



珍酒李渡集團有限公司

ZJLD Group Inc

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6979

2022

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**

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I. ABOUT THIS REPORT

This report is prepared to provide an overview of our ESG progress in 2022.

ORGANIZATION SCOPE

This report covers the ESG performance of ZJLD Group Inc and its subsidiaries, with an intention to illustrate how we responsibly source, brew, package, publicize and sell. As such, we selectively incorporate six subsidiaries in our organization scope, including Guizhou Zhenjiu Brewing Co., Ltd., Guizhou Zhenjiu Sales Co., Ltd., Jiangxi Lidu Liquor Industry Co., Ltd., Jiangxi Lidu Liquor Sales Co., Ltd., Hunan Xiangjiao Liquor Industry Co., Ltd., and Hunan Xiangjiao Liquor Sales Co., Ltd, which collectively engage in primary production and sales of Zhen Jiu, Li Du, and Xiang Jiao and Kai Kou Xiao, respectively.

TIME RANGE

Unless otherwise specified, the time range of the data and content disclosed herein spanned from 1 January 2022 to 31 December 2022 (part of the content may extend beyond the above time range).

REPORTING STANDARDS

This report is prepared in accordance with:

- The ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (HKEX) (Listing Rules)
- The Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules (Corporate Governance Code)
- The Sustainability Reporting Guidelines by the Global Reporting Initiative (GRI Standards)
- The United Nations Sustainable Development Goals (SDGs)

PUBLICATION CYCLE

This is the first ESG report released by ZJLD Group Inc.

PUBLICATION FORM

This report is available in print (with environmentally friendly ink and paper) upon specific request by shareholders and electronic form. Download the electronic version through the link below:

ZJLD official investor relations website: <https://www.zjld.com/investor/announcement>

NOTES ON INFORMATION

The information and data cited herein are mainly from the Company's internal data collection systems, statistical reports and public information. The Company promises that the information and data cited in this Report do not contain any false records, misleading statements or material omissions, and is responsible for the objectivity, authenticity and accuracy of the content. Unless otherwise specified, the monetary amounts shown in the Report are presented in Renminbi.

LANGUAGE

The Report is prepared in English and in traditional Chinese. In case of any discrepancy in understanding the content, the English version shall prevail.

REFERENCING

For ease of expression, 'ZJLD', the 'Company' and 'we' in the Report refer to ZJLD Group Inc, the 'Group' or 'ZJLD Group' refer to ZJLD Group Inc and its subsidiaries.

SUGGESTION AND FEEDBACK

Should there be any comments or suggestions on this report, please email info@zjld.com.hk to give feedback. Thank you for your concern and support for the ESG work of ZJLD Group Inc.



II. ESG HIGHLIGHTS IN 2022

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As a responsible corporation, we demonstrate our strong ESG commitments by alleviating any environmental damage that may be caused by our commercial activities as well as by safeguarding our community through various social responsibility initiatives.

In this past year, we have made great strides towards our ESG commitments through our relentless efforts, for sure in close partnership with our stakeholders. Now, we are proud to share key ESG metrics and milestones which signify our achievement during our ESG journey in 2022.

KEY ESG PERFORMANCE OVERVIEW

ENVIRONMENT	SOCIETY	GOVERNANCE
Achieved a water usage intensity of 65.9 tons/ton base liquor, 44.2% reduction compared with 2021	Conducted 60 supplier-related quality and EHS inspections on-site	Established a three-level ESG governance structure
Achieved a Scope 1 and Scope 2 carbon emission intensity of 2.5 tons CO ₂ e/ton base liquor, 21.8% reduction compared with 2021	Assessed 26 core suppliers by our ESG questionnaire	Launched the first version of ZJLD ESG Policy and updated/formulated 56 ESG-related policies
Solid waste disposal rate of compliance reached 100%	None of our products recalled due to health and safety issues	Set 6 strategic ESG priorities and more than 20 ESG-related goals
Vinasse and pit mud recycling rate reached 100%	Reached 100% of frontline (production-related) workers trained regarding work safety	
Air pollutants intensity reduced 11.7% against a 2021 baseline	Reached 100% of frontline workers received occupational disease check-ups	
Recyclable, reusable and degradable packaging materials by weight reached 97.3%	Recruited 7,243 employees from rural areas	
Packaging material usage intensity for finished products reduced by 12% compared with 2021	Procured 156,851 tons of agricultural commodities from rural areas across China	

Sound corporate governance is the cornerstone of our operational excellence. Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures of our Group so as to achieve effective accountability. We believe our corporate governance system contributes to our long-term sustainability and creates enduring economic profits.

In full compliance with applicable laws and regulations, we steadily optimize our corporate governance by establishing a well-defined governance structure, improving board independency and diversity as well as enhancing risk management and internal control systems. The supervision and management of ESG issues embedded at multiple levels within our Group is also an important part of our corporate governance.

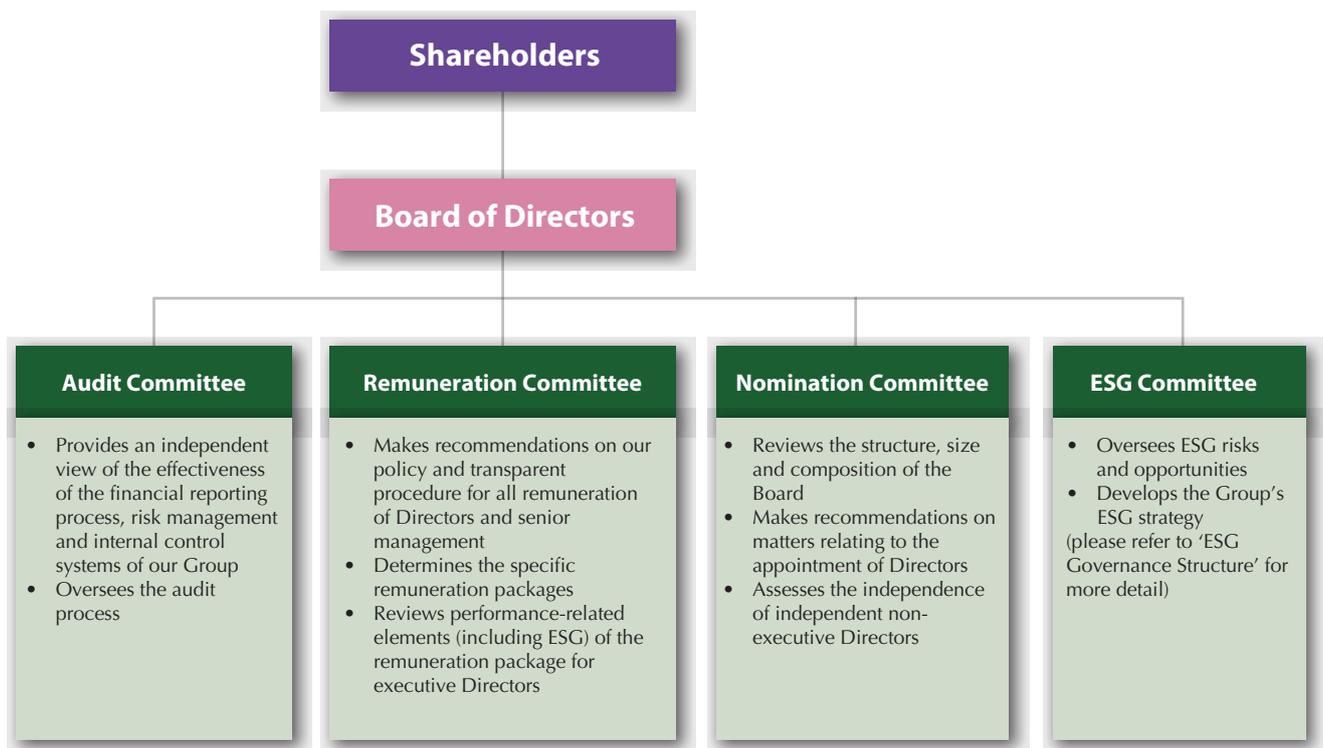
Looking ahead, we aim to continuously optimize our governance system to meet rapidly evolving supervision requirements and foster an environment of transparency, diversity and trust.

1. OUR CORPORATE GOVERNANCE

Corporate Governance Structure

The Board of Directors (Board) is the highest decision-making body for ZJLD Group's overall strategy and governance. Our Board has established audit, remuneration, nomination and ESG committees, to which they have delegated various responsibilities. The committees operate in accordance with written terms of reference established by our Board.

Our Corporate Governance Structure



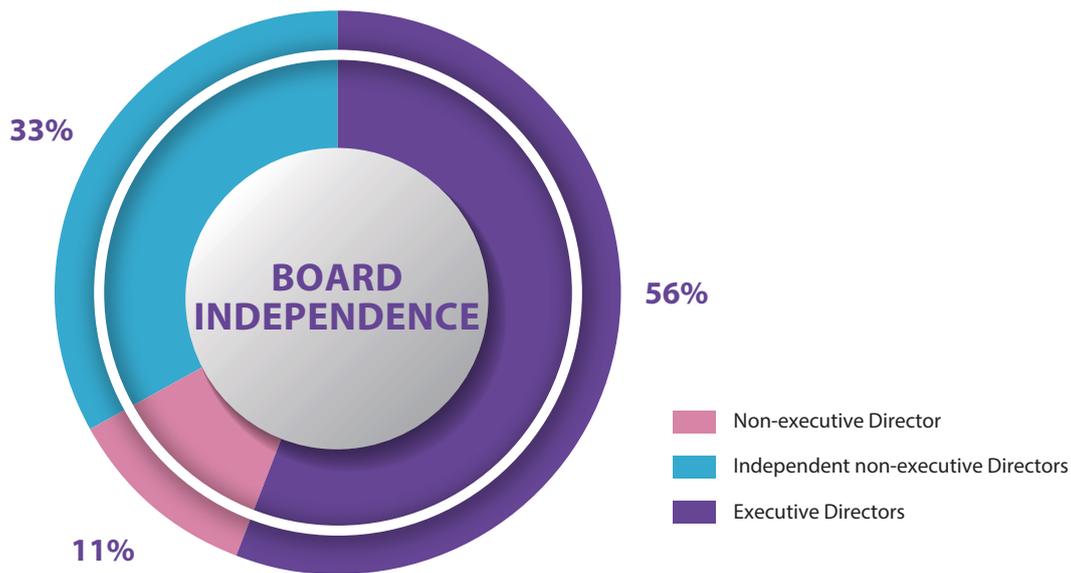


III. CORPORATE GOVERNANCE — STRIVING FOR EXCELLENCE TO RAISE THE BAR

Board Independence and Diversity

Pursuant to the provisions stated in the Corporate Governance Code, we are committed to the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors, so that there is a strong independent element on our Board, which can effectively exercise independent judgment. Our Board consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. Moreover, independent non-executive Directors constitute the majority of members of all of our Board committees.

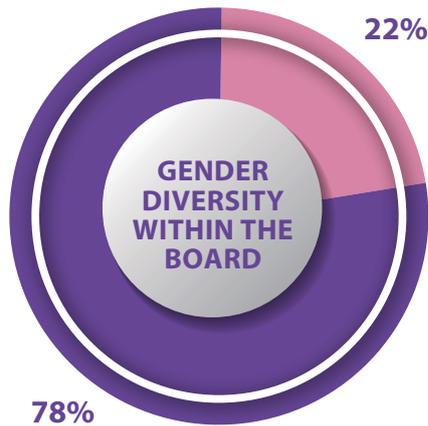
Board Independence



In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, we have adopted the Board Diversity Policy which sets out our objectives and approach to achieve and maintain diversity of the Board. Guided by this policy, we seek to achieve board diversity through the consideration of a number of factors when selecting candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and education background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board. Our Directors have a balanced mix of knowledge, skills and experience, including but not limited to industrial expertise, management, environmental and social (E&S) related experience and finance. Our Nomination Committee is responsible for regularly assessing the diversity of the Board. Looking ahead, we will continue to take steps to promote gender diversity at all levels of our Company, including at the Board and senior management levels.

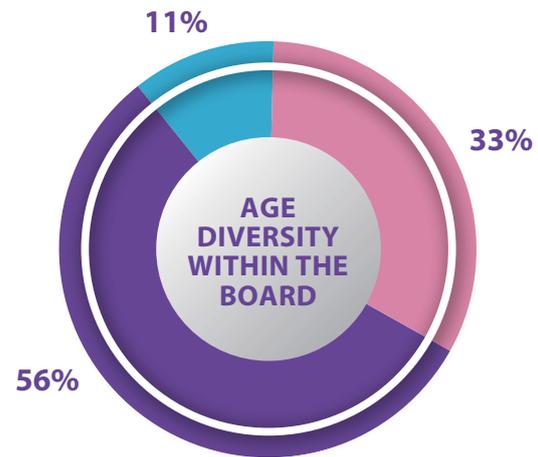
III. CORPORATE GOVERNANCE — STRIVING FOR EXCELLENCE TO RAISE THE BAR

Gender Diversity within the Board



Woman Man

Age Diversity within the Board



<50 50-59 >59

DIVERSE BACKGROUNDS OF BOARD MEMBERS

Name	Gender	Age	Position	Expertise and Experience			
				Industry related	Corporate governance	E&S related	Finance and Accounting
WU Xiangdong (吳向東)	Male	54	Executive Director and chairman of the Board	√	√		
YAN Tao (顏濤)	Male	59	Executive Director and chief executive officer	√	√		
ZHU Lin (朱琳)	Female	52	Executive Director and vice president	√	√	√	√
LUO Yonghong (羅永紅)	Male	51	Executive Director and finance director	√	√		√
NG Kwong Chue Paul (吳光曙)	Male	52	Executive Director and company secretary	√	√	√	√



III. CORPORATE GOVERNANCE — STRIVING FOR EXCELLENCE TO RAISE THE BAR

DIVERSE BACKGROUNDS OF BOARD MEMBERS							
Name	Gender	Age	Position	Expertise and Experience			
				Industry related	Corporate governance	E&S related	Finance and Accounting
SUN Zheng (孫錚)	Male	42	Non-executive Director		√		√
YUNG Tse Kwong Steven (戎子江)	Male	73	Independent non-executive Director		√		√
LI Dong (李東)	Male	46	Independent non-executive Director		√		√
YAN Jisheng (閔極晟)	Female	43	Independent non-executive Director		√		√

Risk Management and Internal Control

Being exposed to various risks during our operations, we have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures in compliance with the Listing Rules, including but not limited to aspects related to compliance management, connected transactions, procurement, production, marketing and information disclosure. Accordingly, we have organized training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules.

To monitor the ongoing implementation of our risk management policies and corporate governance measures, our Audit Committee is dedicated to reviewing and supervising the effectiveness of the Company’s risk management and internal control systems. We have also enhanced our reporting and records system for production facilities and conduct regular inspections of the facilities. Further, the Group level risk assessment will be conducted annually to identify and evaluate the current and potential risks in the area of businesses where we operate, including the risks arising from ESG and climate-related matters.

Business Ethics

In order to maintain our reputation and integrity of our corporate governance, we fully comply with ‘Anti-Unfair Law of the People’s Republic of China (PRC)’ (《中華人民共和國反不正當競爭法》), Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) and other relevant laws and regulations. ZJLG Group has implemented Compliance Policy which requires our employees to conduct business legally and ethically. Our Compliance Policy prohibits our employees to offer unauthorized payment, such as bribes, kickbacks, or benefit to any third party, including government officers, customers, or suppliers, for the purpose of securing or rewarding an improper benefit. They are also not allowed to accept or solicit any such unauthorized payment. The Policy also prohibits other misconducts, such as misappropriation and embezzlement, extortion, fraud, money laundering or other illegal activities. Any violation of the Policy could result in dismissal and financial fines.

Moreover, we require our distributors, suppliers and other business partners to undertake anti-bribery commitment in writing that prohibits gifts, rebates, facilitation fees and other illegitimate conducts. Any breach of such commitment could result in termination of collaboration agreements and penalties as appropriate.

We provide business ethics training periodically to our Directors, senior management and all our employees to enhance their knowledge and compliance with applicable laws and regulations and include relevant policies against non-compliance in employee handbooks. In 2022, there were no legal cases regarding corrupt practices brought against ZJLD Group or our employees.

Whistleblowing System

Guided by our Whistleblowing Policy, we have established a formal anonymous whistleblower system enabling our employees and external stakeholders to raise compliance concerns and unethical business practices that may violate the Group's Code of Conduct.

Whistleblowing mechanism



Our whistleblowing channels include e-mail address at the group level as well as helplines and mailboxes at each brand.

WHISTLEBLOWING CHANNELS			
ZJLD Group Inc E-mail : complaint@zjld.com			
	Zhen Jiu	Li Du	Xiang Jiao
Helpline	+86 1331 319 5953	+86 4008 551 308	+86 1856 522 7350
Mailbox	Internal Audit Dept, 2/F of Office Building at Zhen Jiu	Check-in reception, 1/F of Office Building at Li Du	Check-in reception, 1/F of Office Building at Xiang Jiao



III. CORPORATE GOVERNANCE — STRIVING FOR EXCELLENCE TO RAISE THE BAR

We encourage our employees and business partners to report any suspected cases of misconduct and all reported cases are treated confidentially and promptly. Protection of whistleblowers constitutes an important part of our whistleblowing system. We do not tolerate retaliation against anyone who reports a potential violation in good faith, in alignment with the provision against retaliation outlined in our Whistleblowing Policy.

2. OUR ESG GOVERNANCE

ESG Vision and Strategy

We firmly believe that our investment in sustainability will create additional corporate value while generating long-term return to our stakeholders. We are also convinced that through continuous ESG commitment, we will be able to promote a more prosperous and harmonised atmosphere not only to our business but to the baijiu industry and the society as a whole.

Our Board has adopted a comprehensive policy on environmental, social and governance responsibilities (the 'ESG Policy'), which sets forth our ESG vision, ESG strategic priorities and provides ESG related practice guidance for our business.

GROUP MISSION
Carry forward rich culture heritage and turn every drop of aromatic baijiu into a joyful and memorable moment
ESG VISION
Brew good baijiu of conscience that originates from nature and feeds back to nature, open the happy moment of mankind, and protect our common beautiful home

III. CORPORATE GOVERNANCE — STRIVING FOR EXCELLENCE TO RAISE THE BAR

STRATEGIC ESG PRIORITIES					
Water Stewardship	Climate Action	Sustainable Packaging	Responsible Drinking	Community Involvement	Corporate Governance
 6 CLEAN WATER AND SANITATION	 7 AFFORDABLE AND CLEAN ENERGY	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	 3 GOOD HEALTH AND WELL-BEING	 1 NO POVERTY	 8 DECENT WORK AND ECONOMIC GROWTH
 14 LIFE BELOW WATER	 11 SUSTAINABLE CITIES AND COMMUNITIES	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 2 ZERO HUNGER	 10 REDUCED INEQUALITIES
 15 LIFE ON LAND	 13 CLIMATE ACTION	 13 CLIMATE ACTION		 4 QUALITY EDUCATION	 17 PARTNERSHIPS FOR THE GOALS
				 5 GENDER EQUALITY	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Derived from our Group mission, we pursue the ESG vision of brewing good baijiu of conscience that originates from nature and feeds back to nature, opening the happy moment of mankind, and protecting our common beautiful home. Our ESG vision reflects our determination to deliver positive impact on the planet and create lasting value for our stakeholders, which is also the driving force behind our ongoing ESG efforts.

