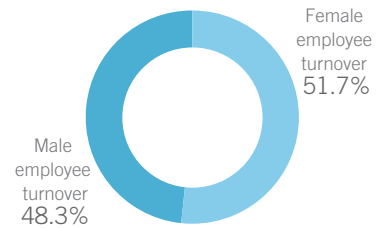
WH Group is improving the promotion system and optimizing the remuneration structure. The remuneration policy for senior executives is managed by the Remuneration Committee, established under the Board. To provide additional motivation for our employees, we established different forms of incentives. In both China and the United States, the Group has a “growth award”, which is a cash incentive for senior and middle management, as well as outstanding individuals. We also have a share incentive program to recognize outstanding contributions to the Group.

In China, we have formulated Regulations for Employee Salary Management, Regulations for Employee Performance Management, and other regulations. We also grant annual salary increase based on employees’ performance. Employee compensation is also adjusted periodically to ensure our standard of remuneration is fair within the Company and competitive in the industry, thus providing additional motivation for our employees. We actively help eligible employees apply for government talent grants and developed a *University Graduates Training Program* to provide additional allowances to those who meet the criteria.

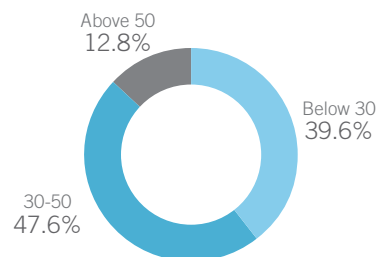
In the United States and Europe, we offer comprehensive health insurance and benefits to our employees. Depending on the country of residence, our portfolio covers life insurance, medical, vision and dental care, a 401K plan and pension plans. We also select and reward outstanding employees based on their dedication, performance and innovation.



Through our efforts, the employee turnover rate in 2020 was 25%, a significant improvement from that in 2019, as follows:



Percentage of employee turnover by gender



Percentage of employee turnover by age

3. MORE HARMONIOUS SOCIETY (continued)

3.3.4. Employee Care

WH Group values the potential of its employees and focuses on supporting them to achieve a sustainable work-life balance and providing them with humanistic care. We organize activities to help our employees relieve stress and use various communication channels to encourage them to express their needs and solve problems in work and life.

Caring for People

WH Group strives to put care into practice from the perspective of its employees. During the reporting period, we held various corporate culture and caring activities to guide our employees to face life and work with a positive and relaxed mindset.



In China, we regularly organized sports and technical competitions, as well as events such as tea parties and chorus competitions during the reporting period to enrich the leisure time of our employees and enhance communication and cooperation among them. The Group actively listens to the difficulties and needs of our employees, develops solutions, and takes action. For example, we provided heat-reduction items for staff in the hot summer months and solved the problem of difficult parking for employees who come to work by car.

In the United States, our Employee Business Resource Groups (EBRGs) are always ready to provide additional support to employees to help them plan and enjoy a healthier life. We are also constantly exploring new ways to create a safer and more comfortable work environment for our employees.

WH Group pays special attention to the needs of our female employees and actively provides support and assistance. In China, we established *the Regulations on Labor Protection of Female Workers* and signed the *Exclusively Collective Contract for Female Employees* to protect the legal rights and special interests of female employees. We also took practical steps to provide care for our female employees, through the “Loving Mums’ Hut”¹² program in China, for example.

In the U.S., our Employee Business Resource Groups (EBRGs) established Women’s Connect to develop and empower female employees through professional development and retention-focused programs including seminars, group discussions and online forums.

Communication

Listening to our employees is one of the most effective ways for us to improve, and it also allows us to keep abreast of employee problems and help to solve them. In China, every factory has established their own labor union through which employees can make requests. We signed a collective bargaining contract with all employees, which was discussed and approved by the workers and employees’ congress and includes protection of employee rights and interests. Additionally, we provide different communication channels for employees to share their ideas and opinions.¹³

In the United States, we engage with our employees through safety management committees and other means of communication and take steps to assess and increase employee satisfaction. We recognize and respect the right of employees to choose whether or not to participate in free association and collective bargaining. To listen to all employees, help them on the job and in life, and provide timely assistance, we established the Thrive Everyday program, a free and confidential helping program. It provides assistance to more than 600 employees and their families throughout the year.

