

2021

Shuijingfang

Environmental, Social and
Governance Report



600年·活着的传承



SICHUAN SHUIJINGFANG CO., LTD.

About this report

Organisation scope

This report covers the environmental, social and governance (ESG) performance of Sichuan Shuijingfang Co., Ltd. and its subsidiaries.

Reporting methodology

The material issues of Shuijingfang are identified through the benchmarking of the United Nations Sustainable Development Goals (SDGs), the Sustainability Reporting Guidelines (GRI Standards) by the Global Reporting Initiative, and the 'Guideline for Self-Regulation of Listed Companies' by the Shanghai Stock Exchange, national and industrial laws, policies and regulations and industry best practises, as well as incorporated with the core expectations of internal and external stakeholders. The ESG strategic framework of Shuijingfang was established and the priorities disclosed in the report were clarified based on the benchmarking result.

Time range

Unless otherwise specified, the time range of the data and content disclosed herein spanned from 1 January 2021 to 31 December 2021 (part of the content may extend beyond the above time range).

Publication cycle

This is an annual report and the first ESG report released by Sichuan Shuijingfang Co., Ltd.

Publication form

This report is available in print (with environmentally friendly ink and paper) and electronic form. Download the electronic version through links below:

Shuijingfang official website: <http://www.swellfun.com>

Shanghai Stock Exchange official website: <http://www.sse.com.cn>

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 RMB. The Report is prepared in Simplified Chinese and English, respectively. In the event of any discrepancy in interpretation between the Chinese and English versions, the Chinese version shall prevail.

Referencing

For ease of expression, 'Sichuan Shuijingfang', 'Shuijingfang', 'the Company' and 'we' in the Report all refer to Sichuan Shuijingfang Co., Ltd. and its subsidiaries.

Suggestion and feedback

Should there be any comments or suggestions on this report, please email esg@swellfun.com or scan the QR code below to give feedback. Thank you for your concern and support for the ESG work of Shuijingfang.



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Letter from the CEO



The COVID-19 pandemic and the complicated and harsh geopolitical situation in 2021 caused uncertainties and downward pressures to the worldwide economy. Against such backdrop, building a community with a shared future for mankind and promoting sustainable development have become a consensus of more people. ESG investment, which considers the evaluation and management of non-financial risks and emphasizes long-term value creation and development resilience, is also emerging as a mainstream trend in the global capital market.

As China has secured a complete victory in its fight against poverty and embarked on a new journey to build a modern socialist country in an all-round way, Chinese businesses are bound to undertake a slew of more critical and distinct responsibilities in major national strategies such as common prosperity, green development, consumption upgrading, and innovation-driven development.

In face of the complex and ever-changing environment and rising expectations, we are profoundly aware that only with a strong sense of mission and responsibility, as well as persistence in creating long-term and shared value for society and the stakeholders, can corporations attain success in this new stage.

Hence, Shuijingfang has compiled and published its first ESG report. It marks a new chapter in the comprehensive implementation of Shuijingfang's ESG strategy under the core responsibility concept of 'Shuijingfang – Cheers for the Future' and centred on the brand mission of 'To be a top tier strong flavor player, sustainable and healthy growth, most trusted and respected in the industry'. By building a sound ESG management system, we hope to identify and manage non-financial risks more effectively, win more trust from society and stakeholders, and secure more development opportunities and a more sustainable growth of the Company.

Fulfilling the fundamental responsibility with premium products and services

In 2021, focusing on the three core strategies – 'Product upgrade, brand premiumisation, commercial and marketing innovations', Shuijingfang constantly adheres to the bottom line of quality and food safety, and managed the entire production process in accordance with high standards. To improve product quality and bring better experience to consumers, we worked with the Institute of Microbiology of the Chinese Academy of Sciences (IMCAS) on the Shuijingfang No. 1 Microflora research project, empowering industry innovation with scientific research. In the meantime, we championed responsible drinking and promoted responsible marketing. As a participant in the National Responsible Drinking Week for many years, we encourage consumers to drink in a rational, moderate and healthy way in celebrations and get-togethers.

Embracing shared success with value chain partners

Shuijingfang makes constant efforts to build a compliant and high-quality supply chain system and pursues shared value with upstream and downstream partners in the supply chain, paving a path towards win-win cooperation. Environmental and social risks are included into our supplier inspection mechanism, and more than 50 key suppliers of Shuijingfang underwent third-party business ethics audits in 2021. We empower regional development through local procurement policies. In 2021, 80% of packaging materials and raw and auxiliary materials were procured from local suppliers in Sichuan, calculated based on the purchase amount. At the same time, we continue to drive distributors' growth through capacity development activities themed on compliance, digital upgrades, and other topics, and protect their safety by donating epidemic prevention supplies.

Talent is the primary driving engine for Shuijingfang to seek sustainable development and create value. We stay committed to building up the most trusted employer brand, ensuring an equal and diverse workplace, and providing employees with a complete welfare and career development system. Regarding employees' health and safety as our top priority, we have established an occupational health management and control system for all of them. We also encourage staff to work and live healthily through regular training and drills, safety risk monitoring, safety culture promotion, sports and wellness clubs. It is hoped that every employee could fulfil his or her self-worth and grow together with the Company using our well-established training system and over 800 courses available on the Fang Xue Tang mobile learning platform.

Giving back to the community and performing social responsibility

To me, a good company always makes the most out of its influence and resource endowment to address social needs and promote social innovation – a process that will in return substantially benefit the company. In 2021, in response to the call for solid advancement towards common prosperity, Shuijingfang supported Shiqu County, Ganzi Prefecture, Sichuan for livestream marketing, to overcome the difficulty in selling local speciality agricultural products. Under the 'Outline of the Healthy China 2030 Plan', we attempted to lead a new trend in health-for-all by promoting winter sports and sponsoring sports events. When the massive floods hit Henan, the Company immediately donated RMB 5 million to help the victims in the disaster-stricken areas. The Friendly Neighbour Programme was also launched to strengthen relationship with our neighbours and contribute to a better community. Shuijingfang is a well-known Baijiu brand with two cultural legacies – the Shuijing Street Distillery Site and the Shuijingfang Traditional Baijiu Distillation Technique, as well as a 600-year-old inheritor of the time-honoured Baijiu making skills and culture. Therefore, we have never stopped protecting and carrying forward Chinese traditional culture. The Shuijingfang Intangible Cultural Heritage Revival Fund has been established for us to consistently explore more possibilities for the protection, inheritance, and innovation of intangible culture.

Enhancing environmental management for comprehensive green development

In active response to the national '30-60' carbon peak and carbon neutrality goals, we have integrated green development concept in our business strategy. While advancing our own green transformation, we also pursue the overall sustainability of the supply chain and sustainable consumption by our end users. Shuijingfang has specified quotas for power, energy, materials, and water consumption, and established a mature management and control system for the three wastes (wastewater, exhaust gas and solid waste) and ambient noise, along its pathway towards clean and efficient production. Thanks to a series of product design adjustments and process optimisation, Shuijingfang reduced the use of 628 tons of packaging materials and 1,532 tons of corrugated cartons in 2021; up to 90% of the packaging materials we use are recyclable. Notably, our Qionglai project, which is now under construction, has applied environmental concepts from the beginning of planning and construction. Some of the buildings in the project are applying for Leadership in Energy and Environmental Design (LEED) certification – meaning that up to 100% recyclable rebar is used in these single buildings, with all construction waste 100% recycled.

Improving system construction for reinforced ESG management

A cross-departmental ESG structure is the key to making ESG management a routine practise in business operations. We have hence established a ESG Steering Committee comprised of the management of Shuijingfang, as the centre of our ESG structure. The Committee leads in the establishment of Shuijingfang's overarching ESG strategy and goals, incorporating ESG into the Company's major decision-making and daily management process. I, as CEO of Shuijingfang, chair the ESG Steering Committee and lead discussions and decisions on material ESG issues. Also, we will continue to improve our risk control and compliance system as well as related regulations, making ESG a deep-rooted culture and a code of conduct across the Company.

In the course of preparing our first ESG report, we have also been given the opportunity to conduct a systematic review and comprehensive diagnostic analysis on our ESG performance, and formulate an initial ESG strategic framework, which lays a sound foundation for the ongoing improvement of ESG management in the future. Shuijingfang is determined to upgrade its ESG strategy, by setting quantitative targets and management indicators for key segments. Environmental risk management will be reinforced to continuously reduce the environmental footprint of our operations. We will also continue to upgrade production processes and develop superior products and greener packaging, while strengthening the promotion of responsible drinking and increasing funding for public welfare projects. In the long run, we look forward to empowering more partners along our value chain and joining forces with them to develop and accomplish co-governed and shared sustainable development goals.

Our core responsibility concept 'Shuijingfang – Cheers for the Future' not only demonstrates our respect for nature, market order and our conscientious approach to stakeholders' expectations, but also calls for our self-motivation and self-improvement. In 2022, Shuijingfang will continue to implement its ESG strategy and improve its ESG system, and work with customers, employees, governments, investors, suppliers and distributors, among other stakeholders, to contribute to a more inclusive society, as well as a greener, better future.

Chu Chun Ho, CEO of Sichuan Shuijingfang Co., Ltd.

About Shuijingfang

Sichuan Shuijingfang Co., Ltd. is a company principally engaged in the manufacturing and sales of Chinese Baijiu, including signature products such as Shuijingfang Zhenniang VIII, Shuijingfang Jingtai, Shuijingfang Diancang and Shuijingfang Jingcui. The Company began floating shares on the Shanghai Stock Exchange in 1996 with the stock code '600779'. It is headquartered in Jinniu District of Chengdu, with subsidiaries located in Chengdu's Jinjiang District, Jinniu District, Pidu District and Qionglai City, alongside branches in Beijing and Shanghai



The Shuijing Street Distillery Site built in the late Yuan and early Ming dynasties is a vital production asset and brand foundation unique to the Company, as well as irreproducible and invaluable historical and cultural heritage and a 'living cultural relic' with high value in use. The Site was listed among China's Top 10 New Archaeological Discoveries of China in 1999 by the National Cultural Heritage Administration (NCHA), known as the No. 1 Baijiu Distillery in China, approved by the State Council as a Major Cultural Site Protected at the National Level, and included three times by the NCHA in the Tentative List of China's World Cultural Heritage. The Shuijingfang Traditional Baijiu Distillation Technique was selected into the List of Intangible Cultural Heritage under National Protection by the State Council. And the trademark 'Shuijingfang' was certified as a China Famous Trademark by the State Administration for Industry and Commerce (SAIC).

The Company upholds the vision of 'To be a top tier strong flavor player, sustainable and healthy growth, most trusted and respected in the industry.' Shouldering the brand mission of 'Innovating and inheriting 600-year liquor aesthetics, promoting Chinese aesthetic culture, and co-creating a better life for the people'. Shuijingfang is a premium brand that makes 'every cup of Baijiu a 600-year-old living legacy'. It is constantly innovating and keep progressing with the times, seeking the momentum that revives traditional culture and aligns legacy with the times.

Corporate vision

To be a top tier strong flavor player, sustainable and healthy growth, most trusted and respected in the industry.

Brand mission

Innovating and inheriting 600-year liquor aesthetics, promoting Chinese aesthetic culture, and co-creating a better life for the people.

Corporate culture

Shuijingfang is a vibrant firm, in which our people are dedicated to physical and emotional well-being.

Instead of focusing just on personal accomplishments, our people take pride in assisting others to succeed.

We work with agile thinking, and execute high-quality decisions with excellent performance.

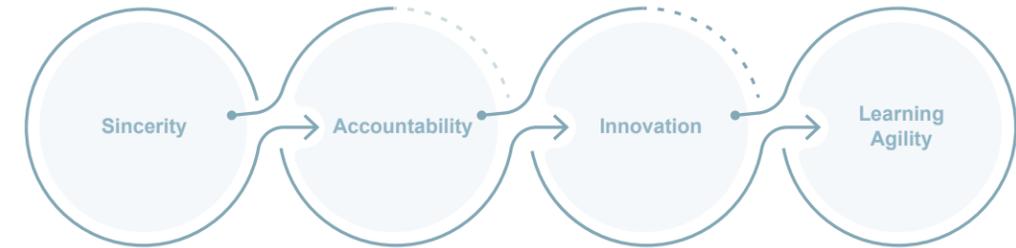
We adore the Company's products and brands, and share its successes and failures.

Consistent integrity and the motivation to keep learning and growing are the keys for us to win the respect of customers.

We cling to quality, to inherit and build on the 600-year-old traditional craftsmanship with an innovative spirit.

Our learning-oriented culture and brand image of giving back to the society have made Shuijingfang a well-known and desirable company.

Corporate value



Milestones



- About 600 years ago in the late Yuan and early Ming dynasties, Shuijing Street Distillery opened in the Dongmen region of Chengdu, becoming a pioneer in distilled Baijiu.
- In February 2000, the trademark 'Shuijingfang' was officially registered, giving birth to the Shuijingfang brand.
- In August 2000, Shuijingfang Baijiu was launched in Guangzhou.
- In August 2001, Shuijingfang Baijiu was marketed in Shanghai
- In 2001, the Shuijing Street Distillery Site was rated among the fifth batch of Major Cultural Sites Protected at the National Level, making it the first strong aromatic Baijiu in China to receive geographical indications protection.
- In 2002, Shuijingfang was honoured China's Renowned Historical and Cultural Liquor by the China National Food Industry Association, becoming the first liquor and alcoholic beverage producer in China to receive the honour.
- In August 2002, the new product 'Tianhao Chen' was introduced in Harbin, Heilongjiang.
- In July 2005, 'Shuijingfang Diancang' was launched.
- At the beginning of 2007, the Company established the partnership with Diageo, a Fortune Global 500 company and the world's largest producer of spirits.
- In 2008, Shuijingfang's Traditional Baijiu Distillation Technique was selected into the 'List of Intangible Cultural Heritage under National Protection' by the State Council.
- From 2000 to 2012, Shuijingfang was the exclusive title sponsor of the 'Shuijingfang Cup' amateur tennis team competition in large cities in China for 13 consecutive years, making it the first Baijiu brand to promote the development of tennis.
- In 2011-2012, Shuijingfang was appointed the platinum sponsor of the 'China Open', with Shuijingfang Diancang designated as the event's exclusive official Baijiu.
- In 2012, Shuijingfang made the 'Tentative List of China's World Cultural Heritage'.
- In 2017-2018, Shuijingfang was the first Baijiu brand to hold an event at the Imperial Ancestral Temple in Beijing, paying tribute to Chinese traditional culture.
- In 2018, Shuijingfang established the industry's first fund designed to protect intangible cultural heritage.
- In 2019, the Shuijingfang Museum was rated as a State-level Industrial Heritage.
- In 2021, Shuijingfang and the IMCAS launched the Shuijingfang No. 1 Microflora research project.
- In 2021, Shuijingfang participated in the Quality Month organised by the China Association for Quality Inspection, and won the titles of 'National Trustworthy Enterprise in Quality' and 'China's Top 100 Trustworthy Enterprise in Quality Inspection'.

Key performance and social recognition

2021 Key performance overview

Improving corporate governance capabilities

• Transparent information disclosure

In 2021, the Board of Directors took the lead in information disclosure, with a total of **131** periodic reports and interim announcements compiled and published, and a total of **147** files drafted and submitted to the Shanghai Stock Exchange for filing.

• Strengthened investor communication

In 2021, the Board of Directors' Office answered **200** phone calls from investors, answered **84** questions on sns. sseinfo.com – a communication platform operated by the Shanghai Stock Exchange, held two General Meetings of Shareholders, received **129** institutional investors, individual shareholders, and financial media representatives, and answered **30** questions from them. The Company held a total of **5** regular reporting and communication teleconferences for investors throughout the year, with a total of **1,370** investors attending the meetings online.

• Reinforced compliance management

In 2021, **100%** of our employees received anti-corruption training.

Being responsible for products and improving consumer experience

• Advocacy of responsible drinking

In 2021 National Responsible Drinking Week1, Shuijingfang called on **384** stores to sign the '2021 White Paper on Drunk Driving Prevention in China' to widely promote the concept of responsible drinking among consumers.

Managing and empowering suppliers

• Strict identification of environmental and social risks

In 2021, over **50** key suppliers of Shuijingfang underwent Supplier Ethical Data Exchange(SEDEX¹)audit to ensure their performance is in compliance with ethical standards.

• Empowerment of regional suppliers

In 2021, **80%** of packaging materials and raw and auxiliary materials were procured from suppliers in Sichuan, calculated based on the purchase amount.

Note 1: SEDEX is a global platform for responsible business, and supplier ethics information exchange. SEDEX helps companies manage and improve potential risks in their supply chains by providing a range of tools, services, guides and training. Accredited audit firms can use SEDEX's audit tools to assess companies' performance of labour rights, health and safety, environment and business ethics, to furthermore drive improvements in companies' value chains.

Becoming a trusted employer

• Occupational health and safety

Shuijingfang has enforced occupational health management and control at three levels – company, workshop and working group, to effectively implement occupational health management and control requirements.

In 2021, there was no recorded lost time injuries at Shuijingfang. **100%** of employees received occupational disease medical examination and no occupational disease was detected, and the rate of hidden danger rectification reached **100%**.

In 2021, Shuijingfang completed **910** quality and safety improvements according to the suggestions submitted via Behaviour Based on Quality and Safety (BBQS).

• Concerning with employees' physical and mental health

In 2021, the Company newly added **12** sports and wellness clubs according to the interests of employees, and organised **35** sports activities every month, engaging more than **700** participants.

• Assistance in employees' personal and family development

More than **800** free courses available for employees on the Fang Xue Tang mobile learning platform, allowing them to accelerate the adaptation to digital learning.

In 2021, the Company's Party Committee offered hardship (disease) subsidies to **50** employees, and distributed grants to **21** employees' children to aid their completion of studies.

Improving environmental contribution

• Reduced resource use and resource circulation

In 2021, Shuijingfang reduced the use of packaging materials by a total of **628** tons through a series of packaging optimisation projects such as reducing base weight and removing ceramic pieces from bases.

In 2021, Shuijingfang reduced the use of cartons by a total of **1,532.1** tons by replacing them with reusable injection-moulded pallets in suppliers' transport process and its own packaging lines.

All the individual buildings applied for the LEED in Qionglai Project used **100%** recyclable steel bars in the construction process, with up to **3%** recyclable components added to concrete, and all construction wastes are entrusted to a professional recycling company for **100%** recycling.

Resource recovery and reuse: By the end of 2021, recyclable packaging materials accounted for **90%** of all the packaging materials used by Shuijingfang (by weight).