Based on our ESG vision and the Group's overall business strategy, and focusing on future development and stakeholders' interests, we break down our ESG strategy into six priorities — namely water stewardship, climate action, sustainable packaging, responsible drinking, community involvement and corporate governance — among which, we have further set up ESG goals adopting the methodology of S.M.A.R.T (Specific, Measurable, Attainable, Relevant and Time bound). Ultimately, we aim to continuously advance our ESG agenda to align with the UN SDGs.

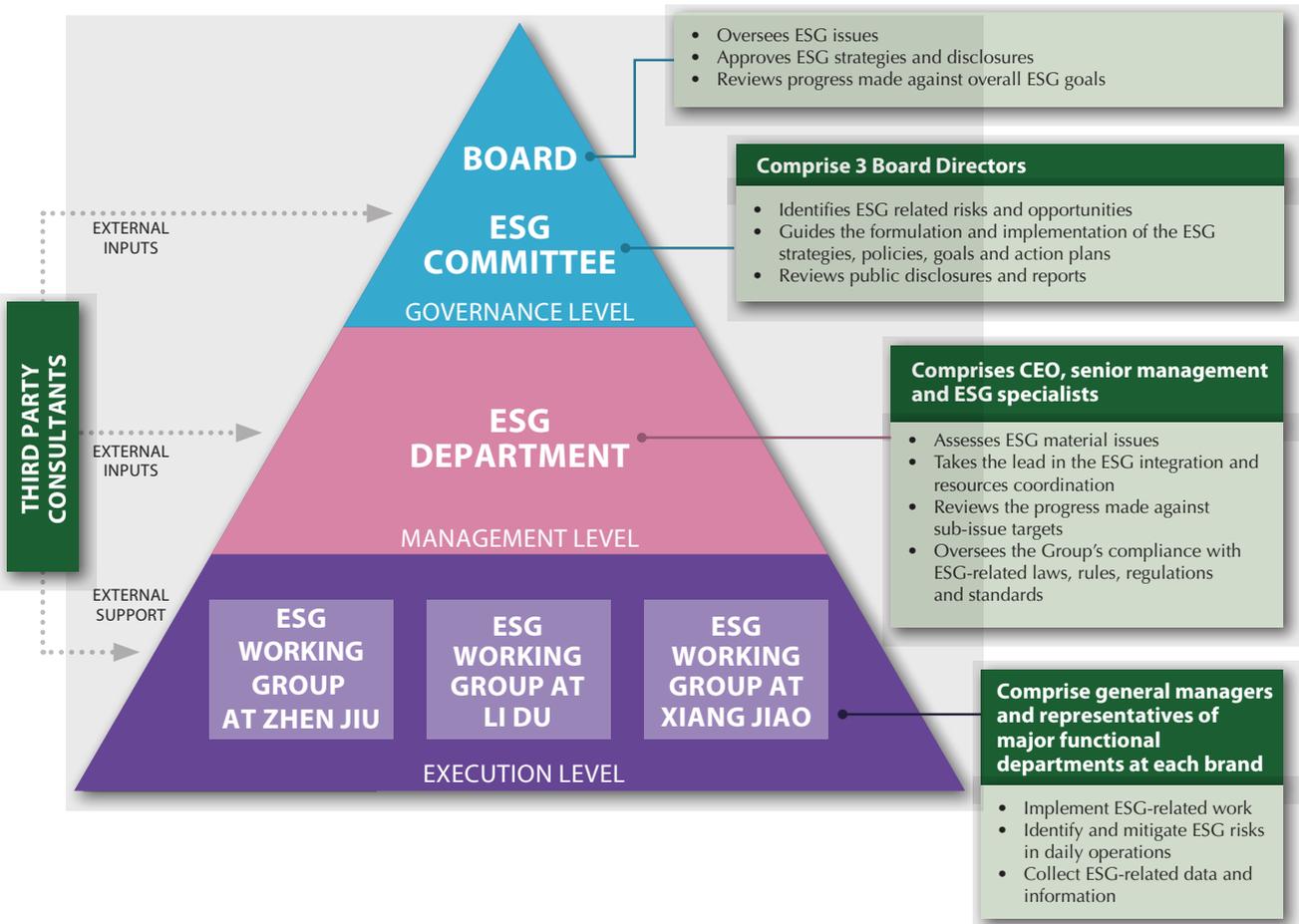


III. CORPORATE GOVERNANCE — STRIVING FOR EXCELLENCE TO RAISE THE BAR

ESG Governance Structure

To implement our ESG agenda effectively and promote the sustainable development of our Group, we have established a three-level ESG governance structure in accordance with external regulatory requirements and our own operating procedures. Furthermore, our compensation framework connects remuneration of middle and senior management with ESG results to align incentives with their long-term sustainable performance.

Our ESG Governance Structure



Our Board has the overall and collective responsibility to manage ESG issues, ensuring that appropriate and effective ESG risk management and internal control mechanisms are in place. Supported by the ESG Committee, the Board oversees the Group's ESG management approach, strategy and priorities, and reviews progress made against overall ESG goals.

An ESG Committee under the Board has been established to assist the Board in identifying ESG related risks and opportunities, guiding the formulation and implementation of ZJLD's ESG strategies, policies, goals and action plans as well as reviewing related public disclosures and reports. It convenes meetings at least two times annually to discuss the Group's ESG plans and review the performance of our ESG work.

At the management level, we have set up an ESG Department chaired by our CEO, comprising senior management and ESG specialists. The ESG Department takes the lead in the ESG integration and resources coordination at the group level by clarifying the relevant responsibilities of the headquarters and distilleries. It organizes meetings at a quarterly basis to review the progress made against sub-issue targets and assess ESG material issues taking the evolution of ESG related laws, rules, regulations and standards into consideration.

To ensure the effective implementation of our ESG policies and measures in local business units, we have established an ESG Working Group at each brand under the leadership of the ESG Department. Led by general manager and functional leaders, each ESG Working Group is composed of representatives of major functional departments at the distillery level, including departments of environment, human resources, production and operation, health and safety, quality and marketing, etc. ESG Working Groups are responsible for executing and implementing ESG-related work as well as identifying and mitigating ESG risks in daily operations. Within each ESG Working Group, we already have mechanisms in place to monitor and collect ESG-related data to prepare disclosures in compliance with requirements of the 'ESG Reporting Guide'.

As we are at the beginning of our ESG journey, external professional inputs represent an important part of our ESG capacity building. Thus, we have engaged professional independent consultants to assist our ESG management teams in conducting a comprehensive ESG diagnosis and to review on our ESG progress. According to their professional advice, we have developed our ESG framework and enhancement plans.



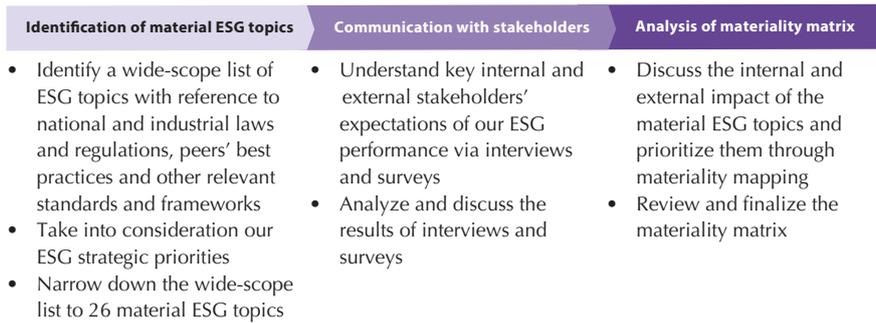
III. CORPORATE GOVERNANCE — STRIVING FOR EXCELLENCE TO RAISE THE BAR

3. MATERIALITY ASSESSMENT AND PRIORITY SETTING

Materiality Assessment Process

We begin our ESG work by asking ‘what matters most to our business’ and ‘where can we make the greatest impact for our stakeholders’. To answer these fundamental questions, we conducted a materiality assessment for pinpointing ESG areas that are material to our business and stakeholders, guiding us to prioritize different ESG topics combing with our ESG strategy.

Materiality Assessment Process



Stakeholder Engagement

ZJLD engages in active and constructive dialogues with different stakeholders to learn about their expectations and feedback on our ESG performance. We intend to, among others, discuss with our key stakeholders regarding the material ESG areas identified.

KEY STAKEHOLDERS	THEIR FOCUS AND EXPECTATION	HOW WE ENGAGE
Government and Regulators	<ul style="list-style-type: none"> Corporate governance and compliance Risk management and internal control Supporting the implementation of national and regional strategies Transparency and reporting 	<ul style="list-style-type: none"> Response to consultation processes Government/regulatory agency visit reception Response to national and regional strategies Routing reporting

III. CORPORATE GOVERNANCE — STRIVING FOR EXCELLENCE TO RAISE THE BAR

KEY STAKEHOLDERS	THEIR FOCUS AND EXPECTATION	HOW WE ENGAGE
Investors	<ul style="list-style-type: none"> • Financial and operational performance • Board independence and diversity • Environmental and social risks identification and management • Investor relations management • Business ethics and integrity management 	<ul style="list-style-type: none"> • Roadshows • Annual reports, interim reports and other disclosures • Telephone calls, conferences and visits • ZJLD official website
Consumers/Clients	<ul style="list-style-type: none"> • Product quality and food safety • Customer service and rights protection • Customer/clients privacy • Responsible marketing practises 	<ul style="list-style-type: none"> • Service hotline • Social media • Consumer events such as tasting and branding activities • Distributors conferences
Employees	<ul style="list-style-type: none"> • Employment compliance • Workplace health and safety • Engagement and wellbeing • Employee training and development • Gender diversity and equal opportunity 	<ul style="list-style-type: none"> • Employee engagement surveys • Feedback channels (including online forms, suggestion mailbox, compliance helpline, townhall meetings) • Daily communication and feedback
Suppliers	<ul style="list-style-type: none"> • Sustainable sourcing • Transparent and fair procurement practices • Opportunities for development and collaboration 	<ul style="list-style-type: none"> • Supplier assessments and audits • Supplier meetings and training
Communities/NGOs	<ul style="list-style-type: none"> • Community engagement and investment • Employment opportunities for nearby residents • Water management • Waste management • Carbon emission management • Cultural heritage 	<ul style="list-style-type: none"> • ZJLD official website • Community investment programmes and volunteering services • Donations and scholarships • Media events and meetings

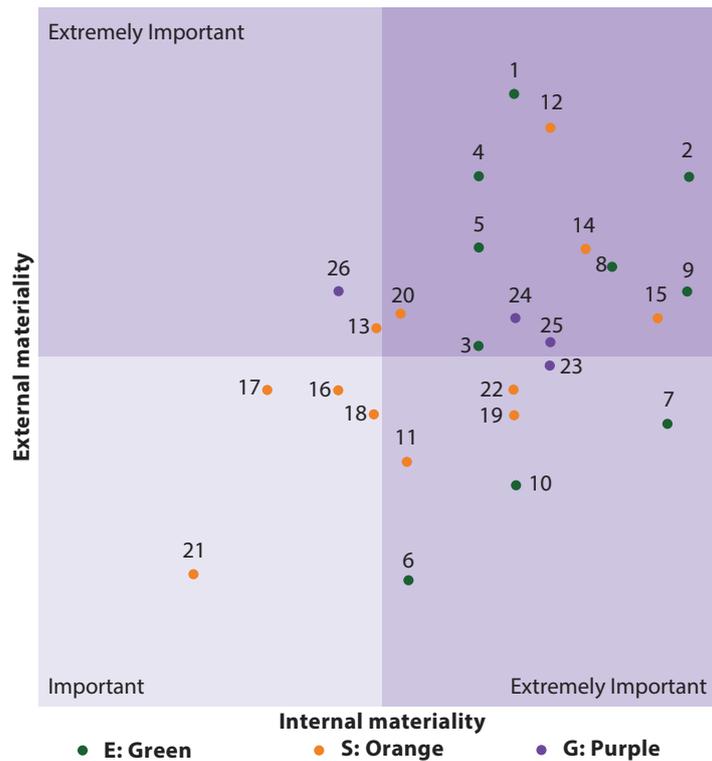


III. CORPORATE GOVERNANCE — STRIVING FOR EXCELLENCE TO RAISE THE BAR

Materiality Matrix

Based on a comprehensive screening and analysis, the materiality matrix below illustrates the level of materiality of each ESG topic that is important to ZJLD’s business and stakeholders.

Materiality Matrix 2022



HIGH MATERIALITY		MODERATE MATERIALITY		LOW MATERIALITY	
2	Water usage	7	Circular packaging	18	Diversity and inclusion
12	Food safety and product quality	23	Compliance	16	Employee training and development
1	Effluents management	22	Data security	17	Employee wellbeing
9	Carbon emission management	19	Labour management	21	Charity
8	Eco-friendly packaging material	13	Intellectual property protection		
15	Workplace health and safety	26	Transparency		
14	Responsible drinking and marketing	10	Energy management		
4	Solid waste management	11	Supply chain management		
5	Waste gas disposal	6	Packaging reduction		
25	Business ethics				
24	Risk management				
20	Rural revitalization				
3	Watershed management				



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

Just as our ESG vision outlines, it is our mission to brew best baijiu of conscience that originates from nature and feeds back to nature, preventing us from operating at the expense of the environment. To deliver positive impacts on the planet, we are fully committed to sustainable development by being engaged in multiple water stewardship efforts and adopting a range of measures to reduce carbon emissions and pollution, as well as using resources more efficiently.

We strictly adhere to our Environmental Policy to meet or surpass applicable standards and regulations. The requirements of environmental protection regarding the emission of gas and liquid effluents, the disposal of solid waste, noise levels and contamination of premises are incorporated into all of our business and operational activities, as well as the annual performance evaluation of pertinent management. With our continuous endeavour, as of year-end 2022, we had no major environmental accidents and none of our operations in ZJLD Group were subject to any environment-related fines or penalties.

Looking forward, we aim to intensify our efforts to advance our own low-carbon transition and make a tangible contribution to a greener and better future.

1. ENHANCE WATER STEWARDSHIP TO DRIVE SUSTAINABLE PROGRESS

The world continues to face numerous water challenges, including water scarcity which is one of the largest global risks in terms of potential impact over the next decade. Water supply and water quality is significant to our baijiu production. As a responsible baijiu company, we believe it is our responsibility to work towards water stewardship throughout our operations and make every drop of water count.

OUR GOALS

UN SDGs	TARGET IN 2025
Goal 6: Clean Water and Sanitation 	Against a 2021 baseline, we aim to continuously improve water use efficiency to achieve our strategic target of a water usage intensity reduction of 4.5 tons/ton of base liquor and further save an additional 200,000 tons of water in 2025. ¹
Goal 14: Life below Water 	
Goal 15: Life on Land 	

¹ We periodically review our progress made against the target, and according to which, we may further raise our water conservation ambition in the future.

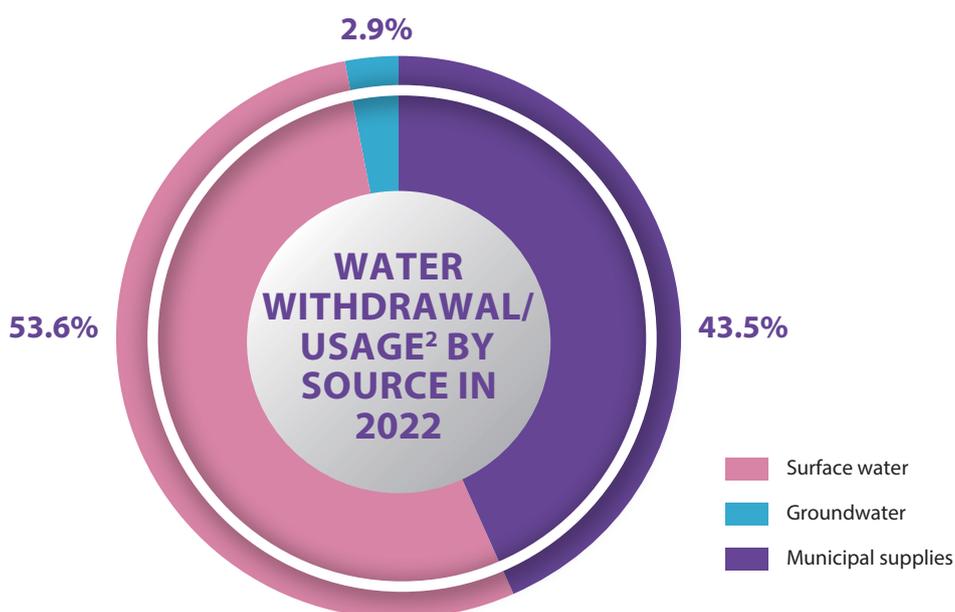


IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR WATER FOOTPRINT

As freshwater resources are increasingly scarce in many regions, we pay great attention to our water footprint. Our production facilities are located in Guizhou Province, Jiangxi Province and Hunan Province in China, none of which are identified as areas of ‘high water stress’ with reference to World Resources Institute’s ‘Aqueduct Water Risk Atlas’.

Water Withdrawal/Usage² by Source in 2022

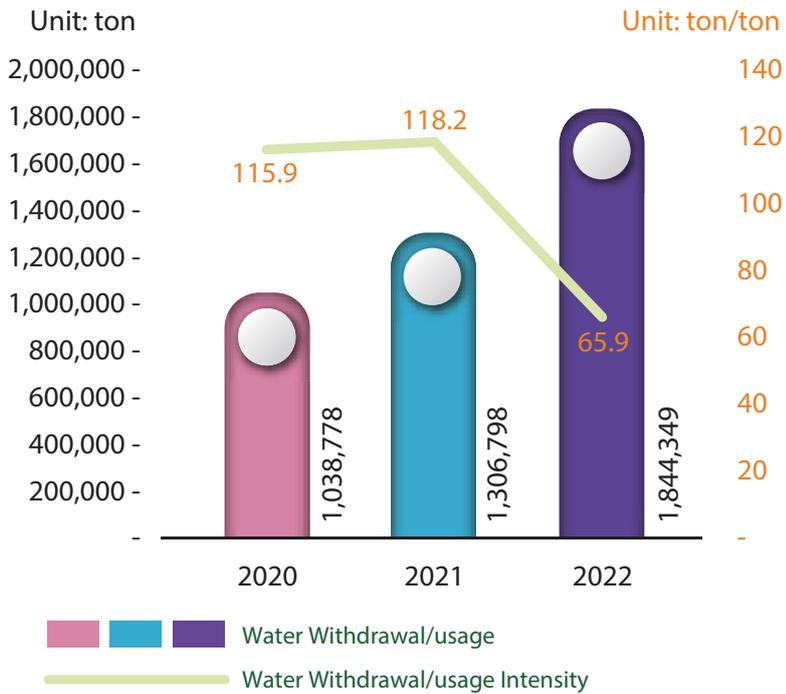


² In the case of ZJLD Group, water usage equals to water withdrawal.