¹² For more information, please visit “Henan Shuanghui Investment and Development Company Limited Annual Environmental, Social and Governance Report 2020”



¹³ For more information, please visit “Henan Shuanghui Investment and Development Company Limited Annual Environmental, Social and Governance Report 2020”



3.4 Caring for the Community

We believe that it is our responsibility to contribute to local communities through our commitment to public welfare and contribute to the development of society. We pay special attention to practical issues that affect the sustainable development of the communities in which we operate and develop corresponding support and assistance programs.

Performance Highlights

- In the United States, the Group donated over **US\$70 million** in cash and supplies, including **69 million protein meals** to food banks. 
- In China, the Group donated more than **RMB21 million** in cash and materials, including **RMB3.37 million in scholarships** for our employees' children and donations of meat products worth millions of RMB to key areas during the pandemic. 

3.4.1. Supporting Education

We believe that quality education for future generations is the foundation of sustainable community development, resulting in profound positive changes to the countries and regions in which we operate. Therefore, supporting education is deemed as one of our key corporate social responsibilities and contribution towards the public welfare. During the year, we extended educational support to students by providing scholarships and donating school supplies to help them take advantage of educational opportunities. In the future, we will continue to advance our educational support initiatives by focusing on the educational needs of communities in which we operate and enacting supportive plans.



3. MORE HARMONIOUS SOCIETY (continued)



Traditional Education Support

We pay close attention to the educational needs of our employees' children and actively provide them with assistance. Our operations in China established the *Shuanghui Development Incentive Regulations for Employee Children's Admission to Universities* and provide scholarships for our employees' children, depending on the circumstances. The 2020 marked the 10th consecutive year of scholarship awards. During the 10-year period, we awarded nearly RMB20.22 million to 7,812 children of our employees. During the reporting period, we sponsored 1,287 children of our employees who were admitted to universities and awarded scholarships of approximately RMB3.37 million.

In the United States in 2020, our Smithfield Foods Scholarship Program¹⁴ provided over US\$1 million in educational scholarships to the children and grandchildren of our employees. We pledged US\$5 million in grants and scholarships to reinforce our commitments to education and diversity, equity and inclusion — including US\$1 million in emergency education funding to the North Carolina Business Committee for Education to provide wireless hotspots to students in underserved minority communities in rural North Carolina. This donation also provided equitable access to virtual learning platforms for the 2020-2021 school year.¹⁵

Vocational Education Support

For the past six years, we sponsored the National Conservation Foundation Envirothon (NCF-Envirothon), North America's largest environmental education program and international competition. Each year, more than 50,000 high school students team up to demonstrate their knowledge of environmental issues. During the reporting period, the Group donated US\$90,000 to facilitate local and regional competitions and provide event support for the North Carolina Association of Soil and Water Conservation Districts.

3.4.2. Poverty and Hunger Alleviation

Poverty and hunger have always been a paramount concern worldwide, as they adversely affect the health and livelihood of many groups. Therefore, we continued our efforts and action to alleviate poverty and hunger in 2020.

The 13th Five-year Plan for the National Economic and Social Development of the People's Republic of China, which came to an end in 2020. This year, the Group keep exploring schemes such as "company + farmer households", while continuing to improve poverty alleviation mechanisms and action plans to ensure the effectiveness of charitable initiatives related to poverty alleviation.¹⁶

In 2008, our U.S. operations launched Helping Hungry Homes®, which by the end of 2020, had provided more than 212 million servings of protein to people in need in all 50 states. As global hunger worsened in 2020 due to the pandemic, we increased our commitment to Helping Hungry Homes® by donating 69 million servings of protein to food banks across the United States. Our assistance will not stop in 2020; we will continue our hunger relief programs to help even more people in need in the future.