• Optimising design to promote energy saving and emission reduction

With the application of reusable extraction disks, the consumption of polyethylene was reduced by **0.48** tons in 2021.

In 2021, by eliminating the spraying on Shuijingfang Diancang's lining components in bases and the anti-counterfeiting lion nails of, Shuijingfang reduced the production of Volatile Organic Compounds (VOCs) by **14.3** tons, the emission of VOCs by **1.43** tons, and the emission of hazardous substances by **3.14** tons.

Delivering social value

• Active engagement in social welfare

In 2021, 3 social welfare projects were launched across the Company, benefiting **2,800** people.

In 2021, Shuijingfang helped about **2,000** people through public welfare programmes related to rural revitalization.

• Disaster relief and anti-epidemic

In 2021, Shuijingfang donated RMB **5 million** to the disaster-stricken people in Henan, demonstrating its social responsibility and sense of mission.

In 2021, Shuijingfang donated a total of **34,485** free epidemic prevention kits to customers, to safeguard the epidemic prevention at dealers and outlets.

• Dedicated to education

On 9 September 2021, Shuijingfang reached strategic partnership with China Europe International Business School (CEIBS), planning to donate RMB **1 million** each year to promote academic research on corporate social responsibility in the following three years.

Protecting traditional culture and inheriting intangible cultural heritage

The Shuijingfang Museum opened for **315** days throughout the year of 2021, receiving a total of over **30,000** visitors, with a satisfaction rate of **100%**. With the regular epidemic prevention and control measures, **0** epidemic accidents occurred throughout the year.

In 2021, the Shuijingfang Museum organised a total of **19** public cultural and educational activities, involving **6,592** people.

As of 2021, there are **1** national representative inheritor, **3** provincial representative inheritors and **7** municipal representative inheritors of the Shuijingfang's Traditional Baijiu Distillation Technique. The intangible cultural heritage has now welcomed its **9th** generation of inheritors.

Shuijingfang is active in seeking opportunities for promoting intangible cultural heritage, and has worked with government authorities and media to produce **23** reports on the achievements of intangible cultural heritage conservation in 2021.

Honour and social recognition

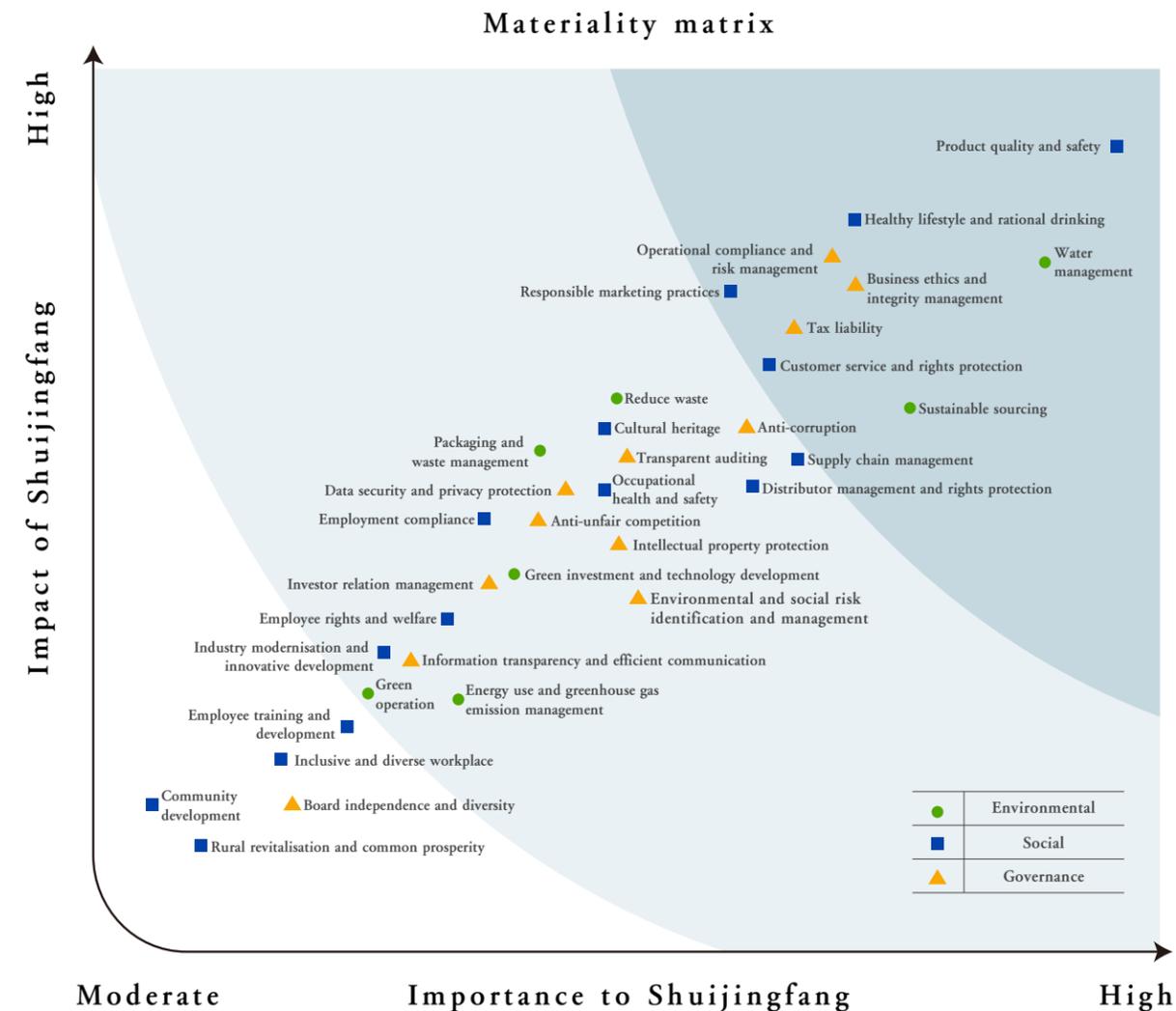
Awarded by	Award	Awarded in
China Liquor Golden Triangle Association	Outstanding Contribution Award of Sichuan Baijiu Industry in Fighting COVID-19	January 2021
The Communist Party of China (CPC) Chengdu Jinniu District Committee Chengdu Jinniu District People's Government	Leading Organisation in Modern Industrial System	March 2021
	Enterprise with Outstanding Tax Contribution of Over RMB 100 million	March 2021
	Excellent Listed Company	March 2021
Chengdu Administration Centre for Water Conservation	Outstanding Urban Water Conservation Organisation	May 2021
Chengdu Federation of Industrial Economics	Leading Organisation in Industrialisation and Information Technology of Chengdu	July 2021
Organisation Department of the Chengdu Municipal CPC Committee	Industry Ecosystem Leader (Lin Dong)	July 2021
China Association for Quality	National Trustworthy Enterprise in Quality	September 2021
	China's Top 100 Trustworthy Enterprise in Quality Inspection	September 2021
The 15th Most Valuable Chinese Listed Companies Selection by Securities Times	Top 100 Most Valuable Companies Listed on the Main Board of China	September 2021
Chengdu Human Resources and Social Security Bureau Chengdu Finance Office	Chengdu Chief Technician Studio	October 2021
Chengdu Enterprise Federation	Top 100 Manufacturers in Chengdu	November 2021
Department of Ecology and Environment of Sichuan Province	Trustworthy Enterprise in Environmental Protection of Sichuan Province	December 2021
Chengdu Municipal Bureau of Economy and Information Technology	Leading Listed Companies in Key Industries of Chengdu in 2020 and 2021	December 2021
	Enterprise Technology Centre of Chengdu	December 2021
Publicity Ministry of Chengdu Municipal CPC Committee	Chengdu Patriotism Education Base	December 2021

ESG management

Analysis of material issues and communication with stakeholders

Analysis of material issues

Through benchmarking analysis and research on international standards, macro policies, industry policies, industry practises, corporate strategies, employee concerns, media and public opinions, Shuijingfang has identified 34 strategic issues conducive to help create shared values. The importance of these issues to Shuijingfang and Shuijingfang's impact on these issues have been evaluated by questionnaires, research and other approaches, which results in a materiality matrix. The issues of high and medium materiality are selected as the key topics to be disclosed in this Report, as well as fully considered in ESG strategy development. The essentials and boundaries of the Report are determined by data availability.



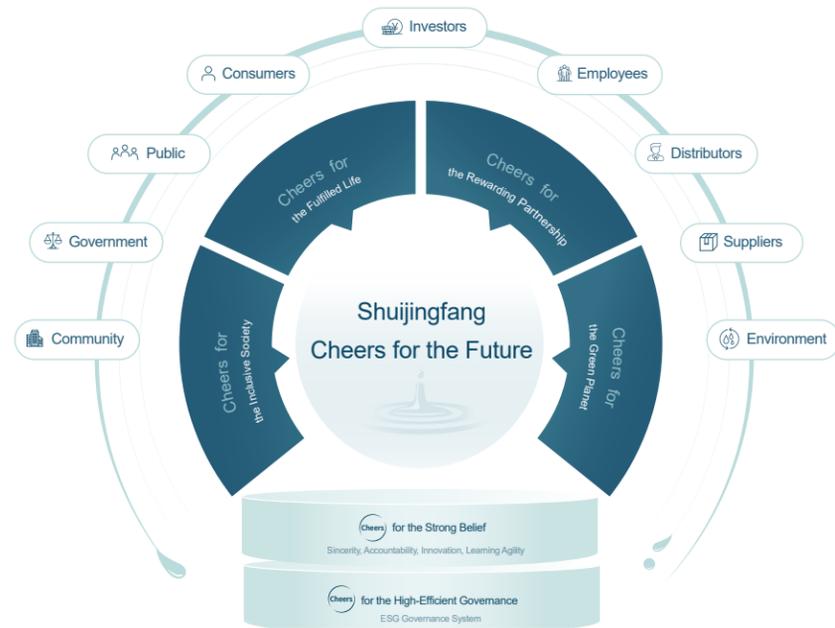
Key issues of concern by stakeholders and means of communication

Stakeholders	Key issues	Means of communication
Consumers Clients	<ul style="list-style-type: none"> Product quality and safety Customer service and rights protection Responsible marketing practises Data security and privacy protection 	<ul style="list-style-type: none"> Shuijingfang official website Service hotline Online customer services on WeChat public account Social media Member clubs (Yue Fang Hui, Shi Wang Hui, tennis club, etc.) Consumer events such as tasting and branding activities
Governments Regulators Industry associations	<ul style="list-style-type: none"> Rural revitalisation and common prosperity Operational compliance and risk management Tax liability Transparent auditing 	<ul style="list-style-type: none"> Visits and communication Information disclosure Written reports Conferences and forums Participation in industry policy research and inputs
Shareholders Investors	<ul style="list-style-type: none"> Industry modernisation and innovative development Board independence and diversity Environmental and social risk identification and management Information transparency and efficient communication Intellectual property protection Anti-unfair competition Anti-corruption Investor relation management Business ethics and integrity management 	<ul style="list-style-type: none"> General Meetings of Shareholders Roadshows Analyst meetings Annual reports, interim reports and other announcements Telephone calls, meetings and visits
Partners Supply chains	<ul style="list-style-type: none"> Sustainable sourcing Supply chain management Distributor management and rights protection 	<ul style="list-style-type: none"> Supplier training Distributors' conferences
Employees	<ul style="list-style-type: none"> Employment compliance Occupational health and safety Inclusive and diverse workplace Employee training and development Employee rights and welfare 	<ul style="list-style-type: none"> Employees' congress 'Your Voice' surveys Employee training WeChat public account Daily communication and feedback
The public Media	<ul style="list-style-type: none"> Water management Packaging and waste management Energy use and greenhouse gas emission management Green investment and technology development Green operation Reduce waste Healthy lifestyle and rational drinking Community development Cultural heritage 	<ul style="list-style-type: none"> Shuijingfang official website Public welfare activities Media events and meetings Media communication Field Visits on factory/museum open days

ESG strategic framework and governance structure

ESG strategic framework

Shuijingfang's ESG strategy is centred on 'Shuijingfang – Cheers for the Future'. We stand in awe of the nature and business rules, respect and prudently treat the expectations of every stakeholder, and cheer for a better future through tangible actions. Driven by corporate values, and built on a faultless and efficient ESG governance system, Shuijingfang is committed to fulfilling consumers' need for high-end Baijiu through superior products and services, adding glories to people's growing demand for a better life; we collaborate with every partner in our value chain for sustainable and healthy development; we leverage our strengths and do our best to contribute to a more inclusive society; with our influence along the value chain, we motivate more individuals to join us in building a more beautiful planet by championing green development.



ESG governance structure

Shuijingfang's ESG governance system serves as a solid organisational foundation and institutional guarantee for the setting and progress tracking of ESG goals, as well as related risk management. It helps Shuijingfang continues to improve its corporate governance, follow up on the key concerns of stakeholders, and achieve stable and sustainable operations. The ultimate objective is to fulfil the corporate vision of 'To be a top tier strong flavor player, sustainable and healthy growth, most trusted and respected in the industry'.



- The **Board of Directors** supervises and guides **ESG Steering Committee** in ESG management.
- The **ESG Steering Committee, chaired by the CEO**, is composed of senior managers of all departments and works under the coordination by the **Secretariat of ESG Steering Committee**. The Committee sets Shuijingfang's overarching ESG goals and strategies, identifies ESG priorities, establishes a daily work management mechanism, and joins in regular communication with the **ESG Expert Panel** to collect and refer to their suggestions and opinions, so as to better guide, supervise and manage the Company's ESG work.
- The **ESG Task Force** consists of persons in charge of ESG matters from all departments. It promotes ESG implementation in each department, executes and follows up on key indicators, and reports to the ESG Steering Committee on a regular basis.
- The **ESG Expert Panel**, composed of top-notch external experts, provides professional advice to the ESG Steering Committee, supports the Committee's work and decision-making, and delivers professional capacity building training for the ESG Task Force by regularly sharing ESG best practises and developments.

Shuijingfang and sustainability

Sustainable Development Goals (SDGs)	Shuijingfang's Actions
	By leveraging its core resources and capabilities, Shuijingfang gives full play to its platform and value chain advantages, drives social development via rural revitalization, community construction, epidemic control, disaster relief and many other paths, and promotes the education on and inheritance of intangible cultural heritage.
	Shuijingfang stays committed to high-quality standards across the entire production process, devoted to providing consumers with quality products and services, and becoming a respected and trusted Baijiu producer; it advocates responsible drinking and seeks to raise consumers' health awareness; and it supports sports and leads a healthy lifestyle.
	Shuijingfang creates high-quality job opportunities, promotes gender equality in the workplace, ensures occupational health and safety, and is committed to promoting inclusive and sustainable economic growth.
	Shuijingfang develops and implements environmental guidelines that aim to continuously improve water resources management, increase energy efficiency, and reinforce waste management, and pursues sustainable and green development across production activities, supply chains, office operations, and sustainable consumption, thus to reduce its impact on climate and biodiversity.
	As an active leader in industry innovation, Shuijingfang teams up with different business departments on digitalization, empowers common growth with value chain partners, and engages itself in regional and urban development.

Special report

Pursuing industry development and common prosperity in a new chapter of the 14th Five-Year Plan

The year 2021 sees the start of the 14th Five-Year Plan, which, together with the Long-Range Objectives Through the Year 2035, represents new requirements for economic and social development in the new era. In active response to the call of the state, Shuijingfang has established long-term relationships with rural areas to offer targeted assistance and consolidate the achievements of poverty alleviation. Our production bases are set in the outskirts for local economic growth and the balanced development of upstream and downstream industries along the value chain, thereby contributing to rural revitalisation and common prosperity. We increase investment in scientific research in production, drive digital innovation, and power industrial

development. Efforts are also made to improve energy efficiency and reduce emissions throughout all production and operation activities, accelerate green transformation, and promote sustainable consumption, in response to national '30-60' carbon peak and carbon neutrality goals. The Shuijingfang Museum and intangible cultural heritage inheritance programmes are a complement to our modern cultural industry system. Under the Healthy China strategy, we advocate responsible drinking, and encourage the public to participate in sports and embrace a healthy lifestyle. We are committed to corporate social responsibility, by encompassing national and macro goals into all aspects of business operations, empowering the ongoing progress of the economy, society and industry.



Sound connection between the consolidation and expansion of poverty alleviation achievements and the rural revitalisation

According to the 14th Five-Year Plan, a unique Chinese approach to rural revitalisation will be adopted with strategies that encourage the manufacturing sector and urban entities to support agriculture and rural development, a move that will help create industry-agriculture and urban-rural synergies, beneficial to both urban and rural areas and allow coordinated development leading to shared prosperity and accelerated modernisation of agriculture and rural areas. What we have achieved in poverty alleviation will be consolidated and expanded, the rural revitalisation strategy will be comprehensively carried forward, and solid strides will be made towards common prosperity for all.

2021 marks the year when China's work on agriculture, rural areas and rural residents sees a historic shift in focus, embarking on a new journey of rural revitalisation from poverty alleviation. Shuijingfang contributes to common prosperity by supporting rural revitalisation, empowering the society and people's livelihood, and propelling the diversified and inclusive growth of the industry and value chain.

Targeted assistance to Shiqu County, Ganzi Prefecture

In November 2021, Sichuan Shuijingfang Co., Ltd. signed an aiding agreement with Qumai Village, Changsha-Ganma Township, Shiqu County, Ganzi Tibetan Autonomous Prefecture, Sichuan Province through friendly negotiation, extending the honourable tradition of Jinniu District, Chengdu – delivering targeted assistance to the Tibetan area. We aim to build on the achievements of poverty alleviation, engaged in one-on-one assistance and cooperative construction between villages and enterprises. To address the difficulty in selling agricultural and sideline products from rural areas, Shuijingfang assisted Changsha-Ganma Township, Shiqu County of Ganzi, to establish a video marketing channel for ginseng fruits, white mushrooms and other local specialities, gradually transforming from material assistance to industry-driven poverty alleviation.



Boosting local economy with Qionglai project

Shuijingfang's whole industry chain base located in Qionglai is designed for the deep processing of agricultural products. Upon completion, its yearly procurement of raw materials is expected to drive the development of the local planting industry, to grow upstream and downstream industries along the value chain, to create more jobs to relieve the local employment pressure, and to significantly increase the per capita net income of local farmers. Apart from driving Shuijingfang's own growth, the Qionglai project, as an active response to the national policies on rural revitalisation, injects impetus into the local economy, increases local fiscal revenue, and promotes agricultural supply-side reform, which creates shared value of social economy and business development.