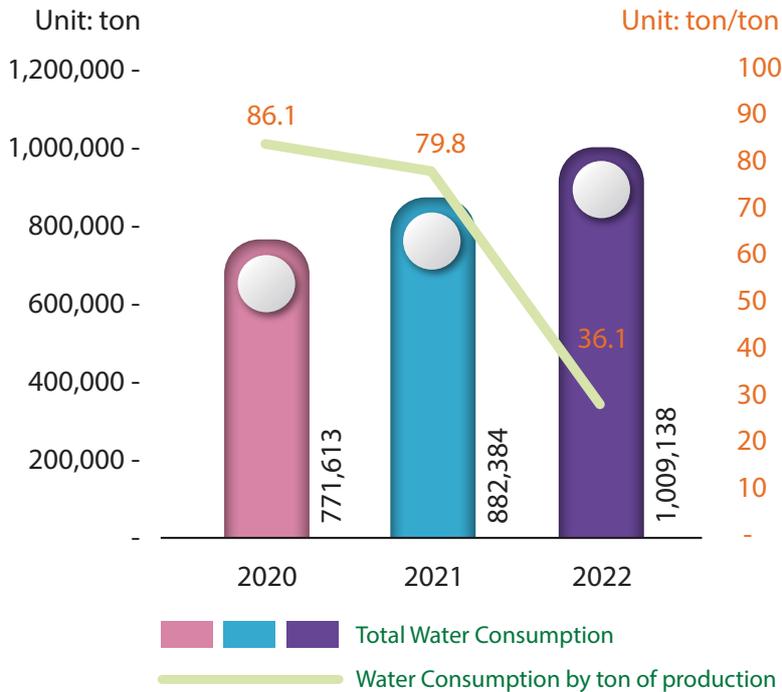


IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

Water Withdrawal/Usage



Water Consumption³

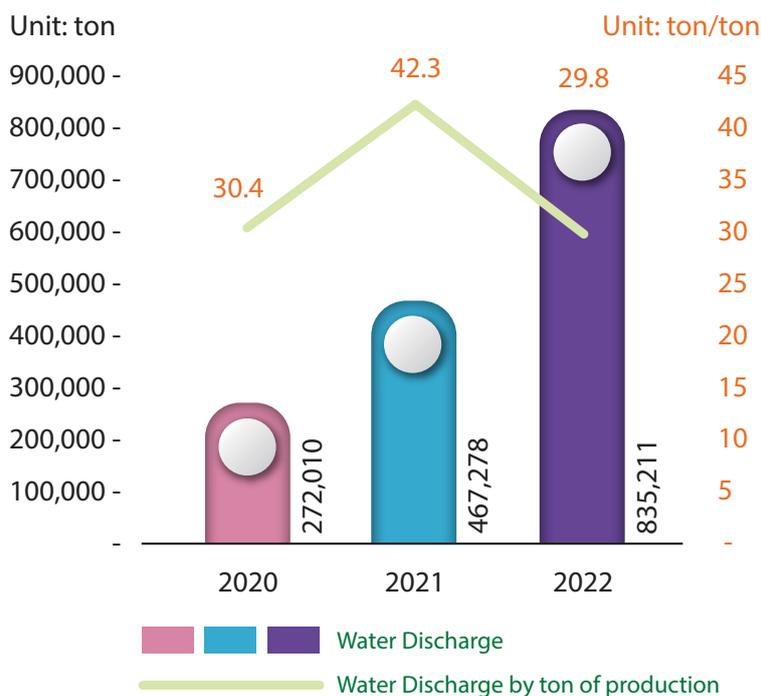


³ According to GRI 303 Water and Effluents 2018, 'Disclosure 303-5 Water consumption', water consumption = total water withdrawal - total water discharge.



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

Water Discharge





IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR POLICIES AND PROCEDURES

To strengthen water resources management, we have updated our Water Management Policy in 2022 according to the ‘Water Law of the PRC’ (《中華人民共和國水法》), the ‘Law on Prevention and Control of Water Pollution of the PRC’ (《中華人民共和國水污染防治法》), the ‘National Water Saving Action Plan’ and other applicable national and international standards. Multiple water related management requirements have been formulated to reduce water consumption, minimize the environmental impact of wastewater discharge, and protect the ecosystem of watersheds where we operate.

POLICIES AND PROCEDURES	WHAT WE REQUIRE
Water Efficiency Management	Continuously invest resources to develop and innovate water saving technology and conduct quarterly monitoring of performance to improve the utilization efficiency of water resources
Wastewater Management	Implement a systematic approach to identify, control, and reduce wastewater produced by our operations and conduct routine monitoring of the performance of our wastewater treatment systems
Watershed Management	Regularly analyse the situation of water environmental risk receptors surrounding our production facilities and work proactively with local governments and NGOs to promote watershed protection activities

OUR PRACTICES

Water Stewardship

Given that water is indispensable in our operation, we have attached great importance to water stewardship. As the highest ESG governance body within ZJLD’s structure, ESG Committee is responsible for formulating ZJLD’s water stewardship strategy as well as overseeing the implementation of ZJLD water-stewardship-related initiatives. On the other hand, our ESG Department is responsible for setting targets at production facility level and collecting water usage, consumption and discharge data. At each production facility, we also assign designated personnel to restrain water wasting within our workforce and set water use efficiency as a key performance indicator (KPI) for each department and production workshop.

Water Efficiency Improvement

With production-related personnel’s attendance, we have regularly held seminars and workshops with detailed discussions regarding what are the best available water-saving technologies in the industry and how to apply them in practice. In addition, our production facilities have launched various projects to reduce the water consumption and improve water recycling rate.



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

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PRODUCTION FACILITY	ACTIONS	IMPACT	PLANS IN 2023
Zhen Jiu	<ul style="list-style-type: none"> Replaced the water-cooling system by air-cooling (completed in 2021) Lowered the overflow pipes to reduce water consumption during the distillation process Completed the construction of water recycling system for packaging bottle washer 	Achieved a water usage intensity of 48.6 t/t, namely 51% reduction compared with 2021	<ul style="list-style-type: none"> To carry out utensils water-saving transformation To install water recycling system for packaging bottle washer To refurbish sewage treatment station and reuse the treated water
Li Du	<ul style="list-style-type: none"> Used water-saving flushing equipment with a more reasonable cleaning frequency to reduce flushing water Water recycling system of packaging bottle washer went into service 	Achieved a water usage intensity of 97.8 t/t, around the same level of 2021	<ul style="list-style-type: none"> The cooling water recycling system will be put into service
Xiang Jiao	<ul style="list-style-type: none"> Implemented utensils water-saving transformation Completed water recycling transformation of packaging bottle washer Reused treated wastewater for landscape greening Purchased water-saving flushing equipment Completed the construction of cooling water recycling system 	Achieved a water usage intensity of 163.4 t/t, namely 11% reduction compared with 2021	<ul style="list-style-type: none"> The cooling water recycling system will be put into service The water recycling system of packaging bottle washer will be put into service



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE



Packaging bottle washing water recycling equipment



Cooling water recycling equipment



Water-saving utensils with lowered overflow pipes



Replaced the water-cooling system by air-cooling

For the next year, we aim to identify and track recycled water consumption in all production processes and establish water recycling indicators to better evaluate our water efficiency performance.

Wastewater Management

In respect to wastewater treatment, we strictly comply with the national and local sewage discharge standards. Moreover, we set stringent internal sewage discharge criteria enabling us to fully meet or surpass local and national regulatory standards.

To control water pollution from its source, we have implemented a diversion system to separate rainwater, production wastewater and domestic wastewater. Each of our production facilities is equipped with wastewater treatment plant(s) and only well-treated effluent can be discharged into public sewage

treatment system. In addition, we have installed devices for the inspection of chemical oxygen demand (COD), ammonia nitrogen, total phosphorus and total nitrogen at sewage outlets to ensure effective supervision of quality and quantity of wastewater discharge.

We aim to further reduce COD and ammonia nitrogen in effluent in order to return all wastewater to the environment in a most eco-friendly way. By upgrading wastewater treatment processes and optimizing chemical formulation, our brands have been working hard to meet certain direct discharge indicators of table 3 stipulated by 'Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry (GB 27631-2011)' (《发酵酒精和白酒工业水污染物排放标准》), which is the highest wastewater discharge standard for baijiu industry.



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE



Wastewater treatment facility



Ammonia nitrogen inspection device

Watershed Protection

Beyond our operation, we also attach great importance to the protection of ecosystems within the local watershed. In partnership with community stakeholders, we have kept our water stewardship efforts by participating in multiple watershed protection programs, such as riverway cleaning activities and ecological reconstruction of rivers in the Zunyi region.

CASE STUDY

Zhen Jiu (Moutai Town Shuang Long) (茅台鎮雙龍) production facility is located in Guizhou's Zunyi region, where all of its rivers are affiliated to Yangtze

River Basin. Home to more than 3,000 species of vascular plants, 44 species of national protected animals and dozens of fish species, the Zunyi region is a key to the biodiversity of the entire Yangtze basin. Fully aware of the importance of ecological balance, we aim to create ecological value through our Zhenjiu Shuang Long project by maximizing our environmental conservation efforts. The project adopts the 'dual channel' design which combines normal water level channel and flood regulation channel to minimize the damage caused by flood and avoid soil erosion. In addition, we have necessary sewage treatment plant and water recycling system in place which benefits the local community as well as downstream ecosystem.



Landscape before our reconstruction



Landscape after our reconstruction



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR KPIs

INDICATOR	PERFORMANCE IN 2022 ⁴	BASELINE OF 2021
Water usage intensity (ton/ton base liquor)	65.9	118.2
Water usage intensity reduction against a 2021 baseline (%)	44.2%	-
Total water saved through lowering water usage intensity, compared to 2021 intensity baseline (tons)	1,460,000	-

2. PROTECT OUR PLANET BY COMBATING CLIMATE CHANGE

In recent years, the effects of climate change become more evident with an increase in frequency and intensity of extreme weather and natural disasters. According to World Economic Forum’s ‘Global Risk Report 2023’, climate change now tops the agenda among all global risks. Baijiu production relies on high-quality agricultural commodities, water resources and energy, which are directly impacted by climate change. Against this backdrop, we are committed to accelerating our climate action in active response to China’s carbon peaking and carbon neutrality goals, for our own sake and for our future generations.

OUR GOALS

UN SDGs	TARGET IN 2025
Goal 13: Climate Action 	We aim to reduce Scope 1 and Scope 2 carbon emission intensity by 20% compared with 2021. ⁵
Goal 7: Affordable and Clean Energy 	We aim to source 100% renewable electricity for our facilities.

⁴ As a result of scale effect of the expansion of our production capacity along with a range of water efficiency improvement initiatives implemented in 2022, we have achieved big progress in terms of water usage intensity. Nevertheless, we estimate a potential rollback of water efficiency in 2023 as scale effect fades away, thus we need to continuously reinforce our water-saving measures to fulfil our water stewardship commitment.

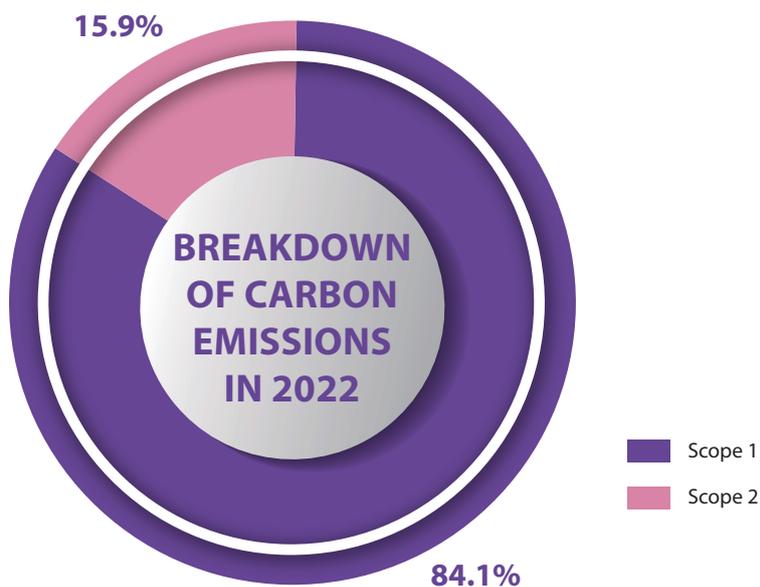
⁵ We periodically review our progress made against the target, and according to which, we may further raise our carbon reduction ambition in the future.



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR CARBON FOOTPRINT

Breakdown of Carbon Emissions in 2022 by Scope 1 and 2⁶

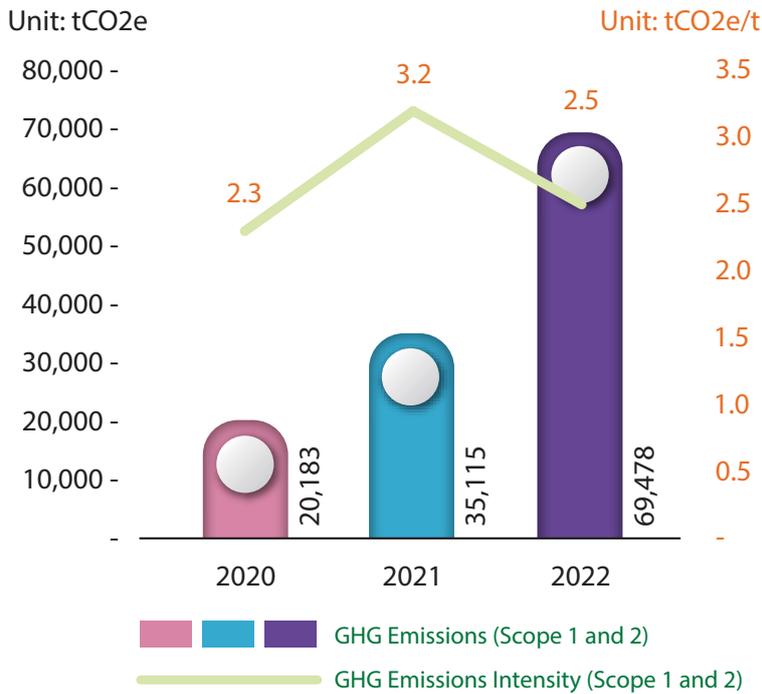


⁶ Scope 1 and Scope 2 cover carbon emissions generated from energy consumption including natural gas, electricity and diesel. We calculate our carbon emissions according to emission factors suggested by the Ministry of Ecology and Environment of the PRC, 'UK Government GHG Conversion Factors for Company Reporting (2022)' and the GHG Protocol. Without external assurance, there may exist data deviation.

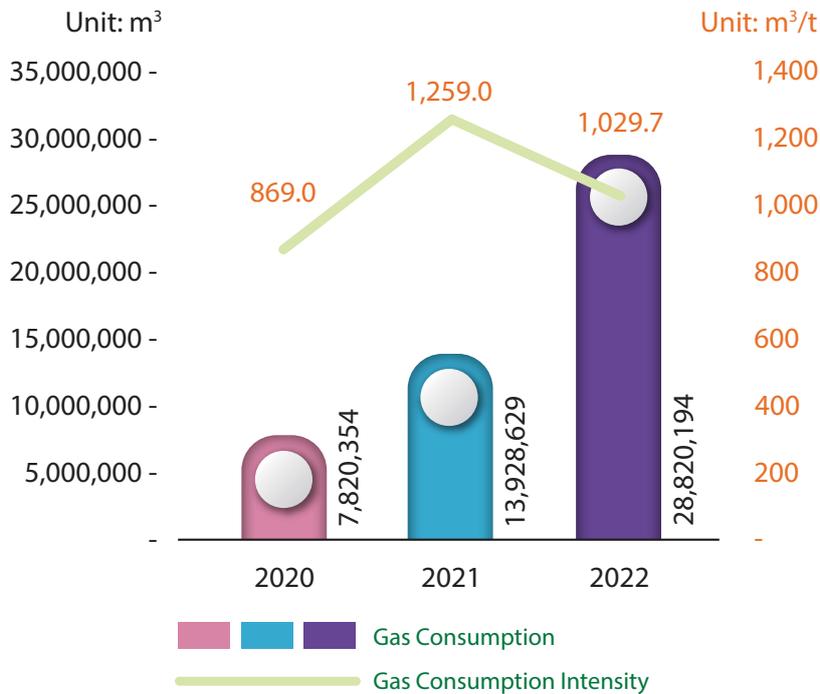


IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

Carbon Emissions (Scope 1 and 2)

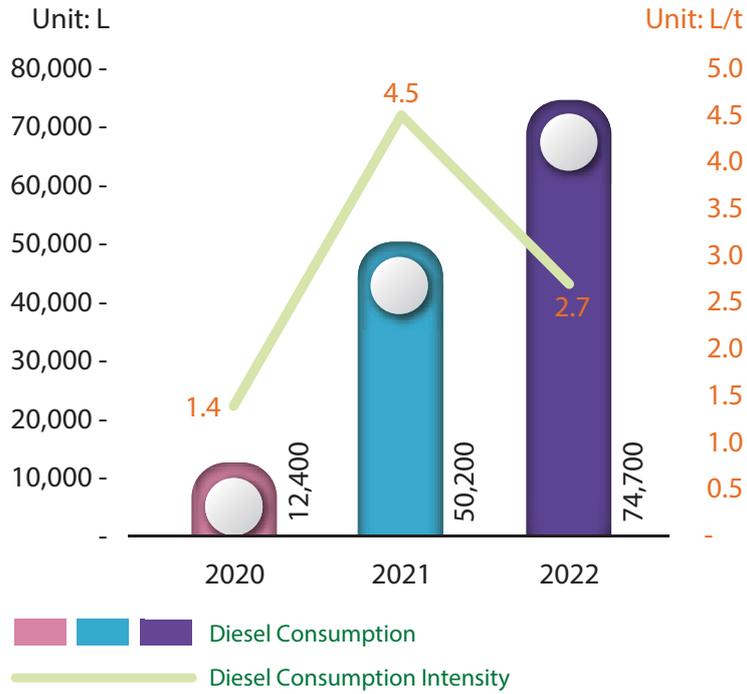


Natural Gas Consumption

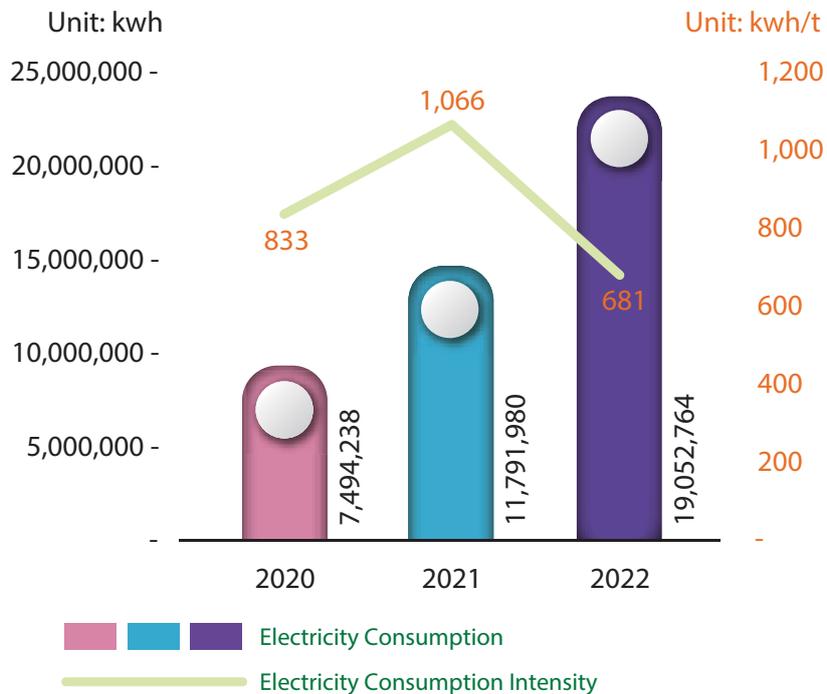


IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

Diesel Consumption



Electricity Consumption





IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR POLICIES AND PROCEDURES

Recognizing the urgent need for climate action, we have formulated our first Climate Policy in 2022, outlining the Group’s climate change mitigation and adaptation strategy and target. Accordingly, we have updated the Group’s Energy Policy in response to our carbon reduction ambition.