¹⁴ Formerly the Smithfield Foundation Scholarship Program

¹⁵ More information on our U.S. aid for education can be found in the 2020 Smithfield Sustainability Impact Report

¹⁶ For more information, please visit "Henan Shuanghui Investment and Development Company Limited Annual Environmental, Social and Governance Report 2020"

APPENDIX

Major Applicable Laws and Regulations

China

- 1 Anti-unfair Competition Law of the People's Republic of China
- 2 Food Safety Law of the People's Republic of China
- 3 Advertising Law of the People's Republic of China
- 4 Consumer Protection Law of the People's Republic of China
- 5 General Rules for Labeling of Prepackaged Foods
- 6 Water Pollution Control Law of the People's Republic of China
- 7 Air Pollution Prevention and Control Law of the People's Republic of China
- 8 Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution
- 9 Water Law of the People's Republic of China
- 10 Energy Conservation Law of the People's Republic of China
- 11 Environmental Protection Tax Law of the People's Republic of China
- 12 Labor Law of the People's Republic of China
- 13 Labor Contract Law of the People's Republic of China
- 14 Safety Production Law of the People's Republic of China
- 15 Regulations on Work Injury of the People's Republic of China
- 16 Prevention and Control of Occupation Diseases Law of the People's Republic of China
- 17 E-commerce Law of the People's Republic of China

America

- 1 Sherman Antitrust Act
- 2 The United States Federal Food, Drug, and Cosmetic Act
- 3 Clean Water Act
- 4 Clean Air Act
- 5 Solid Waste Disposal Act
- 6 Energy Policy and Conservation Act of 1975
- 7 Fair Labor Standards Act
- 8 Occupational Safety and Health Act
- 9 California Consumer Privacy Act

APPENDIX (continued)

ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
A. Environment			
Aspect A1: Emissions			
A1	<p>General Disclosure</p> <p>Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p>	A Greener Environment — Emissions Management	
A1.1	The types of emissions and respective emissions data.	<p>A Greener Environment — Emissions Management — Wastewater Management</p> <p>A Greener Environment-Emissions Management — Air Emissions</p>	The statistical scope (the facilities involved) of data on air pollutant emissions in the United States and Europe vary according to the requirements of local governments each year, which is planned to be disclosed in detail in the future.
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A Greener Environment — Responding to Climate Change	
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A Greener Environment — Emissions Management — Solid Waste Management	
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A Greener Environment — Emissions Management — Solid Waste Management	
A1.5	Description of emission target(s) set and steps taken to achieve them	A Greener Environment — Responding to Climate Change	
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A Greener Environment — Emissions Management — Solid Waste Management	
Aspect A2: Use of Resources			
A2	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p>	<p>A Greener Environment — Responding to Climate Change</p> <p>A Greener Environment — Resource Management</p>	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A Greener Environment — Responding to Climate Change — Energy Conservation and Consumption Reduction	

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A Greener Environment — Resource Management — Water Resource Management	
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A Greener Environment — Responding to Climate Change — Climate Change Risks	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A Greener Environment — Resource Management — Water Resource Management	
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced. Caring for Environment-Resource Management-Packaging Materials Management.	A Greener Environment — Emissions Management — Packaging Materials Management	
Aspect A3: The Environment and Natural Resources			
A3	General Disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	A Greener Environment	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A Greener Environment — Responding to Climate Change	
Aspect A4: Climate Change			
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A Greener Environment — Responding to Climate Change	
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A Greener Environment — Responding to Climate Change — Climate Change Risks	

B. Social

Employment and Labor Practices

Aspect B1: Employment	Description	Disclosure Paragraph	Remarks
B1	General Disclosure Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	More Harmonious Society — Caring for Employees	

APPENDIX (continued)