Improved technological innovation capability of enterprises and pole position in the digital economy

According to the 14th Five-Year Plan, it is necessary to boost the role of enterprises in innovation, encourage the flow of resources to enterprises, and enable enterprises to play a major role in innovation with the support of universities, research institutes, and end-users. While inheriting the tradition, Shuijingfang is driven by innovation, endeavours to improve product quality, brand value and explores more opportunities for industry development.

Engaged in continuous research, Shuijingfang's scientific research team isolates, screens and identifies microorganisms in the pit mud and distillers' grains at distilleries and is establishing a microbial strain library. It is also sequencing the microbial community at distilleries using microbiomics, and studying the metabolism and fermentation mechanism of the microflora. Together with the Institute of Microbiology, Chinese Academy of Sciences, the team has launched the scientific research of No. 1 bacteria. The purpose is to improve the quality, to create a better experience for consumers and to provide reference for the exploration of healthy drinking by performing strict biological experiments and creating a scientific microecology for Baijiu making.

In terms of digital innovation, Shuijingfang has developed digitalisation strategies, built a reliable digital ecosystem, and formulated information security strategies based on applicable laws and regulations. We have an end-to-end digitalised flow process reaching from production, warehousing, logistics, channels, and terminals to consumers. The continuous efforts are made to boost the digitalised collaboration of the industrial chain, internal operation efficiency and consumer experience.



Continuous environmental improvement and faster transformation for green development

According to the 14th Five-Year Plan, it is necessary to establish and improve the environmental governance system, and work together to reduce pollution and carbon emissions. It is also suggested to prioritise the ecological and green development, and promote overall management, scientific allocation, comprehensive conservation, and recycling of resources, and make joint efforts to drive high-quality economic development and high-level ecological environment protection. We are fully aware of the significance of environmental protection, proactively contribute to national '30-60' carbon peak and carbon neutrality goals and abide by related laws and policies to incorporate green development into the Company's business strategies from all aspects.

We value environmental compliance in production, and have developed a series of internal management measures subject to national and local regulations and policies. A mature management and control system has been established in improving water resources management, raising energy utilisation efficiency, and disposing effluent, waste gas, solid waste and environmental noise. Apart from our own practice of green production, we also attach importance to the selection and evaluation of suppliers to ensure environmental compliance across our supply chain.

We seek to reduce energy consumption and emissions in daily production and office operations by designing environmental buildings, planning green industrial parks, and encouraging low-carbon mobility. In Shuijingfang's underconstructed Qionglai project, many buildings are designed and constructed in accordance with international authoritative certification standards for green buildings. The utilisation of resources will be maximised during construction and in the future operation.

Shuijingfang is also consistently advocating sustainable consumption. We continue to improve our packaging design and production process for packaging minimisation and recyclability, as well as resource conservation and reuse. Our spray-paint-free design has reduced the emission of volatile organic compounds and hazardous wastes. Moreover, we are also organising environmental protection activities among consumers to promote sustainable consumption with joint forces.

Inheritance of intangible cultural heritage, for a sound modern cultural industry system

According to the 14th Five-Year Plan, we will improve the systematic protection of intangible cultural heritage and the system for conservation and inheritance of intangible cultural heritage. By putting social benefits always on the top agenda, we insist to pursue the economic returns aligned with the delivery of social benefits, and continue to improve the development of the modernized cultural industries and markets.

In 2013 we opened the Shuijingfang Museum, which is built on the Shuijing Street Distillery Site, a major cultural site protected at the national level. The Museum is both the cradle of Shuijingfang culture and a vivid representation of the 600-year-old legacy. It not only documents China's traditional liquor culture, but also shows the brewing prowess of strong-aroma Baijiu. It is a 'living' museum that flawlessly integrates manufacturing and display, as well as a landmark centre for state-level geographical indicators protection and one of Shuijingfang Baijiu's primary production locations.

The 'Shuijingfang Traditional Baijiu Distillation Technique' was selected into the second 'List of Intangible Cultural Heritage under National Protection' by the State Council in June 2008. Bearing unique historical significance, local cultural value, humanistic worth, and scientific value, the set of distilling skills is preserved and



Shuijingfang's team of intangible heritage inheritors

inherited in the category of traditional skills. The Expertise dates back to the late Yuan and early Ming dynasties, and has been passed down through nine generations for more than 600 years. An organised, complete, and dependable inheritance system has emerged through three pathways: familial inheritance, apprenticeship, and societal inheritance.

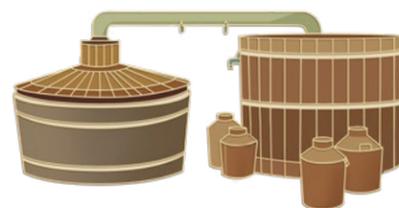
We have also established the 'Shuijingfang Intangible Cultural Heritage Revival Fund' to help the inheritance and development of intangible cultural heritage. The Fund is under the unified management of the China Foundation for Cultural Heritage Conservation (CFCHC) in accordance with the 'CFCHC Administrative Measures for Special Funds'. Ongoing work supported by the Fund includes: in the 'Lacquer Residency Programme', assisting with the completion of the 'Residency Handbook', which is used for the inheritance and teaching of lacquer art; inviting well-known designers at home and abroad to work locally and design more advanced and contemporary lacquer works; broadening the application of lacquer art and exploring more possibilities; helping improve the productivity of lacquer art and complete new equipment R&D; organising a slew of public education activities on intangible cultural heritage protection, such as philanthropy exhibitions, workshops and more.

Responsible drinking and healthy lifestyle for a Healthy China

14th Five-Year Plan proposed to improve health and wellbeing as a prioritized and strategic measure, the Healthy China initiative has to be thoroughly implemented with an emphasis on prevention. In patriotic health campaigns, we facilitate alcohol control. As for facilitate goal in building China a strong sports nation, the nationwide fitness-for-all campaign is rolled out to improve people's health.

Healthy China 2030 calls for efforts to promote a healthy lifestyle for all, and education on alcohol control will be intensified to control excessive alcohol intake and reduce alcohol abuse. To contribute to a Healthy China, Shuijingfang advocates and promotes responsible drinking. 'Responsible drinking. No alcoholism. Do not sell to consumers under the age of 18' is clearly indicated on all product labels and related communication materials. We also deliver special training on responsible drinking to distributors regularly. Meanwhile, we take an active part in promotion activities under the 'National Responsible Drinking Week' to raise consumers' awareness of a healthy lifestyle.

Shuijingfang also actively sponsors sporting events to encourage public involvement in the nationwide fitness-for-all campaign, and promote a healthy lifestyle. In 2021 we signed as the prestige sponsor of the Rolex Shanghai Masters, and launched the 'Shuijingfang Cup' city tennis tournament to popularise tennis culture. In active response to China's commitment to engage 300 million people in winter sports, we have become a strategic partner of the China Winter Sports to promote people's engagement and boost the development of winter sports.



Chapter I

Corporate governance -Improving governance capabilities and efficiency

Shuijingfang spares no efforts in building a corporate governance system and governance capacity. The Company's Party Committee encourages Party members to receive ideological education, and insists on leading the Company's business innovation and high-quality development with Party building activities, as required by superior authorities. We consistently strengthen the governance capabilities of the Board of Directors, and seek to enhance its leadership while ensuring its diversity and independence. Also, Shuijingfang strictly abides by national laws and regulations, continuously strengthens the compliance and internal control, and contributes to the Company's healthy growth through a rigorous anti-corruption and anti-unfair competition system.

- Party building
- Strengthened leadership to promote steady business growth
- Continued commitment to compliance and internal control
- Anti-corruption and anti-unfair competition regime
- Key Performance Indicators



Party building

The year 2021 commemorates the 100th anniversary of the Communist Party of China, as well as the inauguration of the 14th Five-Year Plan. Our Party Committee, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, gives full play to the leading role of Party building and promotes its integration with corporate governance, production, and operation, laying a solid organisational foundation for the Company's business innovation and high-quality development.

Ideological education and learning

xuexi.cn Learning Platform

We learn on xuexi.cn on a regular basis, at the notice of the higher-level Party committee, and as required by the Publicity Department of the CPC Central Committee, the Sichuan Provincial Committee, the Chengdu Municipal Committee and the Jinniu District Committee. Our Party Committee thus made active arrangements for each Party branch to organise Party members learning on the platform. A total of 157 Party members of the Company participated the study throughout the year of 2021, accounting for 97% of all Party members at Shuijingfang. The highest individual score was 33,305, ranking eighth among 27 Party organisations at the same level in terms of participation.

Chengdu's e-learning platform for pioneer Party members

According to the notice from the Organisation Department of the Chengdu Municipal CPC Committee, the Company's Party Committee organised 280 Party members, including both serving and retired employees, to participate in the learning activities on Chengdu's e-learning platform for pioneer Party members. On 30 November 2021, the learning and assessment objectives required by higher-level Party organisations were fulfilled ahead of schedule and all the Party members completed online compulsory courses. All our Party members participated in the study and passed the assessment. They received 1,789.2 hours of online training and 9,861 hours of offline training, totalling 11,650.2 hours.

Alleviate employees in need

In response to the call of CPC Committees at all levels, our Party Committee insists on addressing actual difficulties of the majority of employees, and consistently provides support to employees in need. In the whole year of 2021, the Party Committee offered hardship (disease) subsidies to 50 employees, visited hospitalised employees for 25 person-times, and distributed study-aid grants to 21 employees' children.



Strengthened leadership to promote steady business growth

Shuijingfang's Board of Directors takes the lead in information disclosure, has frequent dialogues with investors and engages in investor relations management. At the same time, it further improves the cash dividend mechanism to protect investors' rights and interests. The Board is also committed to improving corporate governance capabilities, taking on management responsibilities, and growing into a more diversified and independent organisation, in a bid to safeguard the legitimate rights and interests of the Company and all shareholders.

Establishing a well-defined organisational structure and guaranteeing standardised operations

Shuijingfang has established a sound corporate governance structure and a shareholder rights protection system in strict compliance with the 'Company Law', the 'Securities Law', the 'Corporate Governance Guideline for Listed Companies', the 'Rules Governing the Listing of Stocks on Shanghai Stock Exchange' and other applicable regulations.

The General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management at Shuijingfang have well defined powers and responsibilities and work under checks and balances with each other. There are special committees set under the Board of Directors, and each special committee operates as per applicable rules and regulations on corporate governance and internal control, to properly protect the rights and interests of shareholders and the Company's compliant growth.



Promoting information disclosure and active communication with investors

The Board of Directors at Shuijingfang is actively engaged in information disclosure and investor relations management, communicates with investors through multiple channels and levels, optimises the dividend system to reward shareholders, so as to properly protect the legitimate rights and interests of investors.

The persons in charge are organised to study the 'Regulations on Internal Reporting of Material Information', 'the Internal Reporting Procedure for Material Information' and the 'Management Regulations on Information Insider Registration', so that the Company can disclose relevant information in a timely, accurate and complete manner in the event of significant incidents. Through the formulation and publicity of information disclosure regulations, we have effectively raised the information disclosure awareness of Shuijingfang's directors, supervisors, senior management and other relevant personnel, and enhanced information disclosure and transparency at Shuijingfang. Taking the lead in information disclosure, in 2021 our Board of Directors compiled and published a total of **131** periodic reports and interim announcements, and prepared and submitted a total of **147** documents to the Shanghai Stock Exchange for filing.

Highly concerned with the interests of shareholders, the Board of Directors at Shuijingfang proactively manages investor relations and communication with investors through multiple channels and levels, to answer questions from investors regarding corporate governance, development strategies, sales markets, and overseas investment.

Throughout 2021, the Board of Directors' office answered **200** phone calls from investors, answered **84** questions on sns.sseinfo.com - a communication platform operated by the Shanghai Stock Exchange, held two General Meetings of Shareholders, received **129** institutional investors, individual shareholders and financial media representatives, and answered **30** questions from them. The Company held a total of five regular reporting and communication teleconferences for investors in the year, with a total of **1,370** investors attending the meetings online. Shuijingfang's CEO, CFO and Secretary of the Board of Directors attended all the five meetings, taking the initiative to explain the Company's performance and financial results to investors and answer their questions right after the results were disclosed.



Shuijingfang's General Meeting of Shareholders on 8 June 2021

Participating in corporate governance and improving management capabilities

Our Board of Directors pays great attention to corporate governance. It proactively holds internal meetings, participates in decision making, and performs its due management responsibilities. Meanwhile, Shuijingfang also develops the management capabilities of the Board of Directors by delivering regular training management capability to further improve corporate governance.

As a driving force for corporate governance and performance growth, the Board of Directors participates in corporate governance and performs management responsibilities by holding several internal meetings. In 2021, Shuijingfang held a total of two General Meeting of Shareholders, 19 meetings of the Board of Directors, and nine meetings of the Board of Supervisors (details of the meetings are set out in the table below). A total of 30 motions regarding topics such as share buyback, employee stock ownership plan and board elections were reviewed and approved at the meetings, besides 16 regular motions including periodic reports, profit distribution schemes and daily connected transactions.

Meeting Channels	General Meeting of Shareholders	Meeting of the Board of Directors	Meeting of the Board of Supervisors	Meeting of the Strategy Committee	Meeting of the Nomination Committee	Meeting of the Remuneration Committee	Meeting of the Audit Committee
Online meetings	0	17	8	0	5	5	2
On-site + online meetings	2	2	1	3	0	1	2
Total	2	19	9	3	5	6	4

Breakdown of internal meetings held by Shuijingfang's Board of Directors in 2021

The Board of Directors values the development of its own management capabilities as well. It regularly organises themed training for the Company's management. The Board of Directors' office has compiled learning materials, and delivered three training sessions via email to all directors, supervisors, senior executives and key persons from the Finance Department.

On 29 March 2021, some directors and senior executives attended the online training organised by the Sichuan Securities Regulatory Bureau on the 'Administrative Measures for Information Disclosure of Listed Companies (Revised Edition in 2021)'. It helped enhance our management's awareness and capacity of information disclosure. On 7 May 2021, some directors and senior executives participated in the 'Sichuan Listed Company Governance Training' delivered by the List Company Association of Sichuan, which improved the corporate governance capabilities of managers at Shuijingfang. After the conferences, the Board of Directors' office prepared study materials, and promoted the learnings among all management personnel of the Company via email for three times.



Enhancing diversity and independence

Committed to diversity, Shuijingfang fully considers gender diversity in the nomination process of the Board of Directors and the Board of Supervisors. Ms. Feng Yuan served on the Board of Directors as an independent director. During her tenure, women accounted for 1/8 on the Board of Directors, and Ms. Feng also served as the convener of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. Due to the termination of tenure, she no longer took any responsibility from 7 June 2021 in accordance with applicable regulations. There are now two females on the Company's Board of Supervisors – Ms. Tanya Chaturvedi (non-employee representative supervisor) and Ms. Jiang Hong (employee representative supervisor), i.e., women now account for 2/3 on the Board of Supervisors.

Shuijingfang attaches importance to building the independence of the Board of Directors. We guarantee the independence of the Board of Directors in strict accordance with laws and regulations from three aspects: the election of board members, the composition of board members, and the operation of the board. During the election of board members, Shuijingfang insists that the power of the Board of Directors is authorised by the vast majority of shareholders. The election of the current (10th) Board of Directors has been reviewed and deliberated at the General Meeting of Shareholders, with an approval rate of over 98% among the shareholders present.

Concerning the composition of the Board of Directors at Shuijingfang, there are three independent directors out of all the eight directors. Each professional committee under the Board of Directors includes independent directors and all the board meetings were participated by independent directors. The three independent directors are professionals in finance, law and investment, respectively. Harnessing their professional expertise, they put forward reasonable suggestions for the Company's operations and development and offer independent opinions on relevant matters reviewed by the Board of Directors, to guard the legitimate rights and interests of the Company and all shareholders. Shuijingfang pays special attention to maintaining the independence of the Audit Committee. The 'Implementation Rules of the Audit Committee under the Shuijingfang Board of Directors' stipulates that independent directors should be the majority in the Audit Committee. Now 3/4 of the members Audit Committee are independent directors.

The Company's major shareholders and actual controllers strictly follow the code of conduct specified in the 'Guideline for the Conduct of Controlling Shareholders and Actual Controllers of Listed Companies'. They refrain from interfering with personnel, assets and financial decisions at Shuijingfang, and ensure the independence of the Company's departments and their operations. At the same time, Shuijingfang also endeavours to ensure that the Board of Directors, the Board of Supervisors and internal departments can operate independently.



Continued commitment to compliance and internal control

Shuijingfang continues to improve its internal control and management procedure, and makes sure all risks are well controlled in a timely manner through 'three defensive walls' – the Business Management Department, the Internal Control and Legal Department, and the Internal Audit Department and the Audit Committee. Guided by the principle of 'doing right things from the start', we promote and train employees on the Company's business code of conduct and support compliance policies both offline and online, with an aim to continuously raise compliance awareness and enhance compliance culture.

Observing laws and regulations

Dedicated to operations compliance, Shuijingfang pays attention to national laws and regulations as well as internal system construction, actively promotes system implementation, operates in strict compliance with the law and carries out internal review and processing.

The Company monitors the latest developments related to the 'Law Against Unfair Competition', the 'Anti-Monopoly Law', the 'Personal Information Protection Law', the 'Trademark Law', the 'Advertising Law', the 'Law on Work Safety', the 'Food Safety Law', and the 'Data Security Law', among other legislations. The Board of Directors pays special attention to the 'Company Law' and the 'Securities Law' – especially after the new 'Securities Law' came into force in 2020, Shuijingfang made timely adjustments to the Company's management regulations, taking the initiative to assume more responsibilities and share more risks.

Shuijingfang values internal compliance, and has hence prepared a business code of conduct and critical supporting policies, which are reviewed and updated every year. They include rules and regulations on personal information protection, intellectual property management, anti-bribery, anti-money laundering, anti-unfair competition, anti-monopoly, and many other aspects. Meanwhile, we pay continued attention to laws and regulations and ensure the internal system to keep updated in time.

Shuijingfang seeks to raise employees' compliance awareness. In 2021 the Company organised 140 planned and unplanned training and publicity activities on key policies in various forms, including anti-bribery, anti-money laundering, anti-unfair competition, anti-monopoly, marketing, information security, occupational health and other aspects, covering topics such as 'personal information protection', 'third-party partner compliance', 'integrity on holidays and festivals' and 'responsible drinking'. In addition to all kinds

of publicity events, the Company also organised a round of comprehensive compliance learning and, upon completion of the study, initiates an annual compliance certification in which the employees commit to fully fulfilling their compliance responsibilities during the year by submitting the Company an 'Annual Compliance Confirmation Letter'.