Considering legislation, public policy and our carbon reduction progress with reference to best practices, we will regularly review and update our Climate Policy and Energy Policy.

POLICIES AND PROCEDURES	WHAT WE REQUIRE
Climate-related risks management	Identify and assess climate-related physical and transition risks, and integrate climate-related risks into corporate’s overall risk management process to effectively address climate risks in the whole value chain
Energy Management	Optimize production process, invest in cutting-edge technologies, and strengthen the regulation to increase energy efficiency and reduce carbon emissions
Energy Mix Optimization	Increase the proportion of clean energy in energy mix by promoting the use of green electricity and reducing the consumption of fossil energy such as natural gas, diesel, and gasoline

OUR PRACTICES

Energy Assessment and Carbon Calculation

We have set up the energy assessment system and regularly carry out data collection on our electricity and natural gas consumption as well as usage of other energies, enabling us to track our energy consumption more accurately and efficiently.

Based on the energy data, we have calculated and analyzed the Group’s historical carbon emissions. An initial carbon emission inventory covering Scope 1 and Scope 2 has been developed and we have obtained the baseline data of carbon emissions in 2021 that guides our elaboration of 2025 carbon reduction roadmap. Aware that a large amount of carbon emissions may be generated from the upstream and downstream of our value chain, we also aim to further enhance our Scope 3 accounting capacity in 2023 to obtain a more comprehensive carbon footprint of our products.

Energy Management

For years, we have adopted a range of energy efficiency and carbon reduction measures and our energy management system is certified for ISO 50001 standards.



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE



ISO 50001:2018 Energy Management System certificate



Forklifts powered by electricity

CASE STUDY

We are taking a phased, site-by-site approach to reducing our carbon footprint by replacing end-of-life and high energy consumption assets with more energy-efficient production facilities. As of the end of 2022, all our production facilities have converted coal-fired boilers to natural gas boilers, achieving zero coal consumption. To further reduce the natural gas consumption of boilers, we have equipped the boilers and steam pipes with effective insulation material, controlled rationally inlet air flow to make the natural gas fully combust, reused waste heat generated by boilers and strengthened maintenance and upkeep of the equipment.

In addition, we have gradually deployed electric forklifts and vehicles, planned reasonably in-plant logistics, reduced standby time of machines, adjusted transformers to distribute the electricity load more rationally and adopted frequency conversion control to improve energy consumption efficiency.

We try to do more to conserve energy beyond our direct operations. Employee commute initiative launched by Zhen Jiu production facility well illustrates our efforts in this regard. To promote green commuting, Zhen Jiu provides commuter shuttles for employees. An odd-even private car license plate admission regulation is also set up to encourage employees to take commuter bus more frequently instead of private car. These initiatives have effectively reduced the energy consumption and carbon emissions generated by commuting vehicles.



Commuter shuttles of Zhen Jiu



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

Renewable Energy Transition

Renewable energy transition represents a crucial catalyst in helping us reach our 2025 carbon reduction target. Our Li Du production facility has already used some solar energy to power streetlights within the production facility.



Streetlights powered by solar energy at Li Du

Furthermore, we aim to continuously increase the percentage of renewable energy in our energy mix by installing solar panels on the roof of our production facilities and utilizing photovoltaic power. In 2022, we have launched the solar power project at our production facilities after conducting several rounds of preliminary feasibility studies as well as the photovoltaic suppliers' evaluation and selection. Together with the photovoltaic service provider, we are currently in the process of designing and refining our construction plan. The solar panel instalment on

the roof of our production facilities at Zhen Jiu, Li Du and Xiang Jiao will be phased in over the upcoming months.



Solar power project commencement at Xiang Jiao

Assuming the areas with solar panels installed is approximately 220,000 square meters as per estimations from the photovoltaic service provider, the use of photovoltaic power can roughly contribute to 50% of our total electricity consumption and ensure the stability of electricity supply in peak seasons, which can in addition save electricity costs by RMB1.7 million per year. On the other hand, to further increase the percentage of renewable energy in our energy mix and achieve 'net zero emissions' of our electricity consumption in 2025, we will purchase credible renewable energy certificates on a demand-driven basis.

OUR KPIS

INDICATOR	PERFORMANCE IN 2022 ⁷	BASELINE OF 2021
Scope 1 and Scope 2 carbon emission intensity (tons CO2e/ton base liquor)	2.5	3.2
Scope 1 and Scope 2 carbon emission intensity reduction against a 2021 baseline (%)	21.8%	-
Use of renewable electricity for our facilities (%)	0%	0%

⁷ As a result of scale effect of the expansion of our production capacity along with a range of energy efficiency improvement initiatives implemented in 2022, we have achieved a big progress in terms of direct carbon emission intensity. Nevertheless, we estimate a potential rebound of carbon emission intensity in 2023 as scale effect fades away, thus we need to continuously reinforce our energy efficiency measures and advance the deployment of renewable energy to fulfil our carbon reduction commitment.



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

3. TAKE PROACTIVE MEASURES TO PREVENT AND CONTROL POLLUTION

Pollution is the largest environmental cause of disease and premature death in the world today. To minimize the negative environmental externalities of our operations, we seek for continuous reduction on pollution and waste of resources.

OUR GOALS

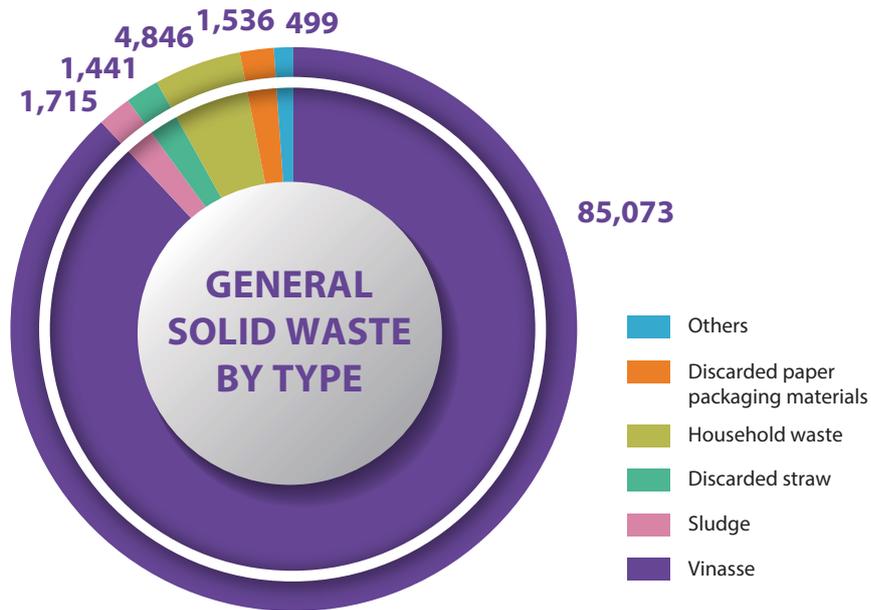
UN SDGs		TARGET IN 2025
Goal 3: Good Health and Well-Being		We aim to continuously ensure 100% of solid waste are disposed of in compliance since 2023.
Goal 11: Sustainable cities and communities		We aim to reduce the air pollutants intensity (per ton of base liquor) by 10% against a 2021 baseline.
Goal 12: Responsible Consumption and Production		



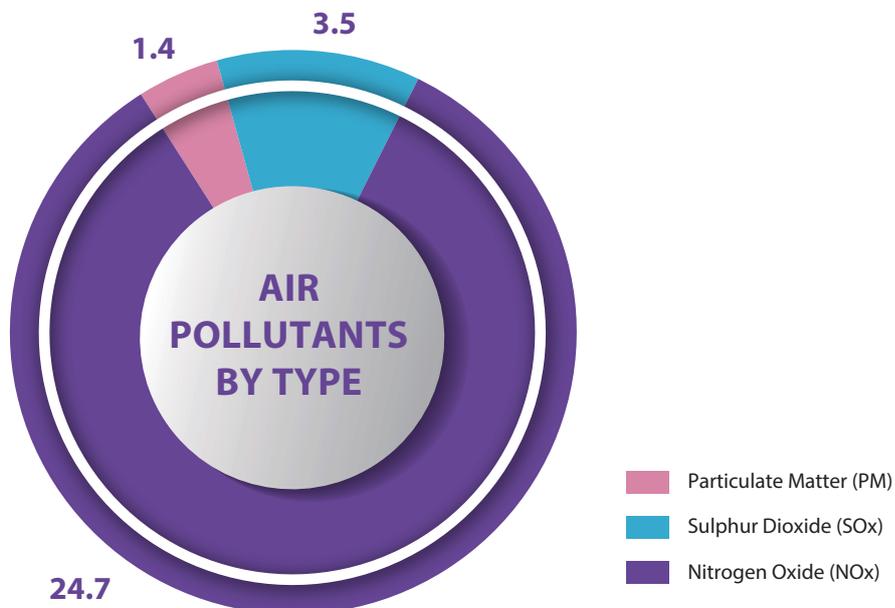
IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR WASTE FOOTPRINT

General Solid Waste by Type (Ton)



Air Pollutants by Type (Ton)





IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR POLICIES AND PROCEDURES

Pursuant to the ‘Law on Prevention and Control of Environment Pollution Caused by Solid Wastes of the PRC’ (《中華人民共和國固體廢物污染環境防治法》), the ‘Law on Air Pollution Prevention and Control of the PRC’ (《中華人民共和國大氣污染防治法》), the ‘Law on the Prevention and Control of Noise Pollution of the PRC’ (《中華人民共和國噪聲污染防治法》) and other applicable laws and regulations, we have formulated a range of pollution prevention and control policies covering all pollution sources including but not limited to solid waste, hazard waste, air pollutants and noise pollution. Moreover, we are certified for the ISO 14001:2015 Environmental Management Systems.



ISO 14001:2015 Environmental Management Systems Certificates

POLICIES AND PROCEDURES	WHAT WE REQUIRE
Solid Waste Pollution Prevention and Control Policy	Our Policy requires us to minimize waste generation at the source with continuous efforts to improve the efficient use of resources. Different solid wastes shall be stored by category and take necessary measures to prevent environmental pollution caused by solid wastes.
Air Pollution Prevention and Control Policy	Monitor and control air pollutants in compliance with ‘Technical specifications on manual methods for ambient air quality monitoring (HJ/T194-2005)’ (《環境空氣質量手工監測技術規範》) and ‘Technical specifications for emission monitoring of stationary source (HJ/T397-2007)’ (《固定源廢氣監測技術規範》).
Noise Pollution Prevention and Control Policy	Monitor and control the noise level according to the ‘Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008)’ (《工業企業廠界環境噪聲排放標準》).



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR PRACTICES

As of December 2022, we had obtained all requisite pollution discharge licenses from relevant governmental authorities and complied with all applicable environment-related laws and regulations. As a result, none of our operations in ZJLD were subject to fines or punishments relevant to abuse of environment in 2022. We aim to further minimize negative impacts of pollution through comprehensive measures including persistent monitoring and management.

Pollution Monitoring

We assign designated personnel to ensure that pollution monitoring control facilities are functioning properly, all indicators of waste gas and noise conform to applicable national and local standards, and solid waste is properly disposed of as required.

In 2022, our production facilities have improved exhaust gas monitoring systems to better track and record air emissions. Moreover, a comprehensive indicator system of solid waste and hazardous waste is established to fully identify our waste type for better assessment and understanding of the corresponding environmental impact.

Solid Waste Management

We endeavor to reduce our resources consumption and reuse the materials generated in production process. Measures we have taken as solid waste management include separated storage of hazardous waste, sale of vinasse to third parties for reutilization, recycling and reuse of pit mud in plants and dewatering sludge mechanically so that it can be landfilled or sent out as agricultural fertilizer. To take these efforts one step further, we have conducted long-term experiments at workshops in Li Du, tentatively replacing single-use plastic pit covers (窖帽) with covers made from stainless steel.



Replacing single-use plastic pit covers (right) with covers made from stainless steel (left)

We have established collection and temporary storage facilities for different types of waste. In terms of hazardous waste, we periodically identify hazardous substances produced in production and business activities, develop and take reduction measures where feasible, and dispose of hazardous substances in a harmless manner as per national and local laws and regulations. There is no significant amount of hazardous waste generated in 2022 — approximately 2 tons of waste oil from electromechanical maintenance and waste chemicals — all of which were entrusted to external qualified agencies for environmentally friendly disposal in accordance with relevant national requirements.

Through the detailed regulation for the whole process of recycling, classification, identification, storage, maintenance, sale, and treatment of waste materials, we meet the three prevention standards, that is, leakage prevention, loss prevention and scattering prevention.



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE



Classified solid waste collection site



Sign of solid waste storage site

Waste Gas Disposal

Clean air is essential to human health, the environment, and economic prosperity. We actively take actions to mitigate the environmental impact of exhaust gas, including equipment of bag dust

collectors and cyclone dust collectors, instalment of oily smoke purification devices, etc. To further improve our emission standard of exhaust gas, we also voluntarily replaced coal-fired boilers with natural gas boilers, further enabling desulfurization within ZJLD.



Waste gas treatment facility



Dust collectors

Green Operation

To ensure our production and distillery construction are continuously eco-friendly and of high standard, Zhen Jiu has further implemented Green Factory Development Plan, promoting infrastructure intensification and cleaner production. Through automatic control of the brewing and fermentation process, Zhen Jiu was able to accurately control the temperature of the incoming material, the temperature of the fermentation environment and

the concentration of carbon dioxide, so that the fermentation processes can proceed smoothly and the formation of harmful wastes such as miscellaneous alcohols are effectively suppressed.

Our relentless effort was also recognized by Department of Industry and Information Technology of Guizhou Province; in 2022, Zhen Jiu was elected in the Guizhou Green Factory List, inspiring us to continue to promote green operations.



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

CASE STUDY

Sulphur dioxide (SOx), nitrogen oxide (NOx) and particulate matter (PM) generated by boilers are main waste gas for distilleries. To minimize our air emissions, we have purchased low-NOx combustion boilers for ultra-low NOx emissions at our new production facility and adopted flue gas recirculation (FGR) technology to reduce particulates.

Furthermore, we select eco-friendly building materials and take the prefabricated construction system approach which reduced the work of cast-in-situ concrete by 80% and abated significantly secondary pollution including air pollution.



Low-NOx combustion boilers



Prefabricated construction system approach

OUR KPIs

INDICATOR		PERFORMANCE IN 2022
Number of material environmental incident(s)		0
Solid Waste	Total solid waste produced (tons)	95,110
	Solid waste intensity (ton/ton base liquor)	3.4
	Solid waste disposal rate of compliance (%)	100%
	Vinasse recycling rate (%)	100%
	Pit mud recycling rate (%)	100%
Hazardous Waste	Total hazardous waste produced (kgs)	2,230
	Hazardous waste intensity (kgs/ton base liquor)	0.1
	Hazardous waste disposal rate of compliance (%)	100%
Air Pollutants	Air pollutants intensity (kgs/ton base liquor)	1.1
	Reduction of air pollutants intensity (%) against a 2021 baseline	11.7%
	Air Pollutants disposal rate of compliance (%)	100%



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

4. LEAD SUSTAINABLE PACKAGING PRACTICE IN THE INDUSTRY

In the baijiu industry, products with luxury packaging tend to enjoy competitive advantage to a certain extent. However, we are fully aware the fact that the world faces increasing resource scarcity and excessive packaging also has a negative externality on the environment. We are therefore determined to initiate series of enhancement plans and strive to lead sustainable packaging practice in the baijiu industry.