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	More Harmonious Society — Caring for Employees — Value-based Employment	
B1.2	Employee turnover rate by gender, age group and geographical region.	More Harmonious Society — Caring for Employees	
Aspect B2: Health and Safety			
B2	<p>General Disclosure</p> <p>Relating to providing a safe working environment and protecting employees from occupational hazards:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p>	More Harmonious Society — Caring for Employees — Health and Safety	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	More Harmonious Society — Caring for Employees — Health and Safety	
B2.2	Lost days due to work injury.	More Harmonious Society — Caring for Employees — Health and Safety	We use an internationally accepted occupational injury rate of 200,000 man-hours as key performance indicator for occupational safety. The data are available in Caring for Employees — Health and Safety.
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	More Harmonious Society — Caring for Employees — Health and Safety	
Aspect B3: Development and Training			
B3	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>	More Harmonious Society — Caring for Employees — Talent Empowerment	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).		We plan to disclose in detail in the future.
B3.2	The average training hours completed per employee by gender and employee category.	More Harmonious Society — Caring for Employees — Talent Empowerment	Training per capita for the China operations is disclosed. The US business was affected by the pandemic and implemented online training and the data is not yet complete, therefore the data for the reporting period is not disclosed.

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
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Aspect B4: Labor Standards			
B4	General Disclosure Relating to preventing child and forced labor: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	More Harmonious Society — Caring for Employees — Value-based Employment	
B4.1	Description of measures to review employment practices to avoid child and forced labor.	More Harmonious Society — Caring for Employees — Value-based Employment	
B4.2	Description of steps taken to eliminate such practices when discovered.	More Harmonious Society — Caring for Employees — Value-based Employment	No violations were found this year.

Operating Practices

Aspect B5: Supply Chain Management			
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	More Harmonious Society — Supply Chain Management	
B5.1	Number of suppliers by geographical region.	More Harmonious Society — Supply Chain Management — Responsible Supply	We have about 85,000 hog suppliers in China. The number of raw materials suppliers is 3,667 in China, 8,100 in the United States, 32 in Europe, and 30 in other countries or regions. This data does not include suppliers hired by plants and farms under the name of Smithfield as well as suppliers employed by Smithfield Europe.
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	More Harmonious Society — Focusing on High Quality Products — Food Safety and Quality	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	More Harmonious Society — Supply Chain Management — Responsible Supply	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	More Harmonious Society — Supply Chain Management — Responsible Supply	

APPENDIX (continued)

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
Aspect B6	Product Responsibility		
B6	<p>General Disclosure</p> <p>Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and remedial measures:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p>	More Harmonious Society — Focusing on High Quality Products	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	More Harmonious Society — Focusing on High Quality Products — Food Safety and Quality	
B6.2	Number of products and service-related complaints received and how they are dealt with.	More Harmonious Society — Focusing on High Quality Products — Consumer Protection	
B6.3	Description of practices relating to observing and protecting intellectual property rights.		Intellectual property right is not a major ESG issue for the Group.
B6.4	Description of quality assurance process and recall procedures.	More Harmonious Society — Focusing on High Quality Products — Food Safety and Quality	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	More Harmonious Society — Focusing on High Quality Products — Consumer Protection	
Aspect B7	Anti- corruption		
B7	<p>General Disclosure</p> <p>Relating to bribery, extortion, fraud and money laundering:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p>	Creating Sustainable Value — Corporate Governance — Anti-Corruption	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Creating Sustainable Value — Corporate Governance — Anti-Corruption	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Creating Sustainable Value — Corporate Governance — Anti-Corruption	
B7.3	Description of anti-corruption training provided to directors and staff.		Targeted statistics have not been conducted during the reporting period and are planned to be disclosed in the next financial year's report.

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
Community			
Aspect B8	Community Investment		
B8	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	More Harmonious Society — Caring for the Community	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	More Harmonious Society — Caring for the Community	
B8.2	Resources contributed (e.g. money or time) to the focus area.	More Harmonious Society — Caring for the Community	



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