Furthermore, the Company has appointed compliance ambassadors to motivate employees to put compliance culture into practise. These compliance ambassadors are from different departments and positions, and serve as pioneers in compliance management. Each month the Department of Compliance holds a meeting on different topics, such as training and learning of corporate policies and regulations, introduction of risks, on-site discussion of latest compliance cases, sharing of compliance progress at Shuijingfang, and collection of compliance advice from all departments. After the meetings, the compliance ambassadors bring the key takeaways to their departments, while promptly communicating important compliance news, answering compliance questions from departments, and assisting in regulation interpretation.

In July 2021, Shuijingfang launched the Compliance Culture Column, where employees can have real-time access to policies, quickly search for compliance consultation and complaint channels, and participate in compliance activities. The Column also sends interesting compliance-related content to employees from time to time to enhance their interest in compliance learning.

Shuijingfang Compliance and Ethics Day
Case

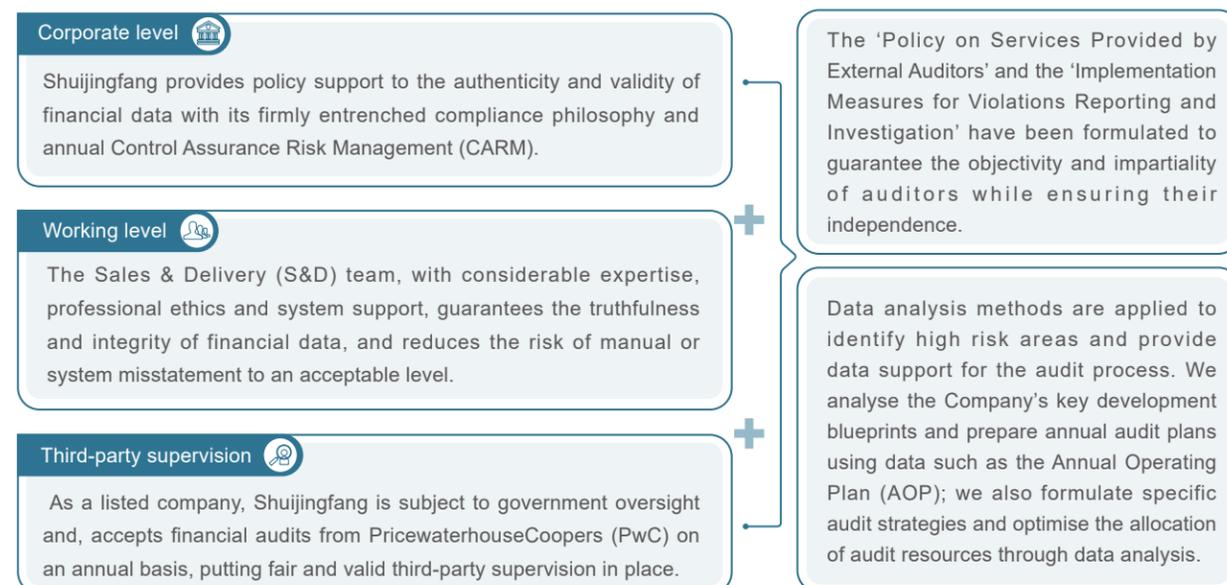
In 2021 the Company held the 'Knowledge Contest on Conflict-of-Interest Prevention', the 'Compliance and Ethics Day', and the 'Compliance Ambassador Recruitment', among other events. In particular, the 'Compliance and Ethics Day' took place in December 2021, lasting 6 days, with more than 600 employees participated. With the theme of 'Get a Compliance Passport and Travel the Compliance World', the event set up several interesting interactive activities, such as watching compliance movies, mini-games and other fun interactive sessions designed to allow staff to enhance their understanding and memory of compliance policies in an interactive manner.





Authentic and valid internal audits management

Internal audit procedure is extremely important to Shuijingfang. Through strict system building and active system training, we adhere to the audit principles and strive for the authenticity and validity of audit results.



Anti-corruption and anti-unfair competition regime

In strict compliance with national laws and regulations, Shuijingfang has established an internal anti-corruption and anti-unfair competition system, and provides the related policy training. We have also set up internal and external monitoring and reporting channels as a supplement to the Company's anti-corruption and anti-unfair competition system.

According to law enforcement and business development, Shuijingfang regularly trains compliance ambassadors from all departments on anti-bribery, anti-money laundering, anti-unfair competition and anti-monopoly policies. Meanwhile, we also continuously follow up the newest developments in national laws and regulations, and actively participate in government-organised policy publicity. On 6 May 2021, Shuijingfang attended reminding sessions on anti-monopoly laws, regulations and policies targeting liquor makers in Sichuan, held by the Sichuan Provincial Administration for Market Regulation. It provides further policy theoretical preparation for Shuijingfang's compliance.



Shuijingfang anti-bribery and anti-money laundering policies
Case

- Our anti-bribery policy stipulates**

 1. The Company and its employees are prohibited from offering or accepting bribes, either directly or indirectly.
 2. Neither the Company nor its employees may directly or indirectly provide, offer or promise to provide any cash and its equivalents or other property-like benefits to a third party for the purpose of obtaining or retaining any commercial benefits or advantages for the Company.
 3. The Company and its employees may not directly or indirectly induce or encourage others to violate this policy.
 4. The Company and its employees may not solicit or accept cash, its equivalents and other property-like benefits from others in the name of the business.

In practise, the Company has strict management procedures in place to ensure that itself and its employees behave compliantly. Violations, once found, will be dealt with seriously with applicable policies.

- Our anti-money laundering policy stipulates**

In no cases shall the Company and its employees participate in or carry out any money laundering activities. Before reaching formal partnership, the Company will make identity authentication to business partners and avoid receiving suspicious payments. Meanwhile, the Company in principle does not accept payments from non-partners or large cash payments. In practice, all partners are required to go through due diligence; for partners found with potential risks, we will make further verification to eliminate risks or take appropriate risk control measures.



Shuijingfang has drafted the 'Implementation Measures for Violations Reporting and Investigation', and widely publicised the Company's compliance mailbox and hotline, as required by anti-bribery laws and regulations, including the eight provisions of the Political Bureau of the 18th CPC Central Committee. In 2021, we received a certain number of complaints from customers and suppliers, demonstrating that the Company maintains an open reporting channel. Upon investigation, the management is urged to analyse root causes, make up loopholes in the procedures and enhance the Top to Tone compliance philosophy to ensure 100% management commitment to compliance so that employees to be well aware of its importance, thereby contributing to the Company's long-term development.

🔍 'Implementation Measures for Violations Reporting and Investigation of Sichuan Shuijingfang Co., Ltd.'
Case

- Encouraging whistleblowing

Adhering to Shuijingfang's culture of 'compliance, legality and rationality', the Company has established and enforced an effective corporate compliance supervision mechanism. Line managers, the Human Resource Department, the Department of Compliance, Control and Risk Management, the Legal Department, the Internal Audit Department, the independent third-party whistleblowing hotline and the independent whistleblowing mailbox, among other channels, are set up to encourage employees to report in writing any concerns, questions, potential or *de facto* violations at work.
- Protecting whistleblowers and whistleblowers

In the process of whistleblowing and investigation, the Company keeps all sensitive information such as whistleblowers, investigators, interviewees, witnesses, contents of the case, investigation procedures, and Information documents strictly confidential and share them on a have-to-know basis. Also, we ensure that decisions are made with the help of the right leadership experience and expertise, and that whistleblowers are properly protected from retaliation.

At the same time, we follow the principle of presumption of innocence before the investigation is concluded. Investigators and related persons may not disclose any information related to the investigation and shall control the scope of information access and circulation, so as to protect the basic rights such as equality, esteem, and dignity of the persons under investigation.
- Improving the handling procedures for material violations and crimes

Where an employee is finally found with violations, which may involve a serious crime such as bribery, corruption, money laundering, unfair competition, monopoly, or insider trading, the investigation team shall submit the 'Investigation Report' to the Internal Audit Department, which will report to the Board of Directors or the Board of Supervisors. Then decisions are made or emergency measures are taken in accordance with laws and regulations.



Key Performance Indicators

Indicator (unit)	Data in 2021
Number of fines, penalties, and warnings for violating regulations on product service information and labelling	0
Number of fines, penalties, and warnings for violating laws and regulations on marketing and promotion (including advertising, sales promotion, and sponsorship)	0
Number of complaints for validated violation of customer privacy	0
Number of validated leakage, theft or loss of customer data	0

Indicator (unit)	Data in 2021	
Anti-competition, anti-monopoly, anti-corruption and more	Number of lawsuits involving anti-competition, anti-trust and monopolistic practices, and corruption	0
	Percentage (%) of anti-corruption policies and procedures submitted to the Board of Directors, the Compliance Management Committee and the Audit Committee	100
	Number of incidents by which employees were fired or disciplined for corruption	0
Percentage (%) of employees who have received anti-corruption training		100
Percentage (%) of members of the Bboard of Directors and the Administration Committee who have received anti-corruption training		100
Amount (RMB 10,000) and number of fines arising from the Company's violation of environmental, social and economic laws and regulations, as well as product-related violations		0
Consumer safety and health	Number of violations of health and safety regulations for customer products and services	0
Violations	Number of labour disputes submitted, handled and resolved through formal appeal mechanisms ²	1



Note 2: The Company won the case in labour arbitration.

Chapter II

Responsibility for products – Pursuing higher quality, better experience

Product quality is crucial to consumers' health for the food and beverage industry, particularly in the alcohol sector. Shuijingfang attaches great importance to the safety and compliance of the production process, and is committed to providing consumers with premium products and services. We advocate responsible drinking, protect consumers' legitimate rights and interests and information security, and continue to promote the inheritance of traditional skills, as well as industry innovation and development.

- Legality and compliance management of products and services
- Product quality management
- Responsibility for consumers
- Responsibility for the industry



Legality and compliance management of products and services

In terms of product and service compliance, Shuijingfang strictly complies with all laws, regulations and rules to put the concept of compliant operations in place. Besides the 'Civil Code of the People's Republic of China (PRC)', we stay updated on and strictly comply with the 'Law on Work Safety', the 'Food Safety Law' and the 'Product Quality Law' to fulfil our product liability. As for consumers, we follow the 'Law on the Protection of Consumer Rights and Interests', the 'Advertising Law', the 'Personal Information Protection Law' and the 'Data Security Law'. Regarding to the industrial accountability, we abide by the 'Law Against Unfair Competition', the 'Anti-Monopoly Law', as well as the 'Trademark Law', the 'Patent Law' and other intellectual property regulations.

Product quality management

From the initial product design to the final product delivered to customers, Shuijingfang is committed to maintaining high-quality standards throughout the process to safeguard and develop our brand reputation. This is the key to Shuijingfang's continued success, as well as a shared responsibility of every employee.



In terms of quality control system construction, while adhering to the traditional production process, Shuijingfang relies on modern technology and puts forward higher requirements on product quality, aligning with the international standards in terms of quality and safety of Baijiu. The Company invests annually to continuously improve product testing capacity and has established a fully functional Shuijingfang testing centre, covering raw materials, packaging materials and production processes. All testing indicators of finished products, including food safety indicators, are carried out batch by batch to ensure that each batch meets the relevant national standards. Moreover, Shuijingfang has formulated internal control standards by complying with the requirement of other major countries around the world. Therefore, the adoption of the dual domestic and international standards has become a highlight of our quality control. Shuijingfang is also the first in the Baijiu industry to adopt both domestic and international distilled spirits standards. Championing the tenet of quality and food safety first, the Company continuously strengthen the efforts in quality and food safety, creates the first online quality inspection for the production of Baijiu in the industry, which strengthens the control over product quality in the production process through the online recording of key production parameters. By doing so, we are committed to providing customers with products applying the highest quality standards in the industry.

We have established a quality and food safety management system (Hazard Analysis Critical Control Point, HACCP) as per GB/T 19001, GB/T 27341 and other standards. The 'Quality Policy of Sichuan Shuijingfang Co., Ltd.', the 'Intellectual Property Management Regulations of Sichuan Shuijingfang Co., Ltd.', the 'Information Management Regulations' and other internal policies are formulated to regulate our R&D and production activities. Also, there is whole-process traceability management and an effective crisis management procedure in force.

Case

'Quality Policy of Sichuan Shuijingfang Co., Ltd.'

Shuijingfang understands that quality is at the heart of a brand and is hence committed to delivering customers with the greatest quality, services, and value in the industry. The 'Quality Policy of Sichuan Shuijingfang Co., Ltd.' has imposed specific requirements for quality improvement in all aspects from suppliers to consumers, from product design to production, in a bid to fulfil our quality goals – maintaining compliance, meeting customer needs and consumer expectations, and protecting brand reputation.

Case

'Quality Policy of Sichuan Shuijingfang Co., Ltd.'

- Brand and reputation** We use packaging materials, packaging design and Baijiu formulation in line with brand value and reputation and insist that quality precedes gross profit;
- Quality of packaging materials** Packaging materials are required to be safe and properly tested to ensure that they are compatible with liquid components and their functional properties are suitable for the supply chain journey;
- Food safety and compliance** We ensure shelf life is labelled in a compliant and accurate manner; assess the safety risk of products each year and attach tracking codes to them and strictly select manufacturers that are certified by internationally recognised food safety standards;
- Production and distribution** We make sure that all raw materials, processing aids and packaging materials are sourced from reputable and approved suppliers; we use safe production equipment that is compatible with raw materials and products; we set key quality indicators and parameters for all production sites and equipment; we control the release and disposal of non-compliant products; we properly package and protect products to ensure their intactness during transport and storage;
- Response to customers' product quality inquiries** We have set up a communication and response mechanism with customers to timely respond to all parties' concerns and expectations on product quality;
- Design quality and product change control** Design quality and product change control: Design quality must conform to global standards, procedures and principles. Any significant change to products (raw materials, ingredients or finished products) must be documented and authorised using the Gates process. The level of authorisation should be aligned with the potential risk in terms of likelihood of failure and potential business impact.
- Crisis management** We have set up an effective crisis management procedure and established a complete 'Product Recall Process' and related measures.

To fulfil the responsibilities of an enterprise and guarantee food quality and safety, Shuijingfang has signed the 'Food Producer's Quality and Safety Commitment Letter', promising to the government and public to produce and operate under national laws and regulations and take on the responsibility for food quality and safety. We carry out rigorous incoming inspection over ingredients, food additives and food-related products, manage the use of food additives, exercise strict control over the production and delivery inspection and recall of products for compliance.



In 2021, Shuijingfang participated in the Quality Month organised by the China Association for Quality Inspection, and won the titles of 'National Trustworthy Enterprise in Quality' and 'China's Top 100 Trustworthy Enterprise in Quality Inspection'.

Responsibility for consumers

Shuijingfang aspires to protect the legitimate rights and interests of consumers in all aspects. As a Baijiu company, we're highly concerned about public health, encourage rational drinking, and object to misconducts such as alcoholism, drunk driving, and underage drinking. A variety of consumer activities are launched to enhance consumer experience and strengthen brand bond. In the meantime, we strictly abide by all laws and regulations, protect consumer privacy, and comply with responsible marketing rules.

Note 3: The Gates process is a project management technique in which a project is divided into distinct stages, separated by decision points. It can help the company decide whether to pursue a project, prioritise and screen potential ones, and allocate limited resources to the most desirable project. The Gates process includes three main issues: quality of execution, business rationale and action plan.

Encouraging positive drinking

Shuijingfang puts high values on promoting rational drinking among the public. 'Responsible drinking. No alcoholism. Do not sell to consumers under the age of 18' is clearly indicated in the key visuals and extended materials used for our offline and online brand promotions, as well as all communication content. The Company's 'Marketing Code' requires the Sales Department to deliver rational drinking training to distributors every month. All sponsored events, communications, promotions, and tasting activities feature our rational drinking reminders or initiatives, and we provide chauffeur service for guests participating in liquor tasting.

From 3 to 10 December 2021, the National Responsible Drinking Week themed on 'Be responsible, no drunk driving' kicked off, organised by the China Alcoholic Drinks Association (CADA) and undertaken by the China Beverage Alcohol and Social Responsibility Conference (China SAO). Shuijingfang, as a member of the China SAO, was actively engaged in the event by calling on 384 stores to sign the '2021 White Paper on Drunk Driving Prevention in China', promoting related concepts, distributing posters and brochures. These efforts allowed more consumers to understand the meaning of 'Be responsible, no drunk driving'.

Enhancing consumer experience

Shuijingfang is dedicated to strengthening brand value and creating a better and more cost-effective consumer experience. We have launched consumer activities such as tasting events, brand roadshows, tennis tournament sponsorships, tennis clubs and the member club Shi Wang Hui to strengthen the bond between consumers and the brand. In the second half of 2021, we enhanced consumer experience and community building by organising tasting events, supporting the establishment of 5 tennis clubs in Shenzhen, Shanghai and Chengdu, and founding the Shi Wang Hui for loyal consumers. As part of its commitment to a quality lifestyle, the Company has launched a variety of sports and fitness programmes, allowing every consumer to live a high-quality and healthy life.



Shuijingfang's Tennis Club

Service commitment and consumer rights protection

The Company set up the Shuijingfang call centre in January 2019, and the customer service specialists adopt the manual acceptance and response to provide various consultation services such as product authentication, quality complaints, purchase agency, price inquiry, nationwide product code scanning, catering for consumers, outlet customers and salesmen through the hotline, WeChat account, Yue Fang Hui mini-programme, Ying Xiong Hui App, Yi Bai Fang App, Yi Dong Xiao App and other platforms, and make effective responses within 30 minutes of receiving the complaint problems and reply the processing results within 3 working days.