OUR GOALS

UN SDGs	TARGET IN 2025
Goal 9: Industry, Innovation and Infrastructure 	Against a 2021 baseline, we set a strategic target of using at least 95% sustainable packaging materials ⁸ (by weight) by 2025.
Goal 12: Responsible Consumption and Production 	
Goal 13: Climate Action 	

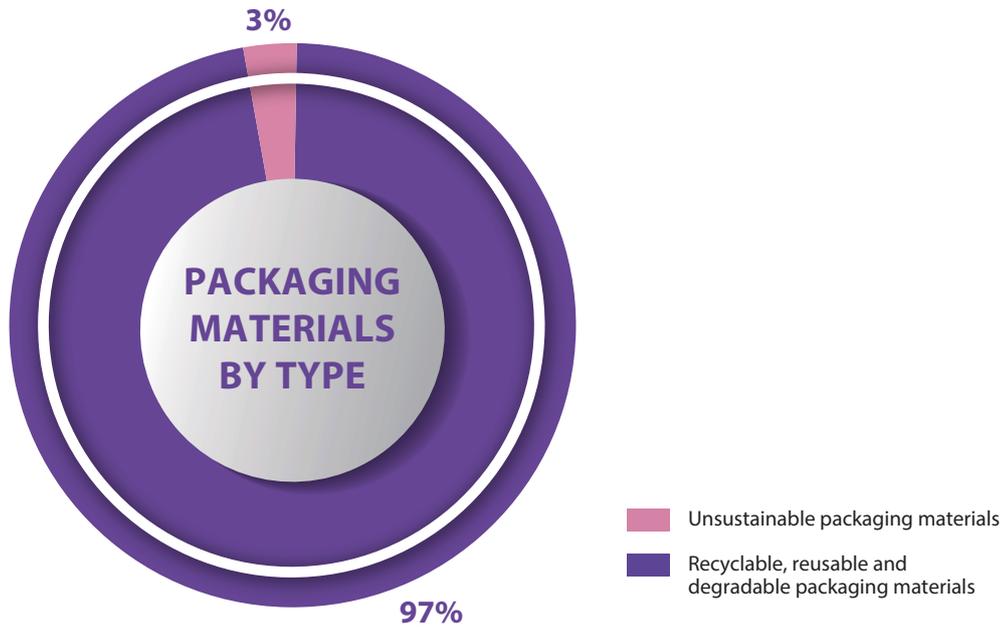
⁸ Sustainable packaging materials include recyclable, reusable and degradable materials.



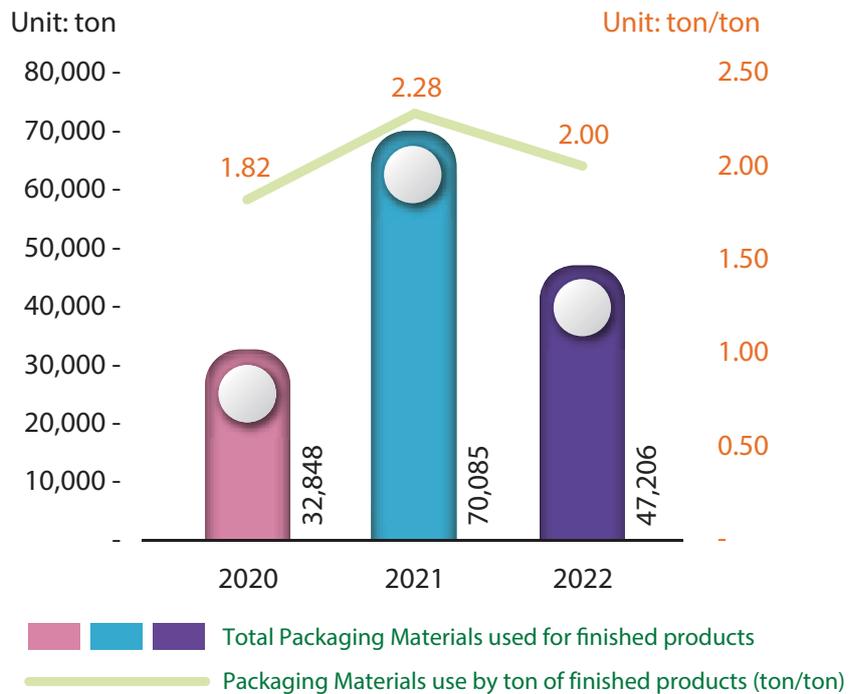
IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR PACKAGING MATERIAL FOOTPRINT

Packaging Materials by Type



Packaging Materials used for Finished Products





IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

OUR POLICIES AND PROCEDURES

To guide our transition towards sustainable packaging, we have enriched our packaging management system by introducing Green Packaging Management Policy and List of Prohibited and Restricted Packaging Materials.

POLICIES AND PROCEDURES	WHAT WE REQUIRE
Green Packaging Management Policy	Introduced in 2022, our Green Packaging Management Policy outlines our requirements regarding packaging in all phases including designing, sampling, and mass production. Specifically, our Policy requires the selection of packaging materials to be sustainable and our packaging design to follow 'Requirements of Restricting Excessive Package — Foods and Cosmetics (GB 23350-2021)'.
List of Prohibited and Restricted Packaging Materials	We have developed the list of prohibited and restricted substances to monitor and phase out the use of hazardous or non-eco-friendly substances, ensuring that the materials we use in packaging do not endanger ecosystem or human health.

OUR PRACTICES

Following the 3R (reduce, reuse and recycle) principle of circular economy, we explore ways to minimize and repurpose waste to promote a close loop within entire packaging life cycle. A series of workshops focusing on eco-friendly packaging materials, packaging reduction and circular packaging were held in 2022 to improve our awareness and capacity of sustainable packaging. By benchmarking with leading global industry players, we brainstormed and proposed initiatives considering the specific conditions of Zhen Jiu, Li Du and Xiang Jiao.

Eco-friendly Alternatives

Actions we have taken to fulfill our sustainable packaging commitment include replacing foam cushioning with pearl cotton which is more eco-friendly (to achieve a 100% replacement by the end of 2024), using environmental-friendly adhesives and ink and cooperating exclusively with packaging suppliers who meet national environmental protection requirements.

In addition, for some of our products, ceramic bottles are used to store our baijiu. While ceramic bottles are widely used in baijiu industry, ceramic requires much more energy to fire and produce and the ceramic bottles are generally unrecyclable. Hence, we have dedicated our efforts to changing some popular products' bottle material from ceramic to recyclable glass. Through numerous R&D tests in collaboration with our suppliers, the glass bottles we used have little difference compared with ceramic bottles from the appearance or the tactility, so as not to affect our consumer experience.



Ceramic bottle (left) replaced by glass bottle (right)



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

At the same time, our distilleries are also working with suppliers to develop packaging materials that are made up of bio-based materials (vinasse and bagasse) on a trial basis. We believe with our best efforts, such products will be launched in the near future.



Fiber-based eco-friendly packaging products

In the future, we will continue to advance the research and development of eco-friendly packaging materials and reinforce the traceability of packaging materials at the same time.

Packaging Reduction

We advocate for action that promotes compact packaging design which helps us minimize packaging waste at source and deliver long-term social as well as financial benefits as well. We have designed and launched a range of products that are outer-packaging-free, leading the industry’s best sustainable packaging practice. Among these products is Zhen Jiu 2012 True Vintage, a strategically core product that Zhen Jiu launched in November 2022. The product inherits the ultra-high-end product positioning from Zhen Jiu 2011 True Vintage, while facing consumers with the image of one glass bottle only. Besides Zhen Jiu 2012, we also launched or plan to launch new design plans for multiple core products such as Xiang Jiao Jiang Xin (湘窖·匠心酒) and Li Du Wang (李渡王), taking the reduction of packaging materials into consideration. In addition, for Li Du’s core product Li Du Sorghum 1308, we also offered option for product without redundant external packaging and we moderately lowered its price to encourage consumers to buy product with less packaging materials.



Outer-packaging-free True Vintage series of Zhen Jiu



Li Du Sorghum 1308



IV. ENVIRONMENTAL SUSTAINABILITY — ACCELERATING OUR EFFORTS TOWARDS A GREEN FUTURE

To further reduce our packaging material consumption, we plan to cooperate with packaging material suppliers to tentatively develop new lightweight bottles and boxes, preparing for the future launch of light weight products that can further reduce our packaging intensity.

Circular Packaging

Promoting bottle recycling is always a challenge in the baijiu industry, which, however, galvanizes our efforts and drives us forward to pioneer in the bottle recycling arena. Our efforts in this regard also contribute to carbon reduction, since recycled content has a lower carbon footprint than primary materials.

We work closely with industry partners in terms of collecting and recycling, with the aim of building a closed loop for used bottles. To encourage our consumers to return empty bottles to the designated

distributors, we offer them a special thank-you letter for their support of our circular packaging work. After received waste bottles, we collaborate with relevant third parties to transform them into creative household products such as tea cans, vases and other cultural products which are returned to customers for free on a trail basis.

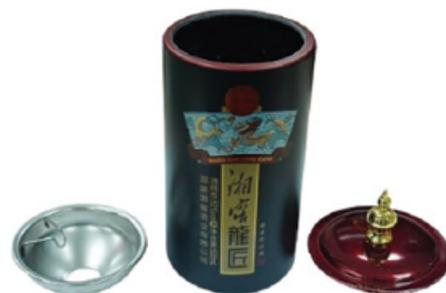
Moving forward, we intend to progressively eliminate single-use materials suppliers and refine specific circular targets such as percentage of packaging made from majority recycled content (by weight). We acknowledge that we cannot fulfill our circular packaging ambition without the support from our customers, thus, we plan to organize awareness change campaigns and use product labeling to educate our consumers about the importance of recycling, and provide them with more channels to support packaging recycling.



Tea can



Vase



Ashtray

Creative household products made from recycled bottles

OUR KPIs

INDICATOR	PERFORMANCE IN 2022	
Recyclable, reusable and degradable packaging materials by weight (%)	ZJLD Group	97.3%
	Zhen Jiu	96.7%
	Li Du	93.7%
	Xiang Jiao & Kai Kou Xiao	99.0%

V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

We believe fulfilling social responsibility for a company is more than just a sought-after business trend for us to follow. Rather, it promotes the health, safety, and wellbeing of the entire value chain, which includes our suppliers, customers, employees, and members in the community and will eventually make an extensive and profound impact on our own business.

In practice, ZJLD Group has been working proactively to build a sustainable supply chain with our suppliers, provide responsible product and services as well as promote positive drinking for our customers, build a safe, inclusive, and enlightening workplace for our employees, and help create a better society around the areas we operate.

In the future, we aim to continuously improve our social sustainability and strive to lead our industry in this regard.

1. ESTABLISH A ROBUST GREEN SUPPLY CHAIN

With our aim to continuously brew baijiu with best taste and highest quality, we understand that even a minor issue in our supply can make devastating impact on the safety and quality of our products as well as our overall brand image. Therefore, we demand a responsible and sustainable supply chain more than ever and we are actively working with our suppliers to build a resilient supply chain network.

OUR GOALS

UN SDGs		TARGET IN 2023	
Goal 12: Responsible Consumption and Production		Prospective suppliers	We aim to conduct ESG assessment on all prospective suppliers prior to their on-boarding.
			Reject any prospective suppliers that are involved with human right issues or severe environmental penalties.
		Existing suppliers	We aim to conduct ESG assessment on all existing suppliers in the year of 2023.
			Cease cooperation with any existing suppliers that are involved with human right issues or severe environmental penalties.

OUR SUPPLY CHAIN OVERVIEW

Illustrative Process Mapping

In our operation, we mainly source quality agricultural commodities such as sorghum, wheat and glutinous rice, etc., which are directly used in our base liquor making phase. To further expand our yield in response to the increasing market demand, we have also collaborated with selected third-party distilleries to produce base liquor for blending of sauce aroma products for us. Furthermore, our filling and packaging process involves procedures such as blend intake, liquor filling, label marking and so on, which requires the use of packaging materials such as bottles, bottle caps, packaging boxes and bags, etc.

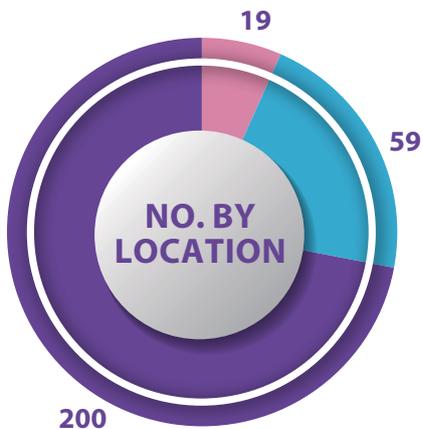


V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN



Breakdown of our suppliers

Breakdown of Suppliers



- Base Liquor Suppliers
- Crop Suppliers
- Bottle & Packaging Suppliers

Crop Suppliers:



- Guizhou
- Jiangxi
- Hunan
- Anhui
- Others

Others:	
Liaoning	3
Sichuan	2
Henan	2
Inner Mongolia	2
Guangdong	1
Guangxi	1
Jiangsu	1
Zhejiang	1



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

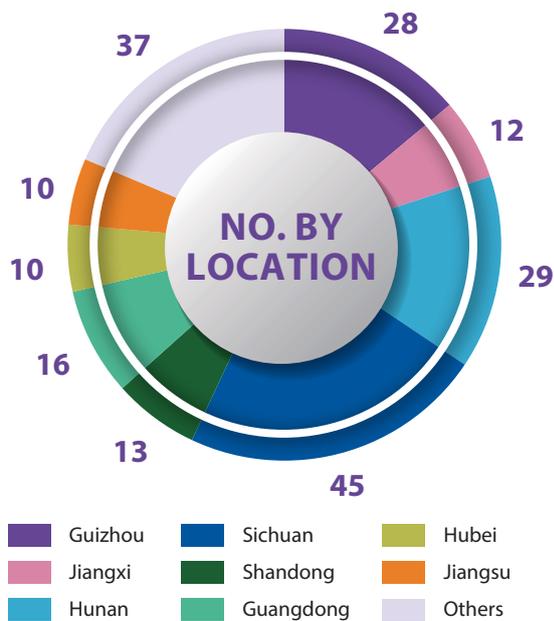
Base Liquor Suppliers:



Others:

Guangxi	1
Jilin	1
Jiangsu	1
Shandong	1

Bottle & Packaging Suppliers:



Others:

Anhui	7
Shanghai	6
Chengdu	4
Hebei	4
Chongqing	4
Beijing	3
Zhejiang	3
Henan	2
Fujian	1
Guangxi	1
Inner Mongolia	1
Shanxi	1



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

OUR POLICIES AND PROCEDURES

As our supply base gradually increases and now exceeds more than 200 suppliers, we have systematically formulated relevant policies and procedures for better supplier management.

POLICIES AND PROCEDURES	WHAT WE REQUIRE
Supplier Entry Policy	Our Policy stipulates that every prospective supplier who intends to collaborate with us must ensure its compliance with applicable laws and regulations and shall pass our supplier evaluation pre-onboarding, which thoroughly assesses the suppliers based on their quality management maturity as well as their ESG compliance.
Supplier Management Policy	Our Policy requires us to conduct annual performance review and due diligence on each of our existing suppliers and cease cooperation with any of the existing suppliers involved with human right issues or severe environmental penalties.
Supplier’s Statement of Integrity	Our Statement of Integrity requires our suppliers to ensure that their shareholders and employees must act in accordance with our anti-corruption practices.

OUR PRACTICES

Supplier Entry and Supplier Management

We demand high-quality raw materials from our suppliers. To do so, ZJLD has stipulated Supplier Entry Policy and Supplier Management Policy, based on which we select our suppliers carefully according to their historical quality performance and we have conducted comprehensive incoming quality control (IQC) on every batch of raw material.

In addition, we also exert impact on our suppliers to comply with relevant environmental and social regulations. In 2022, we have introduced a new evaluation mechanism to assess our suppliers’ ESG compliance status and we require our procurement team as well as compliance team to conduct ESG due diligence on every prospective supplier pre-onboarding and on each existing supplier on an annual basis. The score of ESG due diligence for each existing supplier will be linked to their overall annual performance and an unsatisfactory ESG score will negatively impact the supplier’s future contract renewal. Implementation of renewable energy, water-saving measures as well as initiatives of lean operation

are considered as ‘ESG highlights’ and will give extra credit for suppliers; while issues related to use of child or forced labor as well as incidence of major environmental non-compliance are considered as ‘red flags’ and will result immediate termination of business cooperation with the suppliers.

Moreover, we are dedicated to securing stable supply and avoid over-reliance risk. We typically retain multiple suppliers for each of the major raw material needed for the production of our baijiu products to reduce reliance on any particular supplier. In 2020, 2021 and 2022, we engaged 44, 65 and 78 suppliers for the supply of base liquor and major raw materials, including sorghum, wheat and rice so that we can maintain a large pool of qualified suppliers to meet the demands and standards for our products.

Empowering our Suppliers

We understand that our scale and experience have brought us more expertise than many of our suppliers. Therefore, we are more than delighted to help our suppliers to improve product quality and management capabilities, etc. In details, for packaging material suppliers, our quality control team periodically summarizes the quality issues identified during



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

IQC and conduct root cause analysis together with the related suppliers. Furthermore, for base liquor suppliers, we conduct a series of comprehensive trainings before supplier entry, with topics covering food safety, work safety, quality control, optimal

production, etc. In addition, we also send 3–5 expat experts to each base liquor supplier, providing operational guidance in their daily operations.

Supply Chain Digitization

Reliable and streamlined digital infrastructure has been and will continue to be essential for us to enable growth and achieve greater efficiency. Hence, we are dedicated to digitalizing and standardizing the processes in our procurement. With the launch of Supplier Relationship Management (SRM) system

in 2022, we manage to disallow some procurement practices through our system that could otherwise raise default or counterparty risks. In addition, our SRM system digitalizes all the contracts that we sign with our suppliers, making the contract signing process paperless and enabling remote signing in real time.

OUR KPIs

INDICATOR		PERFORMANCE IN 2022
Number of quality and EHS inspections conducted on-site		60
ESG Risk Assessment on Core Suppliers	Number of core suppliers assessed by our ESG questionnaire	26
	Major issues (use of child labor or forced labor, critical environmental violations) identified	0
	Minor issues (excessive overtime hours during peak seasons, insufficient housing fund contribution, etc.) identified and notified to suppliers	24

OUR FUTURE PLANS

With our ESG evaluation mechanism established in 2022, we will conduct ESG audit to all prospective and existing suppliers since 2023 and start to disclose our audit results in our 2023 ESG report.

Moreover, we plan to conduct carbon and water footprint assessment on our core suppliers and start to track their operational data related to water use and energy consumption since 2023. Based on the assessment, we aim to initiate various programs to help them enhance energy and water efficiency.

To empower our value chain, we also aim to comprehensively conduct a series of trainings to our suppliers and distributors, with more comprehensive topics including but not limited to energy conservation, work safety, quality, 6S manufacturing, etc.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

2. FULFILL PRODUCT RESPONSIBILITY IN ENTIRE PRODUCT LIFE CYCLE

OUR GOALS

UN SDGs		TARGET IN 2023
Goal 3: Good Health and Well-Being		We aim to maintain a product recall rate lower than 0.01% in 2023.
Goal 12: Responsible Consumption and Production		We aim to handle 100% customer complaints with quality, speed, and efficiency.
		We aim to prevent incidents of regulatory penalties related to breaches of customer privacy or failure in customer data protection.

FOOD SAFETY AND PRODUCT QUALITY

We believe food safety and product quality are of paramount importance to our day-to-day business operations and therefore we are committed to heightened quality control as our business grows.

OUR POLICIES AND PROCEDURES

We have well established pertinent product quality and food safety management regulations, including but not limited to the following:

POLICIES AND PROCEDURES	WHAT WE REQUIRE
ZJLD Quality Policy	Our Policy illustrates the applicable laws and regulations that ZJLD complies with, the explicit quality-related procedures that our employees need to follow as well as our aspiration to produce baijiu product with highest quality.
Food Safety and Product Recall Policy	Our Policy outlines the detailed procedures that our quality control department should follow when a food safety incident occurs. In general, our Policy requires an immediate suspension on product sales and a prompt incident report to ZJLD’s Food Safety Leadership Team as well as applicable regulatory authorities, followed by comprehensive product recall procedures dependent on the severity of the incident.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

OUR PRACTICES

As of year-end 2022, our quality control department is comprised of 94 employees who have extensive work experience related to food science and quality inspection. Our quality control department oversees the implementation of our organization-wide quality control regime in all material respects of our business operations and ensures that the quality of our baijiu products complies with the relevant PRC laws and regulations and our internal standards and requirements. In particular, we implement stringent food safety and quality control standards and measures throughout our business process, covering supply chain management, production, and logistics and warehousing.

Quality Control over Supply Chain Management

We regard selection and management of suppliers as an integral part of our quality control over supply chain management. Hence, we maintain a list of qualified suppliers who have a proven record of reliable and stable supply, and we only partner with such qualified suppliers. We implement stringent policies to manage our suppliers including admission, maintenance and dismissal based on assessment results, with the aim of strictly controlling the quality of the materials supply.



Physical & chemical testing on raw materials

Since we believe that maintaining high quality of our products depends largely on our ability to acquire the best available raw materials and other necessary supplies, we carry out batch-by-batch inspection and testing on the quality of raw materials delivered to us and we also dispatch specialists to our core suppliers' premises to monitor their production process and provide guidance in order to gain more control over product quality.



Incoming quality control procedures

Quality Control over Production process

We have quality control personnel at each of our production facilities as well as at the headquarters, who are responsible for formulating and implementing our quality control measures during the production process. We require our employees to strictly adhere to the procedures and standards stipulated in the measures to make sure the flavor, quality and hygiene of our baijiu products meet our standards.

In accordance with our quality control measures, we conduct sample check for every batch of raw material we use, work-in-progress such as base liquor, and finished baijiu products. Throughout the entire production process, our employees are required to strictly adhere to internal protocols and maintain record-keeping for material parameters such as the amount of raw materials used, temperature of fermented materials and fermentation time. We frequently perform tests for hazardous chemicals including plasticizers, sweeteners and heavy metals, in-house and by reputable third-party institutions when necessary. Meanwhile, we are equipped with a number of advanced equipment and instruments such as multi-modalities gas chromatography,



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

high performance liquid chromatography-mass spectrometry (LC-MS) systems and isotope ratio mass spectrometry (IRMS) systems for profiling, screening, identifying and analyzing a wide variety of compounds to improve the quality and consistency of our baijiu products. We carry out equipment maintenance and inspections regularly to avoid malfunctions or disruptions. Moreover, equipment and facilities cleaning and disinfection are conducted on a daily basis, minimizing contamination risks. Our production personnel are also required to obtain health certificates and comply with hygiene standards in the workshop by wearing uniforms, working caps and shoes. We have stringent control over access to our production facilities to ensure that our production process is not tampered.



Isotope ratio mass spectrometry (IRMS) systems



High performance liquid chromatography-mass spectrometry (LC-MS) systems

Quality Control over Logistics and Warehousing

To ensure effective management of daily logistics, we maintain a comprehensive record of goods in transit such as name, responsible supplier, delivery date and shelf life. We impose strict standards for the storage of different raw material, work-in-progress and finished products. A dedicated in-house quality control team performs stringent quality checks regularly and monitors the storage and usage status in each warehouse. For example, as grains are sensitive to temperature and humidity, we usually install thermometers and hygrometers in warehouses to closely monitor the storage conditions. We constantly take steps to adjust the ventilation and moisture conditions in our warehouses to secure an optimum storage environment. To ensure the quality of base liquor with age statement, our quality control team keeps product samples in accordance with internal protocols and conduct random checks on a monthly basis.

Product Traceability

We have also set up a dedicated channel and product quality assurance team and information tracing system to extend our quality control to product transportation and sales. By developing our QR code system incorporated with RFID technology, we are able to track and trace individual products through the sales channel and provide a higher level of anticounterfeiting protection.



RFID technology used in products

V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

System Accreditation and Awards

Our relentless efforts in food safety and product quality can be exemplified by a number of certifications we are accredited to by reputable certification institutions, including the Hazard Analysis Critical Control Point (HACCP) certification, ISO9001 certification, Food Safety Management System (FSMS) certification and Occupational Health and Safety Management System (OHSMS) certification.



ISO9001 certification



Hazard Analysis Critical Control Point (HACCP) certification

In addition, we have proactively participated in various quality-related competitions, winning multiple prestigious awards in 2022.

Specifically, Zhen Jiu received the Gold Medal of Spirits Selection by Concours Mondial de Bruxelles, one Double Gold Medal and two Gold Medals by San Francisco World Spirit Competition.



The Gold Medal of Spirits Selection by Concours Mondial de Bruxelles



The Double Gold Medal of San Francisco World Spirit Competition



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Li Du received 4th Nanchang Mayor’s Quality Award and 4th Jiangxi Provincial Jinggangshan Quality Nominee in 2022 for its outstanding performance in quality control.



4th Jiangxi Provincial Jinggangshan Quality Nominee



4th Nanchang Mayor’s Quality Award

Xiang Jiao received the Hunan Consumer Products Industry Model Enterprise Award in Brand, Quality, and Variety.

CASE STUDY

In 2022, Li Du collaborated with Huawei to build an Intelligent Internet of Things (IOT) infrastructure, which has helped Li Du to realize digitization in its entire baijiu brewing process. With the help of dozens of sensors in each base liquor making phase, the collection of various types of environmental and production-related data becomes feasible, unveiling production phases such as fermentation that were

once imperceptible. By monitoring, tracing and analyzing the collected data, Li Du hence manages to visualize and control the whole production process and even further improve the production process, paving the way for a more visible, manageable and controllable base liquor making process and empowering product safety as well as product quality.



Launch of Li Du IOT project



IOT User Interface

OUR KPIs

INDICATOR		PERFORMANCE IN 2022
Quality Control	No. of batches gone through our incoming material quality control (IQC)	19,144
	Pass Rate %	94.8%
	No. of batches gone through our process quality control (PQC)	1,256
	Pass Rate %	99.9%
	No. of batches gone through our outgoing quality control (OQC)	753
	Pass Rate %	100%
Quality Incident	No. of material product safety incident	0
	No. of investigations regarding product quality by governmental authority	0
Product Recalls or Liability Claims	No. of material product recalls or returns	0
	Percentage of total products sold or shipped subject to recalls for safety and health reasons	0%
	No. of product liability claims	0

CUSTOMER SERVICE

We value our customers' feedback and we strive for customer satisfaction. To this end, we have formulated relevant procedures and established dedicated customer service teams under different baijiu brands with more than 40 members.

OUR POLICIES AND PROCEDURES

POLICIES AND PROCEDURES	WHAT WE REQUIRE
Customer Service Guidance	Our Guidance requires us to provide best service to our customers, ensuring that each customer has a positive experience with our brand from start to finish. Specifically, our policy explicitly stipulates the Standard Operating Procedures (SOP) that each member in the customer service team should follow.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

OUR PRACTICES

Our customer service teams are primarily responsible for answering customers’ queries, coordinating product logistics and delivery, collecting customers’ feedback and handling customer complaints. We operate customer hotlines to address customers’ needs, and actively communicate with our customers on social media platforms.

In addition, our customer service staff proactively conduct customer surveys to better understand our customers’ feedback and needs. In addressing the consumers’ complaints, specifically, we communicate and liaise with the consumers through a variety of feedback mechanisms in a timely manner and to commence the quality investigation procedures if necessary. Our customer service team also keeps records of all complaints and the results of any investigation or resolution measures in order to track the progress of customer complaint handling.

OUR KPIS

INDICATOR	PERFORMANCE IN 2022
No. of products and service-related complaints received	61
% of complaints that are well-handled before further escalation	100%
No. of material complaints from consumers in connection with product quality	0

DATA SECURITY & PRIVACY

Through our IT system and multiple e-commerce platforms, our business interacts with hundreds of distributors as well as end-customers. Protecting the company from data tampering and data leakage hence becomes crucial for our operation.

OUR POLICIES AND PROCEDURES

POLICIES AND PROCEDURES	WHAT WE REQUIRE
Data Security & Privacy Policy	Our policy categorizes the sensitivity level for each type of data and stipulates various procedures to ensure data security and customer privacy

OUR PRACTICES

Data Security Practice

We have performed multiple measures to further enhance our level of data security. In practice, we deploy firewall to protect our business database from intruding or hacking and deploy data offsite backup system to ensure data security. In addition, as per our Policy, a company-specific Virtual Private Network (VPN) must be deployed to access ZJLD’s core business data, further preventing data leaking.

Data Security & Customer Data Protection Training

In 2022, we have conducted data security and customer data protection training courses across all of our brands, targeting to all client-facing employees such as salesperson as well as customer service teams. By emphasizing the importance of data privacy and introducing best practices regarding how to protect customer data, our training has helped to promote data security awareness.

OUR KPIs

INDICATOR	PERFORMANCE IN 2022
Incidents of customer complaints related to breaches of customer privacy or failure in customer data protection that had a material impact on ZJLD	0
Incidents of regulatory penalties related to breaches of customer privacy or failure in customer data protection	0

INTELLECTUAL PROPERTY PROTECTION

We regard our patents, copyrights, trademarks, domain names, know-hows, proprietary technologies, trade secrets and other intellectual property rights as critical to our current and future business operations. As of 2022 year-end, we had registered two software copyrights, five copyrights, 151 patents, 1,012 trademarks and ten domains in China. In addition, we had submitted applications for 36 patents and 101 trademarks as of December 2022.

OUR POLICIES AND PROCEDURES

POLICIES AND PROCEDURES	WHAT WE REQUIRE
Intellectual Property Protection Policy	Our policy outlines the standard application procedures that our dedicated team should follow during registration, filing and application of intellectual property rights.

OUR PRACTICES

We rely primarily on a combination of patents, copyrights, trademarks, trade secret and unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in all employment agreements and commercial agreements we enter into.

As per our Intellectual Property Protection Policy, we also deploy a dedicated team under ZJLD Public Relations Department, responsible for timely registration, filing and application for ownership of our intellectual properties, as well as engaging professional intellectual property service providers whenever necessary.

Furthermore, with an endeavor to combat counterfeit products to protect our brand integrity, we have assigned a special team under Market Supervision Department to monitor and handle counterfeiting issues. In the event we identify any counterfeit products, we initiate legal actions and take other responsive measures based on the advice of intellectual property consultants and attorneys.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

3. PROMOTE RESPONSIBLE DRINKING AND MARKETING

While we appreciate the power of our brands to enrich the experience of life, our brand culture values tasting wisely and responsibly. Therefore, we have and will continue to conduct numerous measures to encourage our consumers to drink appropriately to promote a healthy and harmonized lifestyle.

OUR GOALS

UN SDGs		TARGET IN 2023
Goal 3: Good Health and Well-Being		We aim to reduce and alleviate harmful use of alcohol by promoting responsible and smart drinking. As such, in 2023, we plan to hold at least 5 relevant campaigns or events online and offline.
Goal 12: Responsible Consumption and Production		

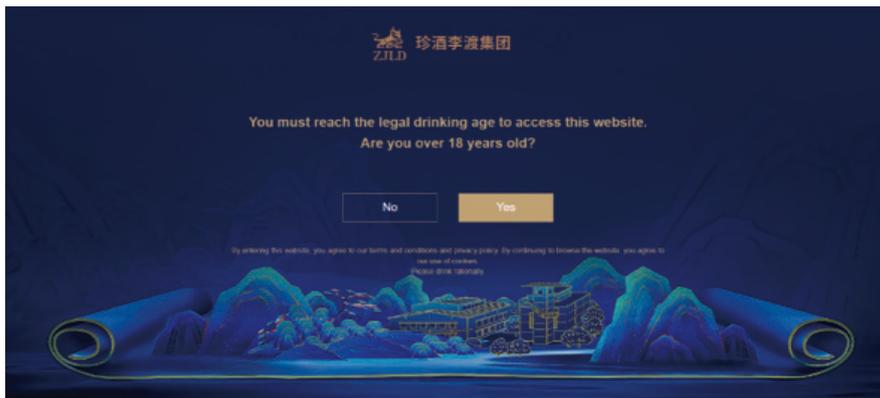
OUR POLICIES AND PROCEDURES

POLICIES AND PROCEDURES	WHAT WE REQUIRE
ZJLD Responsible Marketing Policy	Introduced in 2022, our Responsible Marketing Policy stipulates the application and reviews procedures when displaying advertisements and explicitly prohibits certain actions or wording throughout our marketing and sales practices.

V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

OUR PRACTICES

We aim to contribute to the UN SDG of good health and well-being by strengthening the prevention of harmful use of alcohol. Thus, we strictly comply with applicable laws and regulations as well as our internal Responsible Marketing Policy to ensure that our marketing practices are compliant and appropriate. For example, we have placed warning labels on all our baijiu products to meet regulatory requirement. Additionally, beginning in 2022, we have requested age verification on all of our major online platforms including websites and self-built mini apps, etc.



Age verification programs for our website and self-built mini app



Warning Labels on our products

Furthermore, we endeavor to refine our marketing strategies, decreasing our marketing impact to teenagers. We scrutinize the advertisement that we display, leaning to select channels and media with higher rate of legal drinking age communities (e.g., airport, train station) and continuously promoting premiumization as premium and above baijiu products targeted at more mature consumers.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

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Advertisement at airport



Advertisement at train station

Following the launch of our ZJLD Responsible Marketing Policy, we have thoroughly conducted trainings across different brands, educating our marketing team and sales team the dos and don'ts regarding advertising and marketing. As required by our Responsible Marketing policy, we will conduct such training on an annual basis, and we plan to incorporate more stakeholders (including distributors) in the upcoming trainings.

In 2022, we also set up three review teams within each of our brands, responsible for inspecting our advertisements as well as other marketing materials before they are displayed in public. Each review team is formed by members from brand marketing departments, experts from our ESG Department, corporate lawyers as well as third party ESG consultants. Following our responsible marketing review mechanism, our review team conducts regular content check on advertisements to prevent misleading or exaggerated claims. Since the setup of the review teams in November 2022, a total of 20 advertisements were audited, with 8 modifications suggested by the review teams.



ZJLD Responsible Marketing Review Mechanism



ZJLD responsible marketing review mechanism

OUR KPIs

INDICATOR	PERFORMANCE IN 2022
No. of incidents or non-compliance regarding irresponsible marketing	0
No. of material complaints regarding irresponsible marketing	0

OUR FUTURE PLANS

In 2023, we plan to launch several smart drinking campaigns online and offline to educate the public about the harm of underage drinking and the danger of drinking after driving, and to promote a more enjoyable drinking experience for the public. We also intend to organize more education events by cooperating with local government and other non-governmental organizations to fulfill our social responsibility.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

4. SAFEGUARD WORKPLACE HEALTH AND SAFETY

Our employees’ safety and health are our top priority, and we aim to continuously improve our working conditions, making the working environment more conducive to our employees.

OUR GOALS

To aim for continuous progress in health and safety performance on an annual basis, we have set up systematic and comprehensive KPI targets regarding employees’ health and safety. Some of the selected safety targets are listed as below:

UN SDGS		SELECTED TARGET IN 2023
Goal 3: Good Health and Well-Being		We aim for zero work-related fatalities in 2023.
		We aim for zero fire incident in 2023.
		We aim for a lost time injury severity rate lower than 0.4% in 2023.
Goal 12: Responsible Consumption and Production		We aim for an attendance rate of 100% in our specific emergency drills and rate of 98% and above in our overall emergency drills.
		We aim for a training coverage of 100% of our production-related employees in 2023.

Furthermore, we have decomposed down our group-level KPI targets into KPIs for departments and workshops, ensuring that every production-related personnel in ZJLD is assessed based on the health and safety performance.

OUR POLICIES AND PROCEDURES

As of 2022, we have complied with applicable Chinese laws and regulations on workplace safety and occupational health in every respect. To further ensure our employees’ safety and health, all of our brands are certified for the ISO 45001 occupational health and safety (OH&S) management system.

V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN



ISO 45001 Certifications

We have also stipulated a group-level Health and Safety Policy, covering various operational procedures and safety standards including but not limited to the following aspects:

ZJLD HEALTH AND SAFETY POLICY	
Work Safety Committee Policy	Work Safety Roles and Responsibility
Work Safety Training Procedure	Occupational Health Procedure
Fire Prevention Procedure	Machine Operation Procedure
Special Equipment Operation Procedure	Procedure for Hazardous Chemical
Incident Report Procedure	Contractor Safety Policy

As per our requirement, all the policies and procedures listed above will be audited on an annual basis regarding their compliance, effectiveness, and operability. An evaluation report will be issued in December of each year, indicating the suggested revisions identified in each procedure.