Step	Position/Department	Description
1	Consumer	Collect consumer information and product information
2	Customer Service Specialist	Fill in product information and consumer information generate an authentication work order
3	Head of Market Supervision	Preliminarily assess the authenticity of the product based on photos
4	Head of Market Supervision	Inform customer service personnel of the assessment result via the work order
5	Customer Service Specialist	Transfer the work order to the Quality and Safety Department, and meanwhile inform the consumer to send the product back to the Company for physical authentication
6	Quality and Safety Department	Quality and Safety Department gives an opinion on whether there is a quality problem. Y: Communicate with the consumer on compensation N: Send the product back without compensation
7	Customer Service Specialist	Customer Service Specialist informs the consumers of the assessment result and compensation plan by phone

Shuijingfang's product authentication and quality complaint process

In 2021, the Shuijingfang Call Centre answered a total of 5,763 calls, handled 35,682 online inquiries, and completed 1,233 follow-up calls. In 2021, we received a total of 133 work orders for product authentication, 27 quality complaints, 22 of which were about leakage, 4 about foreign matters in bottles, and 1 about inconsistent coding. Upon assessment, the Quality and Safety Department has found the causes (mainly for leakage from bottle caps, long-time storage, wet storage environment, suspected reverse placement, poor cleanness of caps and bottles, foreign matters in the liquid, etc.), and suggested 1:1 replacement of the same product, through communication and coordination between customer service staff and consumers, consensus were finally reached, and all complaints were handled.



Protecting consumer privacy

Shuijingfang strictly complies with the 'Personal Information Protection Law' and other applicable national laws and regulations and has developed and enforced the 'Personal Information Confidentiality Regulations', the 'Company Information Management Regulations' and other internal regulations. We follow personal data security guidelines and avoid collecting private data unless it is necessary. When it is necessary to collect customers' private data, we truthfully inform each customer of the collection scope, purpose, retention period and erasability of data under the 'Personal Information and Privacy Protection Policy of Sichuan Shuijingfang Co., Ltd.', and collect data only after obtaining the customer's consent and authorisation. We have strict rules for the retention period of private data and the data can be deleted at the request of users. The mini-programmes developed this year, including Shi Wang Hui, Tennis Club, Immersive Theatre Reservation and Shuijingfang Luxury Banquet, have all enabled users' data authorisation as required.

At the same time, systems are in place to encrypt data storage and transmission, and ensure that data is accessed within the minimal scope through rigorous permissions and notifications, so that customers' private data is not used beyond the authorised scope. For example, to work with us, a third party is required to sign a non-disclosure agreement and comply with Shuijingfang's 'Marketing Code' to secure users' personal data. All such data is stored in the Consumer Engagement Management (CEM) system, and sensitive data such as mobile phone numbers is stored as ciphertext. Operators do not have direct access to sensitive user data.

Responsible marketing

Shuijingfang's 'Marketing Code' specifies the terms and limitations must abide by in all the marketing activities that Shuijingfang participates in or organises, including but not limited to compliance with laws and regulations, adult solely targeted and rational drinking. It serves as a strong support for the brand to minimise all penitential risks in marketing and further strengthen our identity as a responsible marketer.

Control over marketing content

Adults are the sole target of Shuijingfang's alcohol marketing. During the content design and marketing activities, we work hard to avoid improper publicity and guidance for minors. We require that the actual and visual age of both the performers and characters featured in the Company's advertisements be over 25-year-old, avoid using elements that may induce minors in advertisements, and avoid placing offline advertisements near schools and other inappropriate locations. Also, media communication platforms and third-party online marketing platforms are carefully selected to prevent alcohol marketing from reaching underage populations to the maximum extent possible.

As an advocate for responsible drinking, Shuijingfang works with all stakeholders to promote rational drinking and resist the abuse of alcoholic beverages. To avoid inducing on alcohol abuse and excessive drinking, we refrain from presenting actions and scenes of excessive drinking in marketing efforts or using irresponsible terms in brand promotions. Reminders for responsible drinking are also included in commercials and attached to packaging following the law.

We provide explicit, truthful and neutral information on alcohol content to the extent permitted by law. In marketing campaigns, we avoid implying any functional or performance benefits of our products in the health, disease treatment, or diets, describing alcohol's role in improving social interactions and sexual appeal, or encouraging drunk driving and other unlawful and anti-social behaviours. We also consider the social and cultural impact of our marketing and prohibit any discriminatory content against gender, religion, ethnicity, race, nationality and disability groups in marketing.

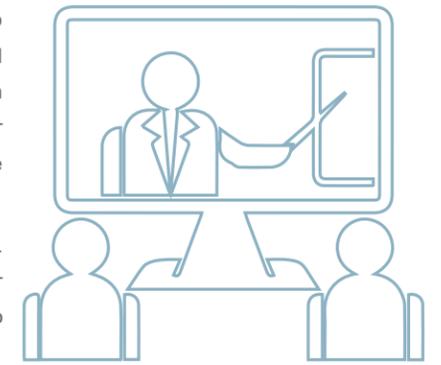


Compliance control over marketing campaigns

We adopt a review and approval procedure for marketing campaigns and examine related materials under the 'Marketing Code'. At the critical development stages of major marketing campaigns, we initiate an optimal workflow engaging senior executives from key departments.

Any criticism against the Company's marketing activities is immediately reported to Marketing Director to review the material in question and, if necessary, take remedial action to maintain our commitment to responsible marketing and self-discipline. When any consumers participating in our research are found to be drinking excessively or uncontrollably, we will promptly exclude them from the research or halt the part of the research in question.

Shuijingfang puts great efforts into the publicity and training of its 'Marketing Code'. Online learning courses of the Code are available for internal employees, while our core management departments are required to provide relevant training courses to external partners (such as the procurement department to suppliers, and the business



department to dealers; and the training content of the 'Marketing Code' is provided by the policy owner). When working with third-party partners on marketing, we will provide the partners with the 'Marketing Code' and require them to observe the Code in collaborative projects. Compliance with the 'Marketing Code' is also written into our contracts with marketing vendors.

Responsibility for the industry

Shuijingfang insists on inheriting traditional brewing techniques to establish a solid quality foundation; also, our scientific research team continues to explore technological innovation and promote the upgrading of production technology and product quality to generate unique competitiveness. We also act as a driving engine for the industry's digital innovation, by engaging all business departments in digital development and empowering the shared growth of the region, as well as the upstream and downstream partners of our value chain.

Inheriting traditional expertise

The traditional making techniques of Shuijingfang's Baijiu have been passed down from master to apprentice, upholding the spirit of craftsmanship and carrying forward the core skills in producing strong-aroma Baijiu. Many technicians of Shuijingfang are also serving as members of Baijiu evaluation committees at provincial and state levels.

- From April to July 2021, we conducted the research and compilation of the essence of the 'Shuijingfang Traditional Baijiu Distillation Technique', and trained the inheritors in the forms of seminars and training sessions, to ensure the inherited expertise to pass down from generation to generation.

- From July to August 2021, our front-line workers and technicians received professional training on Baijiu making skills through activities such as tasting samples of liquor on the market, and reading books and professional publications on production processes, so that they could better master and inherit the expertise in practise.

- From October to November 2021, to strengthen the promotion of Chinese traditional Baijiu culture, we visited and learned from industry-leading Baijiu makers to better exchange, study and inherit the traditional Chinese liquor making expertise.

- We have held many promotion and demonstration activities themed on the ‘Shuijingfang Traditional Baijiu Distillation Technique’, to facilitate the complete record and preservation of the Expertise’s development history, production process, technical features and master-specific characteristics.

Research and industry innovation

Shuijingfang has assembled a professional scientific research team to focus on conventional fermentation technology research, liquor formulation and R&D, post-processing, the study of the Baijiu manufacturing methods, and other forward-thinking innovation initiatives.

In terms of fundamental research, Shuijingfang has joined hands with top-notch research institutes such as the Institute of Microbiology, the Chinese Academy of Sciences, and the Chinese Academy of Agricultural Sciences on the study of Shuijingfang No. 1 Microflora, Baijiu fermentation microbiomics, Baijiu making mechanism and flavour composition. As for applied research, the company uses scientific monitoring methods to control the data of the Baijiu-making process and thus improve quality. By introducing advanced industrial robots and innovative flexible production lines, it has also renovated and upgraded its liquor filling workshop into an industry-leading modern filling plant.

Moreover, Shuijingfang values the fostering of professionals in scientific research and innovation and regards talent as a critical innovation component to be incorporated into its development blueprint. In 2021, Lin Dong, director of Shuijingfang traditional craftsmanship and the eighth-generation inheritor of the ‘Shuijingfang Traditional Baijiu Distillation Technique’, was selected as Industry Ecosystem Leader. In December 2021, Shuijingfang was certified as the ‘Enterprise Technology Centre of Chengdu 2020’, demonstrating its remarkable achievements in developing industrial technology, attracting and training innovative talents, and promoting full-process technological innovation.

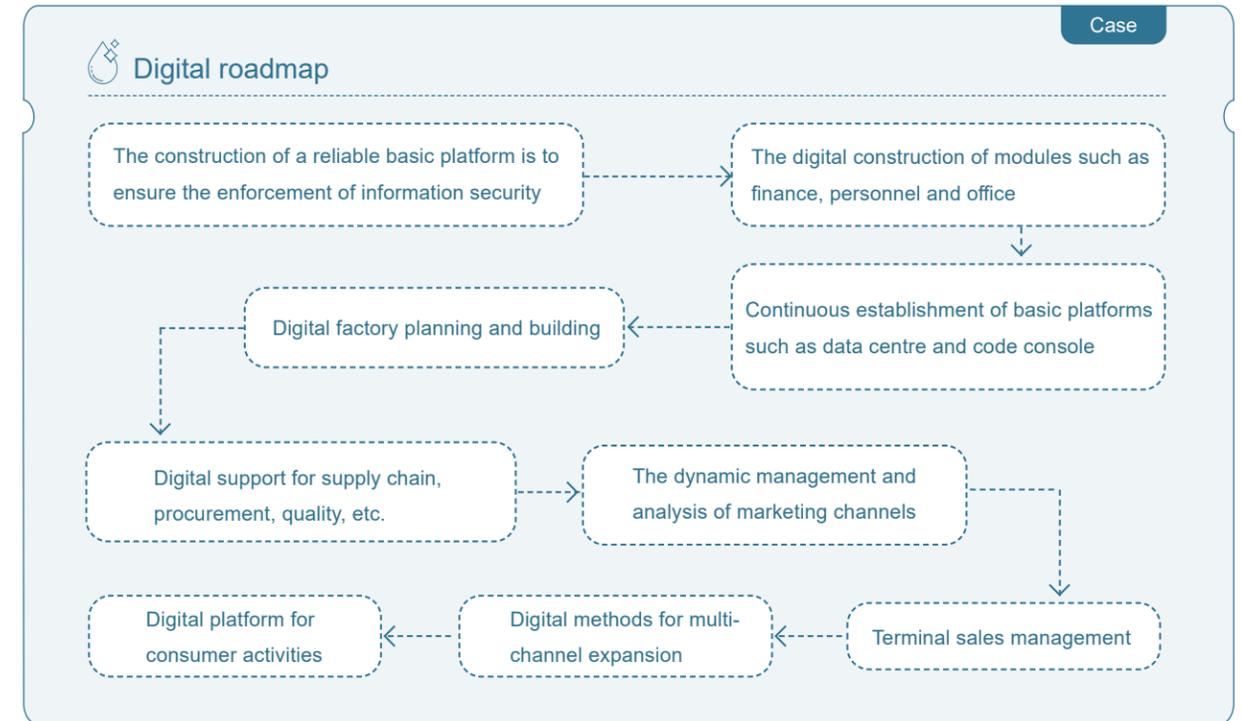
Digital innovation

Under its overall digital strategy, Shuijingfang has built reliable basic hardware, network architecture and security system, and developed an information security strategy as required by laws and regulations, digitalising the entire service process from production, warehousing, logistics, channels, distribution to consumption.



Our Information Service and Digitisation Department closely monitors the digital requirements of other departments and cultivates the digital thinking and capabilities of employees in various ways. It also offers applications, systems and a convenient workplace to support business operations. Through digital transformation, we have optimised our internal processes, improved work efficiency and provided suppliers and distributors with a reliable platform for digital channel management, digital marketing and data analysis, as an efficient and powerful tool for their business development.

Based on the national regulations and its internal policies, Shuijingfang requires a higher level of information security and supporting technical control methods. At the same time, continuous construction and improvement of systems such as digital factories, QR code consoles, consumers’ QR code scanning platforms, and unique product identification by QR code, while gaining recognition as a leading innovative company in the industry, has also validated Shuijingfang’s qualification for safe production and food safety oversight in terms of quality and traceability, boosting consumers’ trust in the safety of our products. Our digital factory construction has passed the Chengdu municipal acceptance examination for intelligent manufacturing, improving the digital manufacturing level of the Baijiu industry.



Empowering industrial innovation and leading regional development

As a leading enterprise in Chengdu, one of the four largest production areas of Sichuan Baijiu, Shuijingfang has always been actively driving the production area’s innovation and development, as well as fostering a Chengdu Baijiu industry cluster. In March 2021, Shuijingfang was honoured with the title of ‘Leader in the Modern Industrial System of Jinniu District, Chengdu’, becoming an indispensable growth pole and a new driving engine to help Chengdu propel high-quality development across the country. It is also the company’s concrete actions to contribute to the country’s decisive mission of ‘empowering Sichuan’.

Case

Joining hands with the industry to discuss the path of growth

On 8 April 2021, Shuijingfang Chengdu Forum - City and Baijiu Industry Development Summit was held in Western China (Chengdu) International Expo City. The forum invited industry leaders and experts for insightful interpretation and discussion on the development of Chengdu’s Baijiu industry from three aspects – industry, city, and brand. On the occasion, Chu Chun Ho, CEO of Shuijingfang, delivered a keynote speech titled ‘Symbiosis, Coexistence and Integration of Chengdu and Shuijingfang’, sharing Shuijingfang’s plan to take root in Chengdu and be a dynamic part of urban culture. At the same time, the Company was resolved to empower the high-quality development of the Sichuan Baijiu production area in Chengdu, and support Chengdu’s path towards an ‘International Consumption Centre’ and a ‘World-Class Park’.

Shuijingfang Chengdu Forum

Chapter III

Supply chain responsibility - Establishing a high- quality supply chain

Through a rigorous supplier entry and management mechanism, Shuijingfang incorporates suppliers' environmental and social contributions into the scope of assessment, and reviews their compliance and operations. We highly value the risk identification and management of suppliers, and are committed to helping suppliers improve in environmental and social performance and compliant operations through regular inspections and feedback. Shuijingfang persists in the connection between supply chain construction and regional development, using the influence of its supply chain to support the development of regional suppliers and industries. Teaming up with suppliers, it aims to create a high-quality and modern supply chain. At the same time, we have also strengthened the internal control over procurement through internal procurement policy training, facilitating the quality improvement of the supply chain.

- Supplier entry and management
- Supplier empowerment and development policy
- Empowering distributors
- Establishment of a high-quality and modern supply chain
- Promotion of supply chain management and control policies
- Key Performance Indicators



Supplier entry and management

Shuijingfang has set up a rigid supplier entry and management mechanism to evaluate the comprehensive capabilities of suppliers. Meanwhile, it regularly reviews suppliers' environmental and social risks, compliance performance and operating status, and employs a comprehensive supplier performance management system to maintain the stability of its supply chain.

Onsite supplier assessment

Prior to the formal partnership with suppliers of packaging materials and raw and auxiliary materials, a cross-departmental team will be formed by members from the Procurement Department, the Quality and Safety Department, the Environmental, Health and Safety (EHS) Department and the Technology Department to perform an onsite audit on the quality control system, supply system and social responsibility system. Suppliers will then be included into the List of Qualified Suppliers after passing the audit.

 <p>Assessment on quality</p>	<p>quality system, quality procedures, production process monitoring and control, finished product management, chemical residue and pollution control, product traceability, production process change control, new product introduction and engineering technology capability analysis</p>
 <p>Assessment on EHS</p>	<p>licences under regulatory requirements, management system, and EHS-related onsite management checkpoints</p>
 <p>Assessment on general capability</p>	<p>financial evaluation, investment willingness, social responsibility, cost control, logistics capability, contract review, planning model, order delivery, and R&D capability</p>

Onsite supplier assessment

Assessing and handling environmental and social impact

Step 1: Entry assessment on environmental and social impact

Suppliers' environmental and social contributions are an integral part of Shuijingfang's supplier entry and management mechanism. We require our suppliers to comply with local laws and regulations. During onsite audits, we will review their licences and environmental assessment results, and take comprehensive account of their performance in social responsibility, chemical residue and pollution control, EHS compliance and management, and EHS-related checkpoints. And the assessment results will be used as one of the bases for deciding whether or not to introduce a supplier. During cooperation, if any supplier is found with issues related to environmental compliance, Shuijingfang will consider terminating the partnership with the supplier as the case may be.



Step 2: Risk identification and handling

Shuijingfang has set up procedures for handling environmental and social violations of suppliers. It inspects and reports on suppliers' environmental and social responsibility performance on a regular basis, urging them to correct problems and encouraging them to proactively organise environmental management activities.

The Company follows the 'Shuijingfang Reliable Sourcing Process'. When a supplier of packaging materials, raw and auxiliary materials, promotional items, or facility services has reached a preset amount of supply, Shuijingfang will identify it as a key supplier (excluding intermediaries and traders), and invite SEDEX, an accredited third-party audit firm to audit the supplier's performance in labour rights, health and safety, environment, and business ethics.

We will require the supplier to prepare a correction plan for any unqualified items found in the audit, while reviewing the supplier's audit results every year. In 2021, over 50 key suppliers of Shuijingfang underwent SEDEX audits. The SEDEX audit policy will continue in 2022, urging suppliers to consistently make up for faults discovered during audits.



Case

 **Qionglai Project Team – Controlling construction organisations' environmental and social impact**

The Shuijingfang Qionglai Project Team has incorporated environmental and social performance into the evaluation of construction companies in order to meet the Company's stringent EHS criteria. The scoring sheet of each bid section includes LEED considerations, including a comprehensive evaluation of energy efficiency and environmental protection. At the same time, bidders are asked to present solutions to hazardous chemical management, sewage treatment, environmental and social implications in the evaluation of technical proposals. The resulting comprehensive scores are used to select the right construction organisations.

Case

 **Audit Department – Inspecting external audit firms' codes of conduct**

In the process of selecting and working with external audit firms, the Audit Department fully considers the alignment between suppliers and Shuijingfang in terms of codes of conduct. We evaluate suppliers on their industry reputation, auditors' authority and team professionalism, as well as the objectivity and independence of the audit process. Auditors' professional ethics – including honesty, independence, objectivity, impartiality and confidentiality – is also under examination.



Supplier compliance review and management

Shuijingfang pays close attention to the compliance and operation of suppliers, and enforces comprehensive compliance management over suppliers. When evaluating supplier candidates, we will inspect their company registration information, financial status, licences, and quality systems, and require them to sign a 'Confidentiality Commitment Letter'. Before the entry of suppliers' information into the procurement system, the Procurement Department will also initiate the Know Your Business Partner (KYBP) procedure to have a more thorough understanding of suppliers' operations and ensure that Shuijingfang's cooperation with them is within the compliant scope.