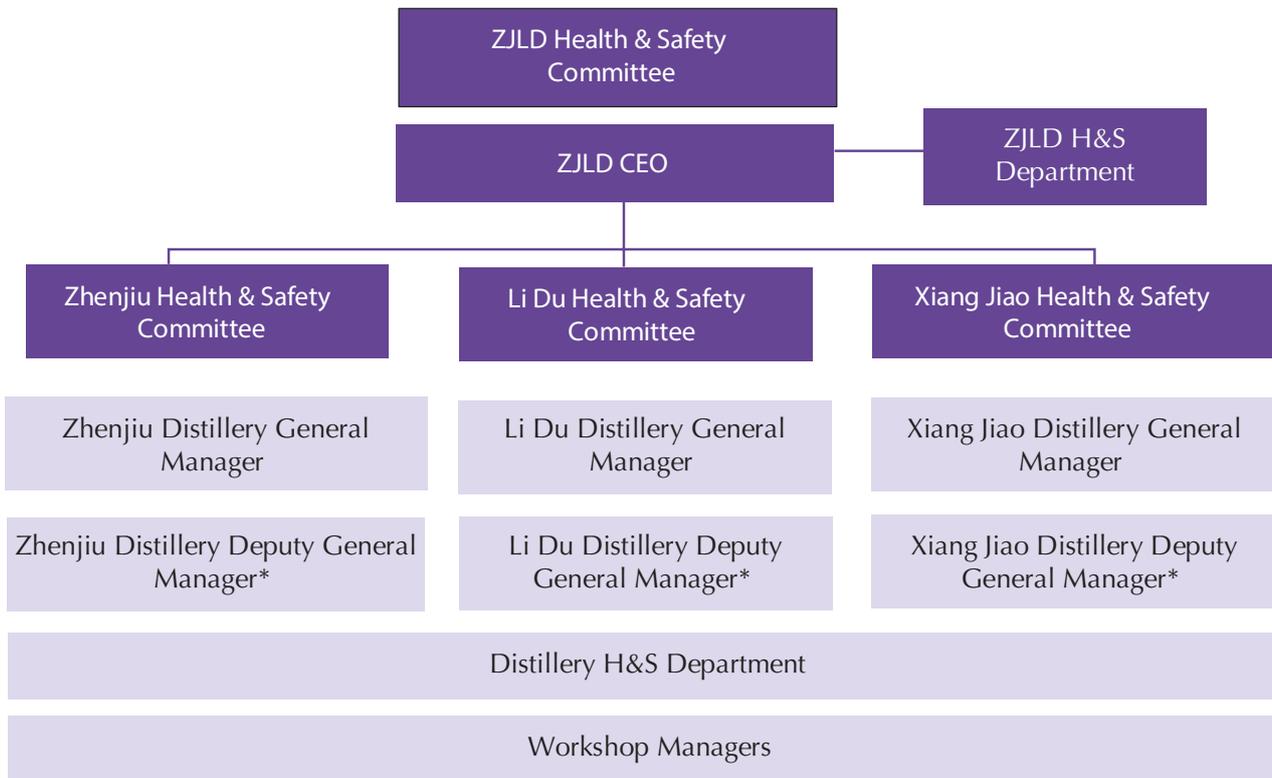
OUR HEALTH & SAFETY COMMITTEE AND MECHANISM

As stipulated in the ZJLD Health and Safety Policy, we have established a Health & Safety Committee, with our committee leadership team composed of ZJLD group leaders and the main responsible persons in each pertinent distillery. In general, our Health & Safety Committee adopts a two-layer governance hierarchy, with the distillery-level committee responsible for execution, including identifying work hazards along the production processes and undertaking specific enhancement plans; while group-level committee is responsible for steering the ZJLD's health and safety strategy as well as setting up work safety targets for each distillery.

In addition, to highlight the importance of employees' health and safety, the performance and progress of work safety are factored in both annual performance evaluation and salary package for our management personnel.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN



* The Deputy Manager is in charge of workplace safety

ZJLD Health & Safety Committee

OUR PRACTICES

Risk Identification and Risk Rating

In 2022, we have re-conducted comprehensive risk identification at each production facility. For all the identified safety risks along the production processes, we have assigned each safety risk with a risk rating (low/mid/high/extremely high). We have incorporated such risk ratings into our safety-related posters in front of each workshop’s gate, enabling our staff to stay vigilant during work. To further mitigate the identified risks, we have also conducted period safety training and developed multiple mitigation measures.



Risk identification and risk rating

Safety Training and Emergency Drills

As per our Work Safety Training Procedure, we are obligated to conduct safety trainings to all new joiners, part-time employees, as well as those who internally change their positions. We adopt a three-tier training mechanism, ensuring that relevant trainings are delivered on Distillery-level, workshop-level and team-level, respectively. In addition, each employee within ZJLD is required to take relevant safety trainings more than 2 hours per month, with specific training topics including but not limited to precautionary measures and incident analysis, etc. Furthermore, to further raise the emergency awareness and preparedness of our employees, we conduct fire drills and emergency drills covering all employees on an annual basis.



Conduct safety trainings



Emergency drill

Mitigate Work Hazards along our Production Processes

To mitigate risks along our production processes, we have adopted multiple precautionary and protective measures in line with industry best practices.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

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MAJOR WORKPLACE HAZARDS	OUR PROTECTIVE & MITIGATION MEASURES	
Dust fire	Conduct lighter check to all employees at the entrance and place dust removers in the qu-making facilities	
Dust inhalation	Require all workers in the corresponding facilities to wear face masks and provide regular occupational health check-ups to all of our frontline employees	
Hits by bridge crane	Set up measures to ensure that bells ring whenever a bridge crane is operating and require that all workers stand aside when a bell rings	
Toxic hazard under fermentation pit	Apply air vent fans to ventilate the pits and conduct oxygen concentration tests before allowing workers to step down into the pits	
Mechanical injury in the storage, blending and bottling process	<p>Display numerous posters showing standard operating procedures for various machines.</p> <p>Require each worker to wear Personal Protective Equipment (PPE) as well as a special breathable helmet in the workshops or warehouses, leading industry's best practice</p>	



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

Treat Contractors' Health and Safety Same As Ours

We highly value contractors' health and safety. As per our Contractor Safety Policy, we are required to conduct extensive qualification checks (safety production license, historical safety performance and relevant credentials, etc.) on each contractor before our business relationship starts and we also contractually require our contractors to strictly comply with our health and safety policies. In practice, based on the contractor's work type and scope, we also regularly conduct specific safety trainings towards our contractors before and during their work.

CASE STUDY

To further improve the working environment, Xiang Jiao has engaged a third-party risk assessment company in 2022 to thoroughly perform a examination on its production, evaluating the status-quo of Xiang Jiao's occupational health & safety and identifying occupational hazards across all production phases. By measuring and testing various indicators in the working environment, minor issues including excessive noise and excessive dust concentration were identified.

A task force was formed subsequently with corrective actions formulated, including procurement of dust-proof grinders as well as setting up relevant protective mechanism such as wearing protective ear plugs.

OUR KPIs

INDICATOR	2020	2021	2022
No. of work-related fatalities occurred	0	0	0
Rate of work-related fatalities occurred	0	0	0
No. of recordable workplace accidents	30	78	110
Total Recordable Injury Frequency Rate (TRIFR)	4.1	5.4	4.9
Lost days due to work injury	587	2,191	3,190
Injury Severity Rate (based on 200,000 hours worked)	16.2	30.5	28.4

INDICATOR	PERFORMANCE IN 2022
% of frontline (production-related) workers trained regarding work safety	100%
% of frontline workers received occupational disease check-ups	100%

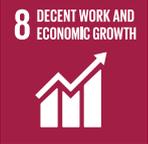


V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

5. ENABLE OUR EMPLOYEES TO FLOURISH AT WORKPLACE

We believe that our employees are our most valuable asset, and we strive to attract and retain our talents by providing them with an enjoyable workplace with inclusive culture, competitive compensation, as well as learning and development opportunities.

OUR GOALS

UN SDGs	TARGET IN 2023
Goal 5: Gender Equality 	We aim to provide more than 40 training hours per year to our employee on average.
Goal 8: Decent Work and Economic Growth 	We aim to ensure 100% of ZJLD employees will receive necessary trainings in 2023.
Goal 10: Reduce inequalities 	We aim to achieve an overall employee satisfaction rate over 95%.

OUR POLICIES AND PROCEDURES

POLICIES AND PROCEDURES	WHAT WE REQUIRE
ZJLD Human Resource Policy	<p>Our Policy outlines the benefits that each employee is entitled as well as the code of conduct that each employee shall observe. The policy fully complies with 'Labor Law of the People's Republic of China' (《中華人民共和國勞動法》), Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other applicable PRC laws and regulations regarding recruitment, promotion and dismissal, compensation, working hours, rest periods, maternity leave, and other benefits and welfare, etc.</p> <p>In addition, our Policy explicitly prohibits the use of child labor and any kind of forced labor. Specifically, to avoid such risks, our Policy requires our human resource team to conduct ID card verification and background check. Even though such incident never happened before, we also stipulated incident report and treatment procedures in case use of child labor is identified.</p>
ZJLD Diversity, Equity, and Inclusion Policy	Our Policy advocates inclusion, diversity, and equality within the Company and explicitly prohibits all kinds of discrimination on the basis of gender, race or disability during recruitment and work.
ZJLD Learning and Development Policy	Our Policy outlines our comprehensive training system, including onboarding training, annual and quarterly learning, skill learning & testing, and promotional training, etc. As per our policy, we also differentiate each employee's training path based on his or her role and responsibility.

OUR PRACTICES

Diversity and Inclusion

Even though our business is in a labor-intensive industry where male workers tend to predominate, we believe that with our best effort, we can create a more female-friendly workplace and thus further increase their participation. To protect the rights and benefits of our female employees, we have established a caring committee in November 2022. Comprised of 5 members all from middle and upper management, the committee is dedicated to supervising and enforcing ZJLD to implement the policies and decrees regarding protection of women's rights and help female workers to solve practical difficulties in their lives. The committee has also organized several activities and seminars specifically for female workers. At Zhen Jiu, the committee held a road safety seminar for female employees, attracting more than 200 attendants. In addition, we managed to continuously provide better support to the female community through a variety of practical means, including but not limited to adding more lactation rooms in our workplaces as well as offering more skills training courses specifically for our female employees.

V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

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Beyond the diversity and inclusion initiatives mentioned above, some of our job responsibilities have been redesigned to accommodate workers with certain disabilities. We also do our best to provide employment opportunities to veterans. As of December 2022, we managed to employ more than 100 veterans, offering them job opportunities along with all the pertinent trainings needed.



Road safety seminar

Engagement and Wellbeing

Our employees are compensated with a base salary, bonuses, and other benefits. In comparison to the local average, we have provided competitive salaries to all employees, including front-line workers and sales personnel. Besides cash benefits, we also provide our employees with various non-cash benefits, including but not limited to festival gifts, birthday parties and presents, complimentary liquor as well as team travels, etc.

We have also established an employee care fund in 2022 to assist worker whose families (including spouse, parents and children) have experienced sudden financial hardship and critical illness. At Zhen Jiu, we have contributed more than RMB120,000 in 2022, helping the affected employees to get off the hook.

In addition, we value our employees' opinions regarding how to create a better workplace. In 2022, we collected employee feedback by conducting annual engagement surveys across all the brands. With a response rate more than 95%, our engagement survey enabled us to understand our employees' view towards our corporate strategy, culture and working environment both qualitatively and quantitatively; and we also formulated specific improvement plans in response to the focus areas suggested by our employees.

Training and Development

We provide comprehensive training courses to all employees, including new hires and senior management, on topics such as workplace safety, product and food safety, corporate culture, and anti-corruption, in addition to sales skills, negotiation skills, 6S management skills, and machine standard operating procedures, etc.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN



Various training courses to all employees across different brands

We have also established a clear path for internal promotions, allowing skilled and capable employees to advance to management positions. We have developed an evaluation system named Five Star Promotion (五星通關). Under such system, employees who have earned five stars through performance evaluation, pertinent training, and knowledge testing are eligible for rapid advancement regardless of their age or background.



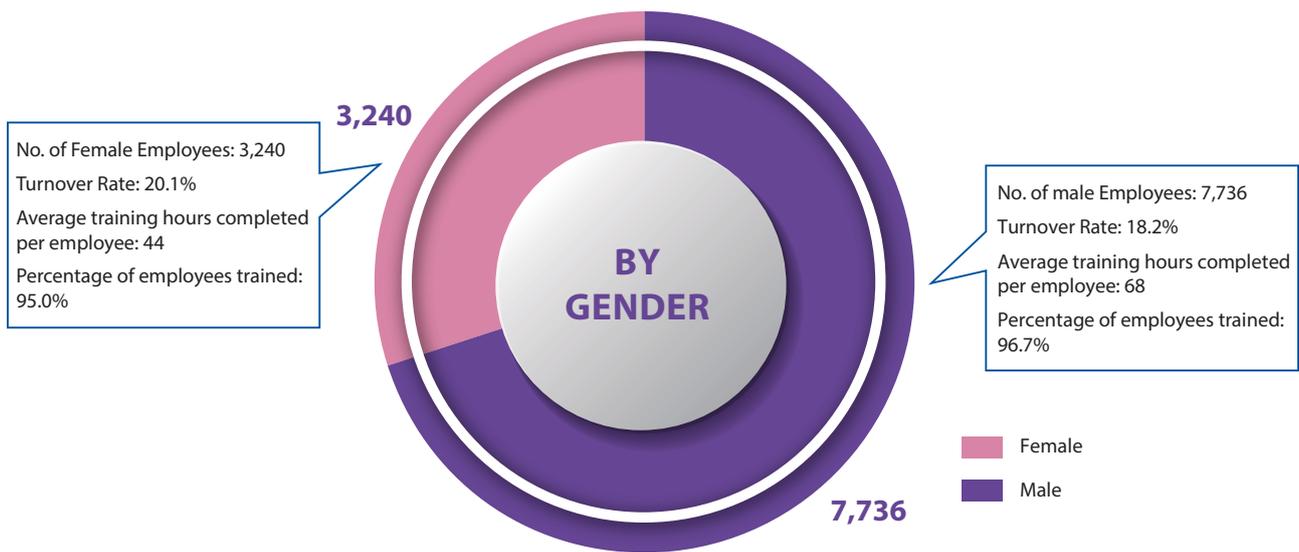
Five Star Staff Examination and Promotion (五星通關)

V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

OUR KPIs

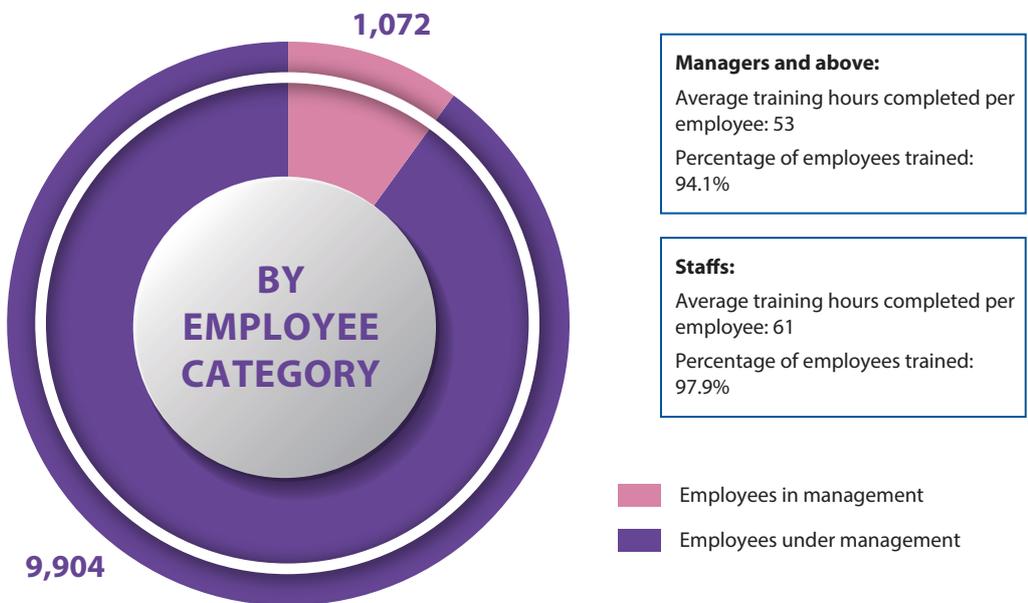
By Gender:

No. of Employees by gender



By Employee Category:

No. of Employees by employee category

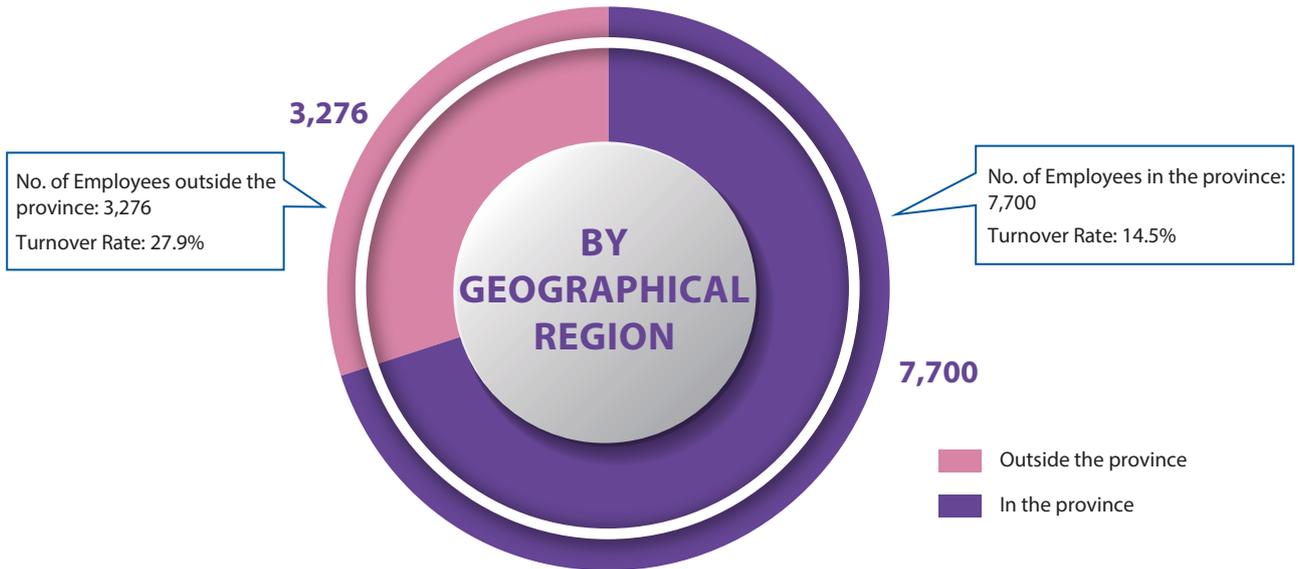




V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

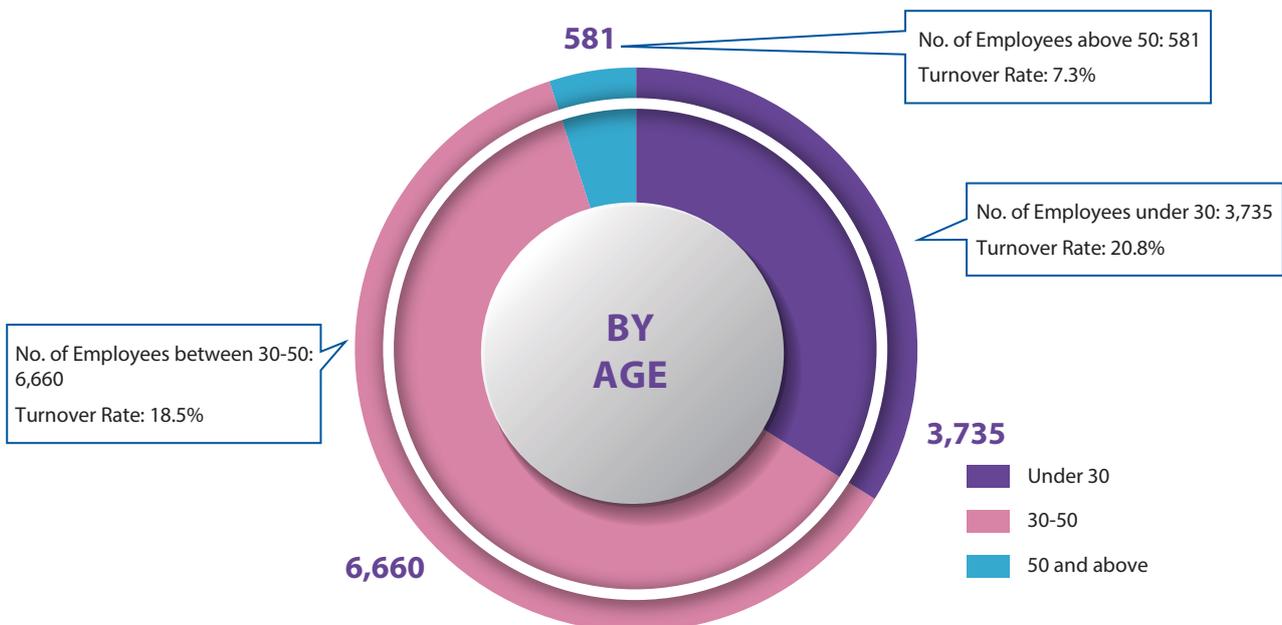
By Geographical Region:

No. of Employees by geographical region



By Age:

No. of Employees by age





V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

6. MAKE CONCERTED EFFORT TO BECOME A RESPONSIBLE CORPORATION

While pursuing capacity increase as well as economic growth in our business, we also understand the significant obligation of being a responsible corporation and we are actively putting it into practice through rural revitalization and poverty alleviation.