In the commercial contracts signed with suppliers, Shuijingfang requires them to observe national laws and regulations against bribery, corruption, and money laundering, Shuijingfang's Code of Business Conduct, and anti-assisted tax evasion clauses. We will terminate the cooperation with suppliers with violations as agreed in the contracts, and hold them accountable according to law for any losses incurred thereby.

Case

Control over chemicals procurement

The Procurement Department of Shuijingfang has made a list of qualified suppliers for the purchase of chemicals, to regulate the selection, development, assessment and evaluation of suppliers.

During chemical procurement, Shuijingfang also requests suppliers to present the Safety Data Sheet (SDS), safety label (one safety label for each SDS) and other safety data of chemicals (including hazardous chemicals), and ensure that chemical safety labels are affixed to the outer packing of all chemicals. When the chemicals are moved into warehouses after passing the acceptance inspection, we will verify their SDS. In case any product is not attached with an SDS or the attached SDS is unqualified, we will require the responsible supplier to make rectification and improvements within a prescribed term, and reject the product that has not completed the rectification after the term is expired.

When purchasing hazardous chemicals, the Procurement Department will check suppliers' business qualifications and request their 'Safety Production Licence for Hazardous Chemicals' or 'Business Licence for Hazardous Chemicals'. Suppliers of precursor chemicals are also required to present qualifications and certifications such as the 'Filing Certificate for the Production and Operation of Non-pharmaceutical Precursor Chemicals'.

Managing suppliers' comprehensive performance

Shuijingfang has prepared an annual performance management plan for suppliers in order to manage them in a more efficient and scientific manner and maintain the stability of its supply chain. The plan has specified performance targets and assessment criteria for key suppliers regarding quality, delivery, technology, and laws and regulations. With inspection results, Shuijingfang conducts the classified management toward key suppliers, and holds regular review meetings. Inspection results will also be returned to suppliers in real time, urging them to make continuous improvements. Suppliers with good performance are regularly rewarded, while those with poor performance and no improvement will be eliminated.

Shuijingfang is dedicated to the whole-process audit management of suppliers, and controls their product quality across the entire process of product delivery. After contracts are signed, we will conduct incoming inspection over each batch of packaging materials or raw and auxiliary materials from suppliers according to the terms of service and technical indicators agreed by both parties, and the materials will be received only after passing the inspection. If any product delivered by a supplier fails to meet the agreed technical indicators, Shuijingfang will reject it, and the supplier is required to make an exchange or refund.



Supplier empowerment and development policy

Shuijingfang makes good use of the influence cross its supply chain to empower suppliers and regional development. Through supplier training, we hope to improve suppliers' product quality and management capability, and achieve win-win development with them. Following the principle of nearby access to resources, we empower regional development while establishing a highly efficient supply chain.

Supplier training

To continuously optimise suppliers' product quality and management capability, Shuijingfang delivers quality and management training to suppliers. Since 2021, Shuijingfang has been training key suppliers on quality and lean production according to their respective demand, to support suppliers for quality improvement and win-win results. With lean manufacturing tools and techniques, we hope to help companies identify and reduce waste in the production process, improve product quality and boost productivity.

Training is delivered both online and offline. We hire lecturers from third-party consulting agencies to train suppliers offline, and offer follow-up online coaching according to the training outcomes. In 2021, Shuijingfang completed one offline training session and three online coaching sessions for selected key suppliers.

Every year, a compliance training session is organised by Shuijingfang's Procurement Department and related business departments for key suppliers in the Advertising & Promotion (A&P) category. The training covers personal information and intellectual property protection, four-anti policies (anti-bribery, anti-money laundering, anti-unfair competition, and antitrust), marketing rules and information security. In 2021, we delivered compliance training to a total of 131 A&P suppliers.

131

In 2021, we delivered compliance training to 131 A&P suppliers

Empowering regional development

Shuijingfang associates supply chain construction with regional development, using the influence of its supply chain to support the development of regional suppliers and industries. Following the principle of nearby procurement, it improves the flexibility and response agility of the supply chain, while offering commercial support to local businesses. In 2021, 80% of packaging materials and raw and auxiliary materials were procured from suppliers in Sichuan, calculated based on the purchase amount.

The Qionglai project under construction is planned to source raw materials locally after being completed and put into production. This is expected to have a significant impact on the development of the local planting industry and create more jobs in associated sectors. It will not only increase the per capita income of local farmers, but also drive local fiscal revenue as well as the development of related industries, and promote the supply-side reform on agriculture, which will bring substantial social and economic benefits.

80%

In 2021, 80% of packaging materials and raw and auxiliary materials were procured from suppliers in Sichuan, calculated based on the purchase amount

Empowering distributors

We're convinced that only the holistic and integrated development of the value chain will inject relentless momentum into the industry's long-term and consistent growth. Shuijingfang is actively involved in distributor empowerment by organising thematic training in key markets. We advised distributors to attend the market development training for foreign trade enterprises organised by the Sichuan Provincial Department of Commerce, the digital upgrade training by the Chengdu Enterprise Federation (CEF), the training on smart financial management amid the COVID-19 by the CEF, the cost decreasing and benefit increasing training by the CEF, the press conference for the Chengdu Top 100 Enterprises, and the press conference for the first batch of cross-border e-commerce industry belts. We also delivered sales skills training to the key sales contributors of distributors by the Route to Customer (RTC) system of Shuijingfang.

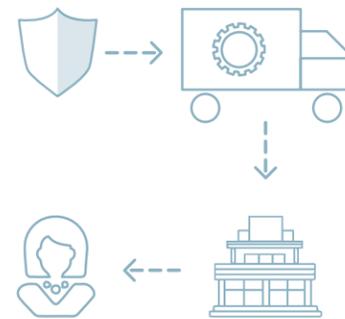
Establishment of a high-quality and modern supply chain

Shuijingfang is committed to building a high-quality and modern supply chain system, by pursuing the traceability of the supply chain while guaranteeing its quality and stability. Through the establishment of a digital system, we consistently promote the efficiency improvement and modernisation of the supply chain.

Improving the quality of supply chain

Aiming at a high-quality supply chain, we effectively identify risks and ensure a continued and stable supply to the market by establishing a mature and effective emergency response mechanism. In the meantime, we are also accelerating the construction of a suppliers' quality system, and improving the quality traceability of supplied materials and finished products through quality control over key stages.

Shuijingfang places a high value on supply risk assessment and management, and monitors the factors that affect market supply, to enhance its capability of continuous supply to market demand. It has set up a mature and effective public emergency response mechanism, which could identify risks and activate emergency plans to ensure the overall stability of the supply chain under regular pandemic prevention and control measures. Since the normalisation of epidemic prevention and control, an epidemic risk assessment mechanism has been in force to reduce the losses caused by the interruption of the supply of materials and services. It predicts risks and formulates emergency plans in advance by quantifying the impact of the epidemic on the supply of materials. Also, a monthly capacity review mechanism has been established by partnering with packaging material suppliers, which generates a capacity allocation plan among suppliers based on the risk assessment results. It ensured Shuijingfang's stable production in 2021.



Shuijingfang places importance on traceability of packaging materials and raw materials, as well as the establishment of a total quality management (TQM) system for suppliers. The TQM addresses key quality control scenarios such as incoming material inspection, in-process inspection and pre-delivery inspection, which raises the traceability of supplied materials and finished products. With regard to raw material procurement, while assuring quality and supply stability, the Company has never stopped exploring the path of grain traceability.

Building a modern and digital supply chain

Shuijingfang commits itself to modernising its supply chain by continuously optimising the supplier structure and improving the efficiency of the supply chain. It seeks to standardise the procurement processes and templates, and shorten the procurement cycle by means of supplier comprehensive comparison and annual contract signing, which greatly improves procurement efficiency. At the same time, supplier resources are under more refined management, where suppliers are analysed, classified and evaluated to optimise the supplier structure of Shuijingfang.



Shuijingfang is also active in the establishment of a digital system and supports a digital supply chain, for further improved efficiency. It has built a digital system and a data analysis platform covering all its workflows by developing reliable fundamental hardware, network architecture and security assurance under legal and compliant information security strategies. Joining hands with suppliers' technicians, Shuijingfang manages to digitalise its supply chain, procurement, quality control and other operations, improve productivity, and provide suppliers with a reliable digital platform, as a high-performance tool for their business growth.

Promotion of supply chain management and control policies

Shuijingfang invests great efforts in educating its employees on procurement policies. Through procurement policy training covering all employees, the Company ensures a reasonable and compliant internal procurement process, as well as sound supply chain management both internally and externally.

Shuijingfang trains all of its staff on procurement policies, covering category management, procurement process, comparison and selection principles, supplier selection methods other than comparison and selection, contract signing regulations, major forms of violation of procurement policies, procurement leaders and more. Besides quarterly training, additional training is available as required by each department. Training is delivered by email, on site, or through publicity assisted by compliance ambassadors, among other approaches. Throughout 2021, we organised 13 procurement policy training sessions for internal staff.

Key Performance Indicators

Indicator (unit)		Data in 2021
	Percentage of amount of purchase from local (Sichuan) suppliers of packaging materials and raw and auxiliary materials (%)	80
	Number of suppliers that have gone through environmental or social impact assessments	57
	Number of operation sites and suppliers using child labour or with material negative environmental and social impacts	0
	Number of quality and lean production training sessions for suppliers ⁴	4
	Number of compliance training sessions for suppliers	1
	Number of suppliers participating in compliance training	131
	Number of procurement policy training sessions for internal staff	13

Note 4: It includes one offline session and three online sessions

Chapter IV

Responsibility in the workplace - Growing with employees

Shuijingfang, firmly believing that talent is the primary driving engine for growth, is committed to providing fertile soil and sufficient nutrients for employee development. It places a premium on each employee's well-being. While building a platform for them to show their gifts, we also care about the health and rights of employees, pursue an equal and inclusive corporate culture, and help each employee grow and fulfil self-worth.

- To be a trusted employer through compliance management
- To be a desirable company with people-oriented mindset
- Key Performance Indicators



To be a trusted employer through compliance management

Shuijingfang abides by labour laws and regulations, respects diversity in the workplace, strives for an equal working environment, and promotes compliance culture, with the goal of becoming a respected and trusted employer.

Overview of employees

As Shuijingfang's business expands, the local human resources market and talent have become an integral part of the corporate strategy. We have established a healthy closed loop of talent with Shuijingfang characteristics in Central and Western China, thanks to the unique industrial environment and local talent support and development strategies there. Shuijingfang had **1,565** employees by the end of 2021, including 147 part-time employees, and the total recruitment in 2021 was **365**. The automated factory newly built in Qionglai plans to recruit more than 500 employees after being put into operation, and over 100 have been confirmed to be hired by the end of 2021. It has increased the demand for talent in the local and surrounding regions, and even across Central and Western China, and stimulated the activity and capacity of the labour market, powering regional development and employment.

1,565

employees in total by the end of 2021

365

new recruitment in 2021

Creating an equal and inclusive workplace

Shuijingfang strictly follows the 'Labour Law of the PRC', the 'Labour Contract Law of the PRC', the 'Trade Unions Law of the PRC', the 'Special Rules on Labour Protection for Female Employees' and other laws and regulations. Policies on human resources have also been drafted in accordance with the law, including but not limited to the 'Employee Discipline Policy', the 'Guideline for Preventing Conflict of Interest', the 'Employee Protection Policy' and the 'Employee Drinking Policy', as active efforts to build an equal and inclusive workplace. Shuijingfang prohibits the use of child labour, forced labour, and any behaviour that harms employees' dignity in the workplace. Also, the Company enforces special protection for female employees pursuant to national regulations, never tolerates harassment or sexual harassment, and protects the legitimate rights and interests of employees according to the law.



Shuijingfang encourages employees to participate in democratic decision-making, management and supervision.

A total of **seven** workers' congresses were held throughout the year of 2021, where the formulation and revision of policies of employees' vital interests were discussed, such as the 'Shuijingfang Employee Protection Policy', the 'Employee Drinking Policy', the 'Smoke-free Safety Management Regulations' and the 'Regulations on Personal Information Protection'.

Shuijingfang is committed to building up a work environment that allows every employee to discuss and work freely and comfortably.

In 2021, Shuijingfang continued to enforce the 'Employee Protection Policy' and the 'Dignity at Work Policy'. We promote the harmony and stability of employee relations, respect equality and differences, and endeavour to create a safe and friendly workplace where all employees are treated equally, and with dignity and respect.

To be a desirable company with people-oriented mindset

Shuijingfang knows well that talent is a source of vibrancy, as well as a key to business growth. Bearing in mind the People-oriented concept, we stay focused on employees, listen carefully to their voices, improve their health, promote their development and seek welfare for them, so as to become a company that employees admire and feel attached to.

Listening to employees' voices

Shuijingfang makes continuous efforts to improve employee satisfaction.

Every year we launch a company-wide YourVoice survey, which involves the Net Promoter Score (NPS) of products and brands, employee training and career development, work culture and environment, business priorities, goals and keys to excellent performance. Survey results are made public across the Company, with action plans for improvement to be discussed in each department. The action plans will be followed up in real time, and adjustments will be made in a timely manner.



Occupational health and safety

Well-established management structure and regulations

To improve occupational health and safety management and provide a safe and secure workplace for employees, Shuijingfang has established an EHS management system with reference to national laws, regulations and standards. An organisational structure of management is also established, which is composed of CEO, Chief Production and Operating Officer, responsible persons of each functional module, the EHS Management Department and employees. A total of 13 indicators including fire accidents, explosion accidents, fatal accidents, work-related injuries, lost working hours, occupational diseases, and training rate are incorporated into the assessment scope of EHS management and control objectives. These indicators also serve as a basis for employees' annual KPI appraisal, with direct impact on their salary adjustment and year-end bonus.

Led by the management team, Shuijingfang has determined the responsibilities of all departments and prepared occupational health management and control regulations. They include, the 'Regulations on Occupational Hazard Notification', the 'Regulations on Occupational Hazard Training', the 'Management Regulations on the Recruitment, Dismissal and Transfer of Positions with Occupational Hazards', the 'Regulations on the Detection of Occupational Hazardous Factors', the 'Management Regulations on Personal Labour Protective Equipment', and the 'Guideline for the Recruitment, Dismissal and Transfer of Employees Involving Occupational Hazardous Factors'. These regulations constitute a system that covers all regular and outsourced employees and secures strong support for their occupational health and safety.

Rigorous regular audit

To enhance occupational health and safety management, Shuijingfang, together with China Quality Mark Certification Group⁵, organises at least **two** large certification audits every year to examine its own production system. After each audit is passed, a certificate will be granted or renewed:

- The certification systems include ISO 45001-2018, ISO 14001-2015, ISO 9001-2015, and HACCP system
- The audit scope includes the drafting and implementation of environmental and occupational health and safety control standards, the drafting and implementation of quality management system standards, and the implementation of food safety hazard analysis and control



Note 5: China Quality Mark Certification Group (CQM) evolved from the China Quality Mark Certification Committee approved by the former State Bureau of Technical Supervision. It is a global, group-based, comprehensive technical service organisation engaged in certification, training, research, policy study, standards development, and international cooperation.

Safety and security in action

Shuijingfang continues to improve the safety of the working environment and takes all kinds of measures to ensure workplace safety from varied dimensions. These measures include training and capacity building, medical examination and health tracking, occupational health control and inspection, risk monitoring, identification and improvement, and safety culture cultivation.

Furthermore, Shuijingfang has developed the 'EHS Management Procedures for Contractors', requiring contractors to complete the EHS Training for Contractors before entering our plants, to ensure compliance with laws and in-plant management regulations during construction and non-construction operations. By doing so, we seek to protect the health, life and property of contractors and our employees.

- **Training and capacity building**
 - **Induction training:** It is available in three levels: corporate, department and working group, with different corresponding training topics tailored for each level.
 - **On-the-job training:** Every year Shuijingfang refers to its EHS performance to determine training topics, including corporate management structure, management and control requirements, staff responsibilities and authorities, hazard identification, accident reporting procedures, fire protection and emergency escape and other types of training and drills.
 - **Job transfer and work resumption training:** Before job transfer or work resumption, employees are required to receive pre-job EHS training from the EHS Management Department and their respective departments to raise their safety awareness.

Shuijingfang continues to strengthen the training of fire monitoring specialists and emergency response team members, and organises drills for major fire emergencies and hazardous chemicals spills. Local fire brigades are invited to help make plans and direct drills to improve employees' emergency response capabilities.

Case

Fire/Environmental emergency drill in Tuqiao plant

The EHS Management Department of Shuijingfang organised a fire accident evacuation drill in the Tuqiao plant on 23 December 2021 to raise the fire safety awareness of all employees, develop their response and escape skills in sudden fire accidents, and enhance the coordination with the local fire rescue force. The drill was a whole-process simulation from the occurrence of an emergency, internal handling to external assistance. All departments were engaged in the response, evacuation and headcount of the drill.





After discovering the fire point, the staff started the initial fire rescue procedure and pressed the nearby manual fire alarm button to notify the fire control room

Fire/Environmental emergency drill in Tuqiao plant

Case

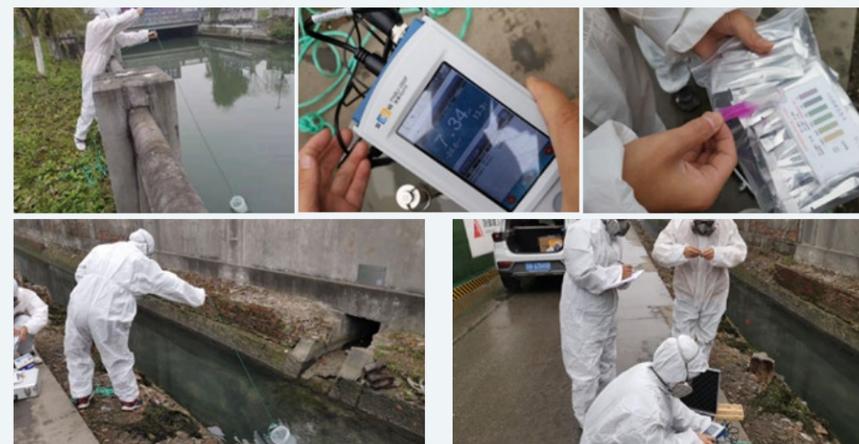


Emergency Response Team (ERT) members rushed to the scene for emergency handling after wearing fire suits



Accidental wastewater interception and disposal

Exhaust gases emergency monitoring



Wastewater emergency monitoring

Fire/Environmental emergency drill in Tuqiao plant

Case



119 fire engines arrived at the scene, directing the rescue of trapped people



Headcount in evacuation

Medical examination and health tracking

- Shuijingfang organises employees in positions with occupational hazards to receive regular occupational health examinations based on the concentration and nature of occupational hazard factors (including organic dust, noise, ammonia, hydrogen sulfide, acid mist, etc.). Besides pre-job, in-the-job, off-job and emergency medical check-ups, an employee occupational health record is also kept to follow up on employees' health conditions.
- Employees are informed of the results of their physical examination. Those who have occupational contraindications will be transferred, and those who have suspected occupational diseases are entitled to re-examination, diagnosis and treatment in accordance with legal requirements. There have been no cases of occupational diseases in the Company up to now.
- To show care for employees and protect their health, Shuijingfang also organises a health check-up every 2 years for diseases screening.

Occupational health control and inspection

Shuijingfang has enforced occupational health management and control at three levels – corporate, workshop and working group. They are required to conduct daily, weekly and monthly inspections as per occupational health management and control requirements:

- Every day EHS team checks EHS and Personal Protective Equipment (PPE) wearing in their responsible areas, timely discovers non-conformities and instructs workshops to make improvements.
- Every week the EHS team performs special inspections across the Company in turn.
- Every month the EHS team organises a monthly EHS meeting to review EHS indicators and the progress of EHS matters in the month, and draft an action plan. Meanwhile, Production and Supply Director is responsible for making special inspections on workshop EHS.

Risk monitoring, identification and improvement

- Shuijingfang has put into use an electrical safety monitoring system to monitor the electrical status of the whole plant in real time.
- Through hazard identification and risk assessment across the plant, with newly-added management responsibilities at all levels, Shuijingfang has completed a total of 24 risk source identification and remediation projects, updated and identified 50 hazard sources and developed control measures accordingly.
- Emergency authorities and third-party experts were invited to have special inspections in the factory area and prepare a sound plan for continuous risk reduction, as part of our efforts to optimise safety inspections.
- Every year Shuijingfang makes an occupational hazard factor detection plan, organises third parties to regularly measure the concentration of occupational hazard factors in the Company, and announces the testing results. Improvement plans are drafted accordingly, for example, optimising the matrix of PPE by providing each post exposed to safety and health risks with corresponding PPE.



Safety culture cultivation

- Shuijingfang launched activities such as the Behaviour-Based Quality and Safety (BBQS), the Safety Culture Month, the ERT volunteer firefighter skills competition, T1/T2 level meetings in all workshops, the management's monthly safety meetings, and weekly safety posts on WeChat. In particular, according to the suggestions submitted via BBQS, we completed **910** quality and safety improvements in 2021.
- In 2021, there were no fires, explosions, deaths, serious injury accidents or lost-time injuries taking place in Shuijingfang. The rate of occupational disease medical examination reached **100%** and no occupational disease was detected, and the rate of hidden danger rectification reached **100%**, which well safeguarded the occupational health and safety of employees.



Strengthening health management and advocating healthy work and life

Shuijingfang values the wellness of employees. While integrating such care into our workplace planning, we've also launched a series of activities beneficial to employees' physical and mental health.

Shuijingfang initiated a staff physical and mental well-being programmes in November 2021. We organise sporting activities for all employees every year, and have established **17** sports and health clubs so far. In 2021, **12** clubs were newly added according to the interests of employees, and **35** sports activities were organised every month, engaging **over 700** individuals.



Ski club



Basketball club



Table tennis club



Yoga club



Staff badminton contest



Staff gym

Regular COVID-19 management and control

Since the COVID-19 pandemic was under regular prevention and control, Shuijingfang has taken comprehensive measures to protect the health of its employees. It has established a major epidemic emergency plan, formed up an epidemic management team, and determined epidemic prevention and control responsibilities, while monitoring the epidemic developments in real time. Strict epidemic prevention and control regulations are in force, including temperature measurement, code scanning, Health Code inspection, mask wearing, and access control of visitors. A total of **249,712** employee temperature checks and **18,035** visitor temperature checks were completed throughout the year. Individuals travelling from areas with epidemic risk are managed as required by local government authorities in Chengdu; imported goods are subject to nucleic acid testing and disinfection, which are all

249,712

employee temperature checks completed

18,035

visitor temperature checks completed

filed with competent departments; and

offices, production areas, canteens, elevators and other places are under strengthened cleaning and disinfection, alongside with the proper reserve and distribution of emergency supplies in the factory.

Well-established training system

Shuijingfang champions a learning-oriented corporate culture, encouraging internal promotion and supporting employees' growth and career development. Centred on corporate strategies and business needs, we seek talent with outstanding potential and explore their growth demand through the annual talent review mechanism. Apart from promotion channels, we also offer job rotation, coaching, and leadership development programmes and provide employees with scientific and reasonable learning programmes and funds. Employing a variety of methods, we hope to build a well-structured talent team, helping staff improve capabilities and pursue career development, and boosting sustainable performance in business.

Shuijingfang has formulated the 'Education and Training Policy' and the 'Internal Trainer Policy'. Catering to the needs of employees in different positions and ranks, we provide individualised learning and development programmes through modules such as newcomer adaption, manager growth, expertise improvement, internal trainer training and the online learning platform (Fang Xue Tang).

At the same time, Shuijingfang is committed to establishing sound partnership with distributors and outlets. To this end, we provide partners with key sales execution programmes, supporting them to improve their sales capabilities. City manager training camps, department-level courses for new hires and the online learning platform (Fang Xue Tang) are also made available to empower distributors and outlets.

Making new recruits part of Shuijingfang rapidly through orientation training

Shuijingfang has set up specialised training programmes for new employees to help them more rapidly become part of the Company through specific content and experience. It supports employees to succeed in their new positions and show high performance as soon as possible.



Fostering management talent by developing diverse programmes

Every year, Shuijingfang designs leadership programmes according to the Company's operations and employees' demand surveyed, in a bid to improve management efficiency.

Junior Leadership – front-line manager programme

Shuijingfang expects front-line managers to have good self-awareness, have a proper understanding of their job positions, be adaptive, be good at influencing and collaborating with others, and think and communicate in a structured way. They should establish and maintain good relationships with superiors/subordinates, colleagues and key stakeholders, and lead their teams to a continuous and effective growth. The programme consists of three modules: self-management, team management, and performance management. Practising, coaching, and theory are combined to encourage front-line managers to apply what they have learned.



Front-line managers of the production system and mentors in the Junior Leadership programme

Intermediate Leadership – middle-level manager programme

Shuijingfang expects middle-level managers to have a systematic mindset, have a bigger picture, think and communicate in a more structured manner, apply influence tactics, and promote the implementation of strategies. The Intermediate Leadership programme has been developed to address these needs.

Senior management development programme

Shuijingfang offers coaching, EMBA and other learning and growth opportunities according to the personal growth stage of each senior manager. They are also expected to lead the business growth of what they are responsible for, while accelerating their own personal growth.

Promoting the professional development of talent

We seek and include external resources into our learning programmes, when internal expert guidance, coaching, training or practising is inadequate to address the problems employees have at work or to improve their professional abilities on a large scale. The Lean Six Sigma Green Belt and Black Belt learning programme for the supply and production system, the aesthetics improvement programme for the Marketing Department, the business etiquette improvement programme for the Consumer Cultivation and High-End Product Business Unit are among our examples.

Lean Six Sigma training programme

Case

Aiming to improve employees' ability to analyse and solve problems, the programme is divided into five modules – define, measure, analyse, improve, and control in three phases to support employees for continuous improvement. In 2021, 13 employees brought 13 improvement projects to join the training, which is scheduled to finish in June 2022. The programme is expected to save **RMB 2.2 million** in costs.

Boosting organisational competitiveness with talent development

A well-structured talent team is of particularly significance to Shuijingfang, considering the fierce competition in the external market and the rapid development of the organisation. We introduce and nurture young talent through the Young Power Management Trainee programme, identify and develop key talent of the year, fully tap into their potential and gifts, and ensure the sufficient supply of various talent required by organisational development to maintain the competitiveness of the Company.

Fang Xue Tang – Full coverage of the training system

Case

Fang Xue Tang, Shuijingfang's mobile learning platform, went live on 24 December 2021. The platform offers an abundance of learning resources, engaging learning interactions and efficient learning experiences to help employees transition to digital learning and increase their learning interest and efficiency.

Structured knowledge system

Set up three-level outlines of the Company's knowledge system – primary and secondary outlines at the Company level, and tertiary outline at the department level, to promote structured knowledge management and make it easier to organise and search for learning materials.



Systematic architecture



Digital functions

360° evaluation for talent development

Data from different research and evaluation platforms are aggregated into one single platform, for the ease of summary and data processing.



360° evaluation and diagnosis



Internal and external resources

More convenient and efficient digital learning

The platform offers diverse digital learning methods such as livestreaming, online recording, data reporting, knowledge base, and learning community, and supports online teaching and assignment review to keep track of employees' learning progress, allowing the digitalized learning and learning management.

Abundant internal and external resources

There are more than **800** free external courses available, including the New Manager Training Camp by the China Europe International Business School (CEIBS) and other premium programmes for online learning; internal resources from our departments are also under preparation.

Decent salary and benefits

In 2021, to drive business transformation, Shuijingfang continued to benchmark against the external market, keep abreast of market changes, and timely adjust its compensation strategy to maintain its market competitiveness and better attract and retain various key talents required for corporate transition and development. Meanwhile, the Company has benchmarked its employee stock ownership plan against the external market, expanding the scope and improving the incentive on the basis of the stock incentive plan of 2019, so as to better motivate the senior management team to facilitate the Company's medium and long-term strategic goals and the sustainable and healthy development of the Company. While maximizing value for the Company and its shareholders, we hope to effectively attract and retain more outstanding talent.

Shuijingfang offers its employees attractive benefits in addition to base pay and performance bonus. We work hard to establish a desirable welfare system, in order to create a harmonious workplace, promote work and life balance and strengthen employees' bond with the Company. Our benefits are roughly divided into cash benefits and non-cash benefits:



Cash benefits: They include but are not limited to transportation allowance, communication allowance, meal allowance and other allowances for employees' daily commuting and work.



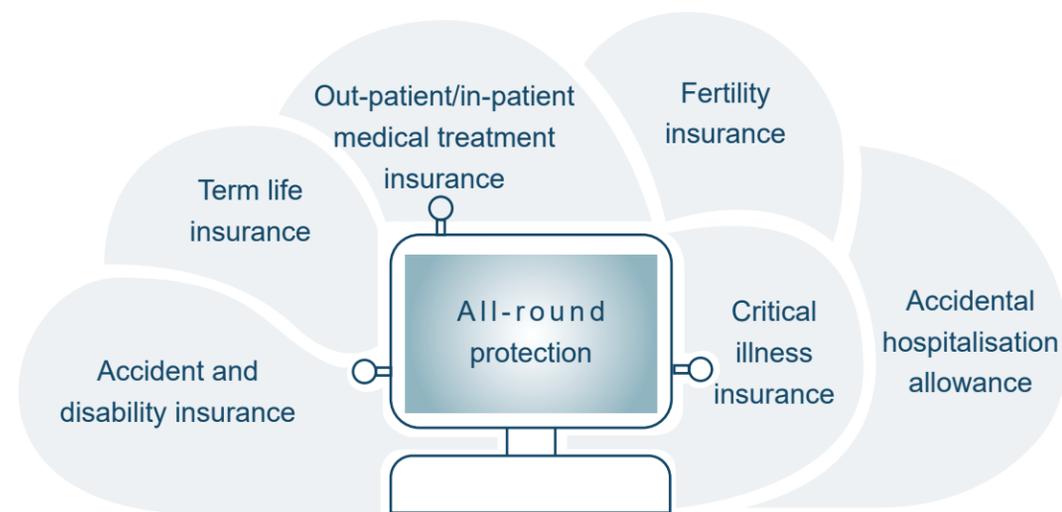
Non-cash benefits: They include the benefits beyond the scope stipulated by law, including but not limited to holidays, festive benefits, birthday benefits, hardship subsidies and supplementary commercial insurances, which serve as a solid support for employees.



Statutory five social insurances and one housing fund



Shuijingfang's holidays and festive benefits



All-round supplementary commercial insurance

Key Performance Indicators

Indicator (unit)		Data in 2021	
Total number of employees		1,565	
Number of full-time employees		1,418	
Number of part-time employees		147	
Distribution of full-time employees (%)	By gender	Male	65
		Female	35
	By age	Under 30	8
		30-50	76
Distribution of management (%)	By gender	Male	77
		Female	23
	By age	30-50	70
Average income comparison between male and female employees (male to female)		1 : 1	
Number of new employees		365	
Employee turnover rate (%)		11.88	
Percentage of employees who receive regular performance and career development appraisal (%)		61.85	
Average hours of training per employee per year	Full-time employees	12.6	
	Part-time employees	10.5	
Percentage of female employees trained on female occupational skills and leadership enhancement (%)		72.80	
Percentage of employees who have received anti-corruption training (%)		100	
Total hours of training on employee rights policies or procedures per employee ⁶		4	
Percentage of employees trained on employee rights policies or procedures (%)		100	

Note 6: Shuijingfang organises publicity and training activities for employees by e-mail and other methods every quarter

Chapter V

Environmental responsibility – Living with the nature

Shuijingfang knows well that environmental protection is vital to the healthy development of the Company. In active response to the national '30-60' carbon peak and carbon neutrality goals, we endeavour to fulfil our low-carbon commitment, incorporating environmental protection into all of our business and operational activities, as well as the work of all functional departments. A whole-process environmental management system has been established and enforced to regulate environmental behaviour and regularly review and monitor performance. Through the consistent improvement of environmental management system and behaviour, Shuijingfang strives to become an environment-friendly enterprise.

- Implementing environmental guidelines and establishing responsibility system
- Environmental compliance in defence of clear waters and green mountains
- More efficient and cleaner production
- Responsible supply chain
- Greener office operations
- More sustainable consumption
- Key Performance Indicators



Implementing environmental guidelines and establishing responsibility system

Environmental Guideline

Our commitment

Environmental protection is critical to the healthy development of the Company. Our vision is to achieve environmental sustainability without causing severe long-term depletion of natural resources or lasting harm to species, habitats, biodiversity or climate. Environmental protection is covered among all of our operations, as well as the work of all functional departments. We're all obligated to engage in and promote environmental protection and fulfil our long-term vision of environmental and sustainable development.

Our core principles

Compliance We comply with applicable environmental protection laws, regulations and standards, as well as the requirements of interested parties.

Environmental management We establish and enforce a whole-process environmental management system, regulate environmental behaviour, regularly review and monitor performance, for the continuous improvement of environmental system and environmental behaviour.

Impact assessment In response to internal and external changes and demand, we perform environmental risk assessment and develop effective prevention and control measures prior to necessary internal management or hardware changes.

Energy and greenhouse Gas We take into account energy and environmental impacts in decision-making, continuously improve energy efficiency, and regularly evaluate and use cost-effective and reliable renewable resources.

Water resource management We comply with local prescribed water abstraction and discharge limits, set factory service water and wastewater discharge targets, conduct regular water balance tests, and apply water conservation measures/technologies, to continuously improve water use efficiency.

Materials and solid waste We gradually use renewable or recyclable materials in products and packaging to limit the adverse impact on the environment, abandon the landfill of production and consumer waste to accomplish the goal of zero production waste to landfill.

Hazardous substances We periodically identify hazardous substances produced in production and business activities, develop and take reduction measures where feasible, and dispose of the hazardous substances in a harmless manner as per national and local laws and regulations and the requirements of interested parties.

Supply chain management We inform suppliers of raw and auxiliary materials and services of our environmental requirements, regularly review the performance of their environmental policies, and encourage them to organise dependable environmental management activities.

R&D We implement and support all technological R&D activities that reduce the environmental impact of all the Company's production activities, including raw materials, products, and waste, and seek collaboration with the research institutes of our counterparts.

Employees' awareness We help employees recognise that they shoulder significant environmental responsibilities at work and in life through education, training and incentive programs.

Emergency response We establish, maintain and enforce a sound environmental emergency plan and emergency measures, and organise regular drills.

Information disclosure We regularly make public the environmental impacts and environmental behaviours arising from production and operation activities, and ensure that such information is authentic and reliable.

Goal tracking We establish annual environmental goals and indicators, and the management plans that support these goals, and make regular reviews to measure our sustainability performance.

*This Guideline applies to employees at all levels, all production and office locations, and all aspects of operations of Sichuan Shuijingfang Co., Ltd. and its affiliated subsidiaries.

*The documents, records and data involved above are subject to the Company's confidentiality policy. If you find any non-compliance with this Guideline, please report it to EHS or call our compliance hotline at 400-818-1011.

The Environmental Guideline of Sichuan Shuijingfang Co., Ltd. is the cornerstone for our environmental sustainability. We stick to our environmental commitment and avoid causing severe long-term depletion of natural resources or lasting harm to species, habitats, biodiversity or climate. We make environmental protection part of our operations, as well as the work of all functional departments, encouraging every employee to involve in environmental protection actions. To this end, the Company has developed core principles of environmental protection, and included them into the overall environmental protection strategy. The objective is to promote green and sustainable development across different dimensions and stages spanning from environmental compliance, production activities, supply chain management, office operations to sustainable consumption.



Shuijingfang has established an environmental protection responsibility architecture headed by CEO to ensure the effective implementation of environmental strategies and regulations, and strengthen environmental protection and its management. Led by CEO, Chief Production and Operating Officer is in charge of the EHS Management Department and responsible for environmental protection matters. In the meantime, environmental compliance is included into the assessment scope of EHS management and control objectives, and serves as a basis for employees' annual KPI appraisal, with direct impact on their salary adjustment and year-end bonus. In addition, monthly EHS meetings are organised by the EHS Management Department to communicate and report on environmental matters and indicators of the month, discover and address problems in a timely manner and optimise environmental management.



Environmental compliance in defence of clear waters and green mountains

Shuijingfang carries out production, construction and operation activities in strict compliance with environmental laws and regulations of the state, and develops management measures according to the actual situation. There were no unexpected environmental risk events, environmental violations or administrative penalties recorded at Shuijingfang in 2021.