OUR GOALS

UN SDGS	TARGET IN 2025
Goal 1: End Poverty in all its forms everywhere 	ZJLD aims to boost rural employment by 50% and double the upstream agricultural procurement by 2025, compared to a 2021 baseline

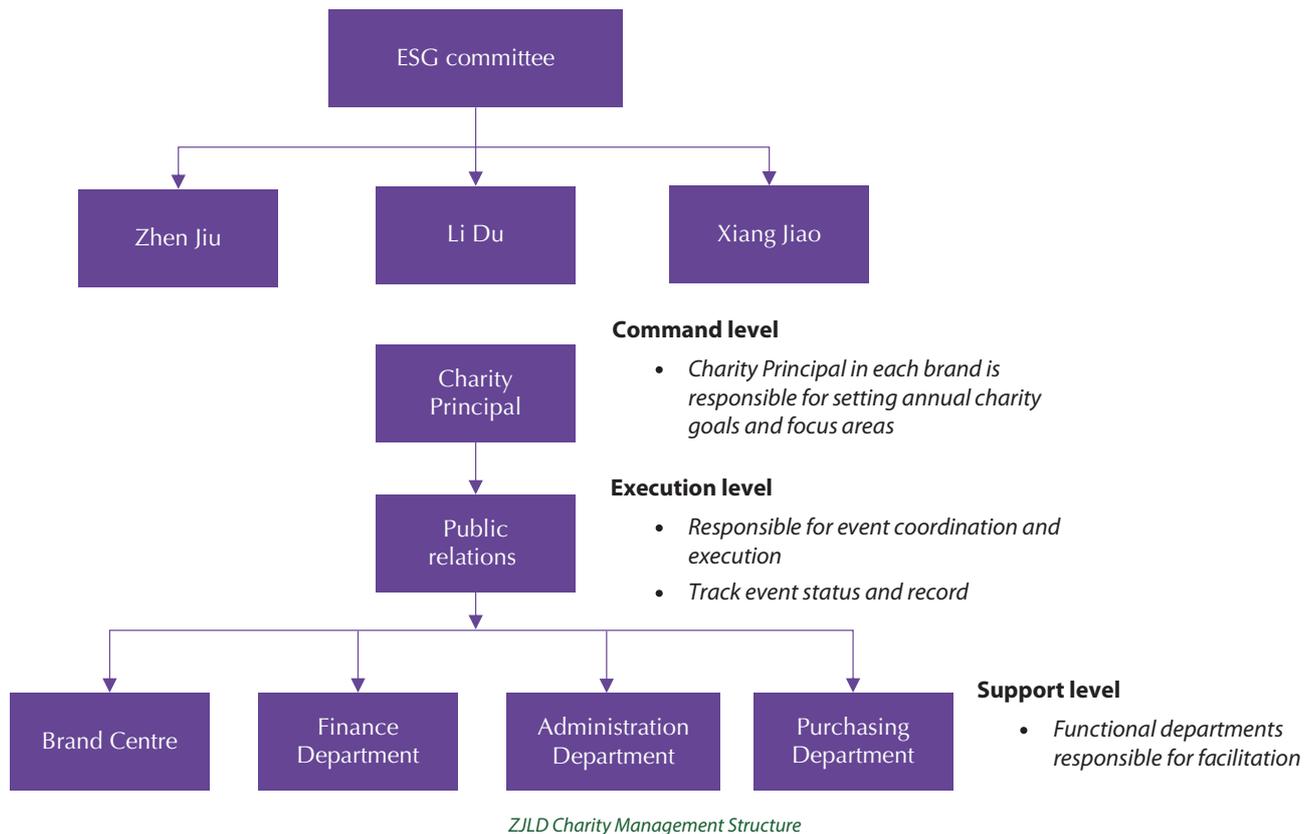
OUR POLICY AND PROCEDURES

POLICIES AND PROCEDURES	WHAT WE REQUIRE
ZJLD Charity Policy	Our ZJLD Charity Policy ensures that all sponsorships, donations as well as volunteer activities are fully supported and well-coordinated by each brand’s management and relevant personnel. In addition, our policy makes sure that the area that we focus on is fully aligned with our ESG vision and commitment and meets our charity target and scope.

CHARITY GROUPS

To better coordinate across different departments, further boost efficiency and systematically manage charity-related work in each of our brand, we have formed three Charity Groups under Zhen Jiu, Li Du and Xiang Jiao & Kai Kou Xiao in 2022, with supervision under our ESG committee. While there are dedicated personnel in each Charity Group responsible for event organization as well as record keeping, the charity-related work is also well supported by senior management in each brand, along with various functional departments, who contribute concerted effort to make ZJLD a responsible corporation.

ZJLD CHARITY MANAGEMENT STRUCTURE



OUR PRACTICES

Rural Revitalization and Poverty Alleviation

As a leading business in the communities in which we operate, we are obligated to contribute to rural revitalization and poverty alleviation in our community. We have also been sourcing and purchasing agricultural materials locally, thereby supporting farmers in the surrounding low-income areas to grow crops with greater confidence and assurance.

With the growth of our business, we have driven the development of over 253,000,000 m² of red tassel sorghum planting base in Guizhou Province. We launch the initiative of ‘company + planting base + agricultural cooperatives + farmers’ order model to effectively promote industrial upgrading. In 2022, Zhen Jiu had procured sorghum from 11 counties in Zunyi- the city where Zhen Jiu operates, and helped more than 40,000 farmers to grow their business.

In addition, leveraging our rapid growth in business, we have been actively hiring local rural talents, ensuring their job security and preventing poverty in the areas where we operate. Take Zhen Jiu as an example, we currently employ more than 4,000 employees in our production facilities, with more than 90% of them from nearby rural areas.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

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Red tassel sorghum planting base

Moreover, we have aided the government in the development and renovation of village roads and infrastructure. In 2022, Li Du has donated more than RMB800,000 to Nanxi Village and Chaibu Village, helping them with building repair and renovation.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN



Nanxi Village Gate (Design Drawing)

Our accomplishments in promoting rural revitalization and poverty alleviation practices have been widely acknowledged. At the annual meeting of the National Governance Summit on December 1, 2022, directed by the People's Daily and organized by the People's Forum Magazine, our endeavor of high-quality contribution to rural revitalization was selected as one of the ten exemplary cases for rural revitalization, making us the only baijiu company that received this honor.



Our practice is selected as one of the ten exemplary cases for rural revitalization



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN

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Moreover, distillery ecotourism is also one of our top priority initiatives. As national 4A-level scenic attractions, we proactively invite nationwide consumers to visit our distilleries and engage them in a variety of immersive experiences to boost local tourism and encourage local economic development. For the old Li Du distillery, which is also a cultural heritage from the Yuan Dynasty, the tours also encourage the promotion of the traditional Jiangxi culture.



Distillery tours promoting cultural heritage from the Yuan Dynasty

Charity and Disaster Relief

We are eager to contribute to the community, and we respond swiftly to natural disasters and pandemics with many donations. From 2020 to 2022, we provided over RMB5,000,000, in the form of monetary and material donations, to flood-affected cities and over RMB8,100,000, in the form of monetary and material donations, to pandemic-prevention efforts in communities where we operate.

Education Support

We appreciate the value of children's education for the purpose of alleviating poverty and contributed in a variety of ways. 'My College Dream' is a charity fund that Xiang Jiao first established in 2018, targeting to sponsor students from low-income families so that they could afford their college tuition. As of 2022, Xiang Jiao has already donated more than RMB26,000,000 to Hunan Youth Development Foundation and China Charity Federation since 2018 to subsidize more than 5,000 students to attend college.

Since 2015, we also contributed a total amount of RMB3,000,000 to the Jiangxi Lidu Education Fund, helping exceptional students from rural areas in Jiangxi Province to pursue higher education.



V. SOCIAL RESPONSIBILITY — THRIVING TOGETHER WITH A MORE SUSTAINABLE VALUE CHAIN



Our education fund

OUR KPIs

INDICATOR	PERFORMANCE IN 2022	BASELINE OF 2021
No. of employees from rural areas	7,243	4,308
Procurement of upstream agricultural products (tons)	156,851	59,471



VI. APPENDIX

REPORTING PRINCIPLES

This Report is prepared in accordance with the reporting principles of 'materiality', 'quantitative', 'balance' and 'consistency' of the Appendix 27 to the Listing Rules on HKEX:

- **Materiality**

We have conducted a comprehensive materiality assessment, involving a series of engagements with our key stakeholder groups including investors, consumers, distributors, suppliers, employees, etc., to identify and prioritize ESG topics that are material to our business as well as our internal and external stakeholders. The information gathered from the materiality assessment was then used to determine the disclosure content of this report.

- **Quantitative**

We disclose measurable environmental and social KPIs and set quantitative performance targets where applicable. We disclose historical data, including those from the base year of 2021, to compare our performance and present our progress over time.

- **Balance**

We prepared this Report in a structured and clear manner, which gives an unbiased picture of our initiatives, progress and performance.

- **Consistency**

We use consistent methodologies to allow for meaningful comparisons of ESG data over time.

PERFORMANCE TABLES

Environmental Performance

METRICS	UNIT	2022	2021	2020
WATER				
Total water usage	tons	1,844,349	1,306,798	1,038,778
Water use per ton of production	tons/ton	65.9	118.2	115.9
Total water consumption	tons	1,009,138	882,384	771,613
Water consumption per ton of production	tons/ton	36.1	79.8	86.1
Wastewater discharge	tons	835,211	467,278	272,010
Wastewater discharge per ton of production	tons/ton	29.8	42.3	30.4
ENERGY CONSUMPTION				
Total Energy Consumption	MJ	1,195,917,158	587,601,949	332,450,864
Energy consumption per ton of production	MJ/ton	42,728	53,138	37,108
DIRECT ENERGY CONSUMPTION				
Natural gas	MJ	1,124,448,897	543,216,533	304,993,814
Diesel	MJ	2,878,314	1,934,289	477,792
INDIRECT ENERGY CONSUMPTION				
Electricity	MJ	68,589,947	42,451,128	26,979,258
GHG EMISSIONS				
Total GHG Emissions	tCO ₂ e	69,478	35,115	20,183
Scope 1 Emissions	tCO ₂ e	58,408	28,264	15,829
Scope 2 Emissions	tCO ₂ e	11,070	6,851	4,354
GHG Emissions Intensity (Scope 1 and 2)	tCO ₂ e/t	2.5	3.2	2.3



VI. APPENDIX

METRICS	UNIT	2022	2021	2020
WASTE				
Total non-hazardous waste produced	tons	95,110	28,021	20,028
Total hazardous waste produced	tons	2.2	*	*
AIR EMISSIONS				
Particulate Matter (PM)	tons	1.4	0.9	1.7
Sulphur Dioxide (SOx)	tons	3.5	0.4	6.7
Nitrogen Oxide (NOx)	tons	24.7	12.0	17.5
Total air emissions	tons	29.6	13.3	25.9
Air emission density	kgs/ton	1.1	1.2	2.9
PACKAGING				
Total packaging materials used for finished products	tons	47,206	70,085	32,848
Packaging materials use by ton of finished products	tons/ton	2.0	2.3	1.8

Social Performance

METRICS	UNIT	2022	2021	2020
PRODUCT QUALITY AND SAFETY				
No. of complaints about products and services (due to product quality and safety).	No.	61	*	*
Percentage of products that have been recalled due to safety and health issues	bottles	0	0	0
EMPLOYMENT				
Total Employees	No.	10,980	7,264	3,805

* Corresponding data from historical years was not systematically recorded or monitored

METRICS	UNIT	2022	2021	2020
HEALTH AND SAFETY				
Number of work-related fatalities for employees	No.	0	0	0
Rate of work-related fatalities for employees	%	0	0	0
Lost days due to work injury	days	3,190	2,191	587
Injury Severity Rate (based on 200,000 hours worked)	/	28.4	30.5	16.2
No. of recordable workplace accidents	No.	110	78	30
Total Recordable Injury Frequency Rate (TRIFR)	/	4.9	5.4	4.1
DEVELOPMENT AND TRAINING STATISTICS				
PERCENTAGE OF EMPLOYEES TRAINED BY GENDER				
Male	%	96.7	98.7	97.4
Female	%	95.0	98.0	94.8
PERCENTAGE OF EMPLOYEES TRAINED BY EMPLOYEE CATEGORY				
Managers	%	94.1	99.0	98.8
Non-managers	%	97.9	98.7	96.8
AVERAGE TRAINING HOURS BY GENDER				
Male	Hours	68	34	26
Female	Hours	44	38	26
AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY				
Managers	Hours	53	66	42
Non-managers	Hours	61	35	26



VI. APPENDIX

METRICS	UNIT	2022
2022 EMPLOYMENT DEMOGRAPHICS		
NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE		
Full-time	No.	10,976
Part-time	No.	4
NUMBER OF FULL-TIME EMPLOYEES BY GENDER		
Male	No.	7,736
Female	No.	3,240
NUMBER OF FULL-TIME EMPLOYEES BY AGE GROUP		
Under 30	No.	3,735
Between 30 and 50	No.	6,660
Above 50	No.	581
NUMBER OF FULL-TIME EMPLOYEES BY OPERATION AREA		
From the provinces where we operate	No.	7,700
Outside the provinces	No.	3,276
TURNOVER RATE BY GENDER		
Male	%	18.2
Female	%	20.1
TURNOVER RATE BY AGE GROUP		
Under 30	%	20.8
Between 30 and 50	%	18.5
Above 50	%	7.3
TURNOVER RATE BY OPERATION AREA		
From the provinces where we operate	%	14.5
Outside the provinces	%	27.9
ANTI-CORRUPTION		
Concluded legal cases regarding corrupt practices in 2022	No.	0

AWARDS AND RECOGNITION

DISTILLERY	AWARDS	ORGANIZATION
COMMUNITY		
Zhen Jiu	ESG Best Practice Brand of the Year	2022 Alcohol Innovation & Investment Conference
Zhen Jiu	Selected as a typical case of national governance and rural revitalization experience	2022 Annual Conference of National Governance Summit Forum
Zhen Jiu	Zunyi Red Cross Humanitarian Award	Zunyi Red Cross
Zhen Jiu	Top 500 China's Most Valuable Brands	World Brand Lab
Zhen Jiu	Best Corporate Contribution Award	Zunyi Liquor Industry Chamber of Commerce
Zhen Jiu	Caring Enterprise	Guizhou Red Cross, Guizhou Charity Alliance
Zhen Jiu	7 th Chunhui Action Contribution Award	Ministry of Organization of Guizhou Province
Zhen Jiu	Guizhou Growth Star	Guizhou Entrepreneur Association
Zhen Jiu	Top 100 Enterprises in Guizhou	Guizhou Entrepreneur Association
Li Du	Top 10 the Most Popular Jiangxi Corporate Consumer Brands in 2022	Department of Commerce of Jiangxi Province
Li Du	China Alcohol Golden Honor Award	Organizing Committee of China Alcohol Golden Honor Award
Xiang Jiao	1 st New Hunan Contribution Award	People's Government of Hunan Province
Xiang Jiao	Advanced Collective of Shaoyang Revitalization Outstanding Contribution Award	People's Government of Shaoyang Municipal
Xiang Jiao	Top 30 Shaoyang Private Enterprises	Shaoyang Non-public Ownership Economic Work Group
Xiang Jiao	Provincial Overseas Chinese Cultural Exchange Base	Hunan Federation of Returned Overseas Chinese



VI. APPENDIX

DISTILLERY	AWARDS	ORGANIZATION
ENVIRONMENT		
Zhen Jiu	Green Factory	Department of Industry and Information Technology of Guizhou Province
Xiang Jiao	Shaoyang Ecological Environment Education Base	Shaoyang Municipal Bureau of Ecology and Environment
INTELLECTUAL PROPERTY		
Zhen Jiu	National Geographical Indications protect products	China National Intellectual Property Administration
QUALITY & SAFETY		
Zhen Jiu	Wine Bottle of 'Zhen 15' won the appearance patent award	Department of Human Resources and Social Security of Guizhou Province
Zhen Jiu	The Gold Medal of the Spirits Selection by Concours Mondial de Bruxelles	Organizing Committee of the Spirits Selection by Concours Mondial de Bruxelles
Zhen Jiu	The Double Gold Medal of San Francisco World Spirit Competition	Organizing Committee of San Francisco World Spirit Competition
Zhen Jiu	Pure grain solid fermentation liquor logo product	China Food and Liquor Professional Committee
Li Du	Nomination Award of 4 th Jiangxi Provincial Jinggang Quality Award	People's Government of Jiangxi Province
Li Du	4 th Nanchang Mayor Quality Award	Nanchang Municipal People's Government
Xiang Jiao	Hunan consumer goods industry model enterprise in brand, quality and variety	Department of Industry and Information Technology of Hunan Province
LABOR		
Zhen Jiu	Provincial Advanced Base for Employment Assistance	Department of Human Resources and Social Security of Guizhou Province
Xiang Jiao	Workers Vanguard	All-China Federation of Trade Unions
Xiang Jiao	National Demonstration Enterprise of 'Harmonious Labor Relations Creation'	Ministry of Human Resources and Social Security of the PRC

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⁹ Except for 'Corporate Governance Code', other items are all set out in Appendix 27 to the Listing Rules.



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