Shuijingfang abides by the 'Environmental Protection Law of the PRC', the 'Environmental Impact Assessment Law of the PRC', the 'Water Law of the PRC', the 'Law of the PRC on the Prevention and Control of Water Pollution', the 'Law of the PRC on the Prevention and Control of Air Pollution', the 'Measures for the Disclosure of Environmental Information by Enterprises and Public Institutions', the 'Administrative Measures for the Post-Evaluation of Environmental Impact of Construction Projects', the 'Environmental Protection Regulations of Sichuan Province', and the 'Sichuan Emission Control Standard for Volatile Organic Compounds', among other applicable laws and regulations. We ensure that pollution control facilities are functioning properly, all indicators of wastewater, waste gas and noise conform to applicable national and local emission standards, and solid waste is disposed of as required.

To ensure that the Company produces and operates in a compliant way, Shuijingfang has set up an environmental management department, equipped with full-time environmental management team and environmental protection equipment operators, alongside with an array of internal management measures, such as the 'Environmental Guideline of Sichuan Shuijingfang Co., Ltd.', the 'Resources and Energy Management Procedures', the 'Pollutants and Noise Management Procedures', the 'Waste Management Regulations', the 'Chemicals Management Procedures', the 'EHS Management Procedures for Contractors', the 'EHS Objectives', the 'Procedures for Indicators and Management Plans', etc. Moreover, we have been certified by the ISO 14001 Environmental Management System, and established special funds for environmental protection against 'three wastes' (wastewater, waste gases, solid waste) and noise.

More efficient and cleaner production

It is Shuijingfang's persistent goal to promote efficient and clean production while guaranteeing production quality. To achieve this goal, we comply with national and local standards, continuously improve water resources management methods and energy utilization efficiency, and prudently dispose of pollutants, moving forward on the path towards green production.

Improving water management

Shuijingfang follows the prescribed water intake and discharge restrictions at national and regional levels, establishes management regulations and targets for factory water and wastewater discharge, and performs water balance tests on a regular basis. Water-saving measures and technologies are applied to improve the efficiency of water use.



In terms of regulations

With reference to the 'General Principle for Equipping and Managing of the Measuring Instrument of Energy in Organisation of Energy Using (GB 17167-2006)', the 'Standard Examination Methods for Drinking Water (GB/T 5750-2006)' and the 'Sanitary Standard for Drinking Water Plant', and combining with the Company's practical situation, Shuijingfang has established the 'Company Water Management Regulations', aiming to strengthen the management of energy consumption for water, eliminate waste, rationally use water resources, guarantee normal water supply for production and living in the factory area, and meet the national laws and regulations on energy conservation. The Regulations applies to the supervision and management of water use by all departments, drainage networks maintenance, water quality inspection and management, and tap water management, together with explicit management responsibilities of each department, and statistical tables to record and analyse details on the use of production and domestic water.

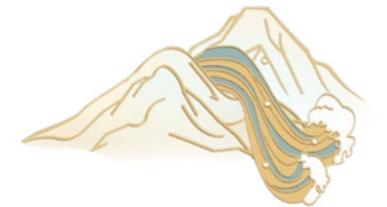


In terms of practises

Shuijingfang has made sustained efforts to water conservation as led by the Chengdu Office of Water Conservation and under the 'Sichuan Provincial People's Government's Implementation Opinions on Enforcing the Strictest Water Resources Management', the 'Chengdu Water Conservation Management Regulations' and other requirements. Our water conservation initiatives mainly include the following:

- Continue to monitor the Company's water balance, and control the difference between the metres at first and second levels below 5%;
- Promote water conservation from time to time to raise employees' awareness;
- Monitor the Company's primary water metre at different times every day, and detect irregularities and track maintenance in time to avoid major leakage events;
- Conduct water use inspection and consumption analysis on a monthly basis to eliminate waste and find opportunities for energy saving.

Under rigorous regulations and supervision, Shuijingfang continues to strengthen the management over energy consumption for water, ensure the rational use of water resources, and guarantee the normal water supply for production and living in the factory area. We have passed the water balance inspection by the Chengdu Administration Centre for Water Conservation, and been awarded the Outstanding Urban Water Conservation Organisation of Chengdu in May 2021.



Improving energy efficiency and optimising energy

We take into account energy and environmental impacts in decision-making, continuously improve energy efficiency, and regularly evaluate and use cost-effective and reliable renewable resources.



Setting energy consumption targets

To guarantee an effective management, the Company's EHS Department has set a series of comprehensive indicators for pollutant discharge, energy consumption, and environmental compliance. At the beginning of each year, Shuijingfang determines the annual electricity consumption targets for packaging and Qujiu per ton based on the energy consumption of the previous year and the output of the year, and allocates them to all workshops for monthly assessment to promote the orderly reduction of energy consumption.



Building automated production lines

Since Shuijingfang launched automation transformation in 2017, it has built two automated packaging lines from 2018 to 2020, which has significantly improved capacity and productivity, and reduced energy consumption per unit of product.

Case

‘Resources and Energy Management Procedures of Sichuan Shuijingfang Co., Ltd.’

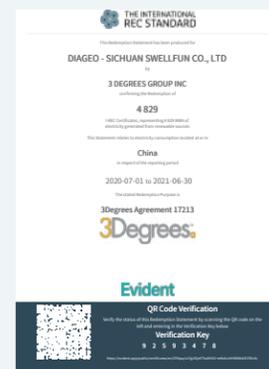
In order to reasonably and effectively utilize resources and energy, reduce costs and improve the environmental and economic benefits of the Company, Shuijingfang has formulated the ‘Resources and Energy Management Procedures of Sichuan Shuijingfang Co., Ltd.’ subject to the ISO 14001 Clause 4.4.6 - Operational control and the ‘Law of the PRC on Energy Conservation’. The document contains provisions on the Company’s resources and energy consumption, covering power, oil, water, materials, energy-consumption operation, and promotion of energy-saving technology.

- **Power management** Set quota on power consumption for each production workshop, and make sure to apply high-efficiency and low-energy-consumption equipment;
- **Oil management** Establish lubrication logs for the main oil-using equipment in workshops, and strengthen the equipment repair, maintenance and regular inspection;
- **Water management** Set up water supply network map and regularly check and maintain the drainage network in the factory area, apply water-saving technology to raise water reuse rate, and ensure a closed loop of recyclable production water;
- **Material management** Formulate scientific processes and product materials consumption quota, and improve the material utilization rate and pass rate of each process to reduce waste loss;
- **Energy consumption operation management** Set up yearly resources and energy consumption quotas, improve the resource and energy consumption measurement network, establish an assessment system to regularly inspect the performance of major energy-consuming equipment;
- **Promotion of energy-saving technology** Promote the application of new technologies, new processes, new equipment, and new materials, launch transformation with comprehensive energy utilization technology, and facilitate waste recycling.

Case

Purchase of the International Renewable Energy Certificate

While taking systematic energy conservation and emission reduction measures, Shuijingfang also offsets its general electricity consumption by purchasing the International Renewable Energy Certificate (I-REC) every year. From 1 July 2020 to 30 June 2021, we purchased a total of 4,829 MWh of power from clean resources.



Strict pollutant disposal and monitoring

Shuijingfang disposes of the three wastes and noise in strict accordance with national standards and prepares a detailed environmental monitoring plan. The discharge outlets of the three wastes and noise have been standardised and set with corresponding environmental protection signs.

In 2021, Shuijingfang entrusted a third-party testing agency to monitor its pollution sources and issue a testing report. The testing results were found compliant with national, local and industry emission standards.



Sign at sewage discharge outfall



Sign at exhaust gas emission vent



Sign at ventilator room



Sign of solid waste storage sites

Wastewater disposal and monitoring

Shuijingfang has built its own sewage treatment station with a designed capacity of 320m³/d, serving the Company’s production and office wastewater treatment. The station treats sewage using biological processes (i.e. anaerobic reaction, two-stage A/O, and advanced treatment). The effluent treated is discharged into the municipal sewage network after meeting the indirect discharge standard specified in the ‘Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry (GB 27631-2011)’. The excess sludge generated in the biological sewage treatment process is dewatered by a screw press filter and then shipped out for disposal. And there is also an accident pool to prevent accidental wastewater from being discharged.

The main sewage outlet is fitted with an online pollutant monitor to detect chemical oxygen demand (COD), ammonia nitrogen (NH₃-N), total nitrogen (TN), total phosphorus (TP), pH and other pollutants. The monitor is regularly maintained by a third party and connected to the Chengdu Environmental Protection Information Centre to upload the detection data in real time.



Wastewater treatment facility

Monitoring site	Indicator	Concentration limit (mg/L)	Executive standard	Monitoring process	Monitoring frequency	Monitored by
Main sewage outlet	COD _{Cr}	400	Indirect discharge standard under the 'Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry (GB 27631-2011)'	Automatic	1/2 hour (h)	Online monitoring equipment
	NH ₃ -N	30				
	TN	50				
	TP	3.0				
	pH	6-9 (dimensionless)			Real-time	
Sewage inlet Main sewage outlet	COD _{Cr}	400	Indirect discharge standard under the 'Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry (GB 27631-2011)'	Manual	1/quarter (q)	Entrusted third-party monitoring agencies
	NH ₃ -N	30				
	TN	50				
	TP	3.0				
	pH	6-9 (dimensionless)				
	SS	140	'Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)'			
	Chroma	80 (dimensionless)				
	BOD ₅	80				
Total dissolved solids	2000					

Wastewater monitoring scheme

Waste gas disposal and monitoring

In terms of waste gas disposal, Shuijingfang has completed technical renovations on grain crushing workshops, natural gas boilers, and sewage stations, to classify and control the pollutants generated. At the same time, 8 sets of bag filters are installed in the process stages that generate dust, such as feeding, screening, and grinding, in the grain crushing workshops, and the emission of exhaust gas after treatment conforms to the 'Integrated Emission Standard of Air Pollutants (GB16297-1996)'. In addition, canteens are equipped with electrostatic fume purifiers to treat oil fume, gas for production and domestic use is supplied by 20t/h natural gas boilers, and the low- NOx combustion process is used for denitration.

We have imported low-NOx combustion boilers for ultra-low NOx emissions, and the emission of exhaust gas after treatment meets the 'Emission Standard of Air Pollutants for Boilers in Chengdu (DB51/ 2672-2020)'. The open-air structures that produce malodorous gas in the sewage treatment station are closed and covered. The malodorous gas is collected and treated with alkaline cleaning + activated carbon adsorption, and its emission conforms to the 'Emission Standards for Odour Pollutants(GB 14554-93)'.



Waste gas treatment facility

Monitoring site	Indicator	Way of emission	Concentration limit (mg/Nm ³)	Rate limit (kg/h)	Executive standard	Monitoring process	Monitoring frequency	Monitored by
Grinding workshop	Dust generated by feeding	Organised	120	1.52	'Integrated Emission Standard of Air Pollutants(GB 16297-1996)'	Manual	1/q	Entrusted third-party monitoring agencies
	Dust generated by screening			1.52				
	Dust generated by crushing			23				
	Dust generated by mixing and warehousing			23				
	Dust generated by finished products distribution			1.52				
Boiler room	Ringelman blackness	Organised	1 (dimensionless)	/	'Emission Standard of Air Pollutants for Boilers in Chengdu (DB51/ 2672-2020)'	Manual	1/q	Entrusted third-party monitoring agencies
	NO _x		30					
	SO ₂		10					
	PM		10					
	CO		100					
Sewage treatment station	Odour concentration	Organised	2000 (dimensionless)	/	'Emission Standards for Odour Pollutants (GB 14554-93)'	Manual	1/q	Entrusted third-party monitoring agencies
	Ammonia		/	4.9				
	H ₂ S		/	0.33				
	CS ₂		/	1.5				

Monitoring site	Indicator	Way of emission	Concentration limit (mg/Nm ³)	Rate limit (kg/h)	Executive standard	Monitoring process	Monitoring frequency	Monitored by
Canteen	Cooking oil fume	Organised	2.0	/	'Emission Standard of Cooking Fume (GB 18483-2001)'	Manual	1/half year	Entrusted third-party monitoring agencies
Boundary, Southeast of grinding workshop, 1#	PM	Unorganised	1.0	/	'Integrated Emission Standard of Air Pollutants (GB 16297-1996)'	Manual	1/half year	Entrusted third-party monitoring agencies
Boundary, Southwest of grinding workshop, 2#								
Boundary, Southwest of grinding workshop, 3#								
Boundary, Southwest of sewage station, 4#	Odour concentration	Unorganised	20	/	'Emission Standards for Odour Pollutants (GB 14554-93)'	Manual	1/q	Entrusted third-party monitoring agencies
Boundary, Northwest of Qujiu workshop, 5#								
Boundary, Northwest of Qujiu workshop, 6#								
Boundary, Southwest of sewage station, 4#	VOCs	Unorganised	2.0	/	Table 5 Others in the 'Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/ 2377-2017)'	Manual	1/half year	Entrusted third-party monitoring agencies
Boundary, Northwest of Qujiu workshop, 5#								
Boundary, Northwest of Qujiu workshop, 6#								

Solid waste disposal

Shuijingfang has established collection and temporary storage facilities and ledgers for different types of waste.

General solid waste, including domestic waste, industrial solid waste (i.e. distillers' grains, sewage sludge and packaging waste) and construction waste, are consigned to a third party for disposal and reuse. Hazardous waste, including waste test liquid, waste chemicals and its packaging, waste oil from electromechanical maintenance, waste ink and its packaging, is harmlessly disposed of by a third party with a hazardous waste business licence.



Solid waste treatment facility

Noise control and monitoring

Noise is mostly generated by equipment operation in the grinding workshops, sewage station and boiler rooms. By taking technical measures such as installing soundproof covers, doors, and walls the noise reduction is achieved and the noise outside the factory boundary meets the 'Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008)'.



Soundproof cover for boiler fans

Soundproof door for fans in sewage station

Soundproof wall for grinding workshops

Monitoring site	Indicator	Emission limit (dB)	Executive standard	Monitoring process	Monitoring frequency	Monitored by
Boundary, Southwest of grinding workshop, 1#	Ambient noise produced by industrial enterprises at boundary	60 (daytime) 50 (night-time)	Class II standard in the 'Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008)'	Manual	1/q	Entrusted third-party monitoring agencies
Boundary, Southwest of sewage station, 2#						
Boundary, Southwest of boiler room, 3#						

Noise monitoring scheme

Pollution control and environmental monitoring at Qionglai site

Shuijingfang's integrated whole industry chain base at Qionglai stresses pollutant prevention and control as well, with high-level standards formulated for the management of wastewater, waste gas and solid waste.

Wastewater

Qionglai site's wastewater treatment station is powered by Paques' cutting-edge processes and products: BIOPAQ@ICX reactor, PHOSPAQ™ reactor and ASTRA SEPARATOR® tilted plate separator. Featuring strong performance in processing high-concentration COD_{Cr}, phosphorus and suspended solids, they ensure the stable operation of the wastewater treatment station and the effluent's compliance with the indirect discharge standard in the 'Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry (GB 27631-2011)'. Meanwhile, Shuijingfang has set emission targets that are half of the limits specified in the national standard:

No.	Pollutant	Standard limit in GB 27631-2011, mg/L	Shuijingfang's target
1	pH	6~9 (dimensionless)	6~9 (dimensionless)
2	COD	400	200
3	BOD ₅	80	40
4	SS	140	70
5	NH ₃ -N	30	15
6	TN	50	25
7	TP	3.0	1.5

Standard limits and Shuijingfang's targets for wastewater discharge (unit: mg/m³)

Pollution control and environmental monitoring at Qionglai site

Waste gas

All the odour-producing sewage treatment facilities at the Qionglai site are equipped with closed air extractors. Odorous gas such as ammonia and hydrogen sulfide generated during the operation of the sewage treatment are collected and processed by bio-trickling filters before being emitted from a 15m exhaust funnel. The exhaust has little environmental impact and meets the Level-II Standard in the 'Emission Standards for Odour Pollutants (GB 14554-93)'.

Exhaust gas name	Treated by	Removal rate(%)	Pollutant	Emission standard	
				kg/h	mg/m ³
Grain feeding section G1-1	Bag filter	99.5	Dust	/	30
Raw material cleaning section G1-2	Bag filter	99.5		/	30
Raw material crushing section G1-3	Bag filter	99.5		/	30
Finished product distribution section G1-4	Bag filter	99.5		/	30
Grain husk feeding section G2-1	Bag filter	99.5	Dust	/	30
Grain husk cleaning section G2-2	Bag filter	99.5		/	30
Exhaust gas from natural gas boiler G6	Low NOx burner	0	Fume	/	20
		78	NO _x	/	30
		0	SO ₂	/	50
Exhaust gas from biogas power generation G7	Low NOx burner	55.6	NO _x	2.6	550
		0	SO ₂	0.77	240
Malodorous gas from sewage treatment station G8	Bio-trickling filter	90	Ammonia	4.9	/
		90	H ₂ S	0.33	/
Waste gas from distillers' grains workshop G9	Bio-trickling filter	90	Ammonia	4.9	/
		90	H ₂ S	0.33	/

Waste gas permit standard

At the Qionglai site, the biogas generated from wastewater treatment is used to produce power for industrial production and wastewater treatment facilities, following the principle of 'generating power with biogas' and 'making best use of products'. Upon completion, the project is estimated to deliver a daily biogas production of around 9,720 Nm³/d (about 2,527,200 m³/a). As a clean energy, biogas contains nearly no ash, which is equivalent to approximately 6,000m³/d of natural gas, saving significant natural gas resources.

Case

Pollution control and environmental monitoring at Qionglai site

• Solid waste

The plan for the disposal and utilization of solid waste at the Qionglai site is as follows:

No.	Solid waste	Yield (t/a)	Main components	Classification	Disposal and use
S1 S2	Impurities screened from grains and grain husks	60	Small stones, metal pieces, debris, etc.	General industrial solid waste	Collected by environmental sanitation authorities
S3	Waste from fermentation pit	50	Pit mud with a high level of organic matters		Collected and stored in pit mud workshop for comprehensive use as fertilizers
S4	Waste distillers' grains from fermentation	140,000	The product of grain fermentation, with water content of 65%, starch residue of approx. 11%, crude protein content of less than 14%, and ethanol residue of less than 0.5%		Timely cleaned and shipped to feedstuff processors for comprehensive use; If fresh distillers' grains are unsalable for a long time due to market reasons, the factory should limit or suspend production to prevent the odour caused by the long-term storage of large amounts of distillers' grains
S5	Waste liquid from lab	1	Wastewater from Baijiu rating experiments		Hazardous waste (HW49)
S6	Spent lubricant oil	4	Used oil		
S7	Sludge from sewage treatment station	20	Sludge	General industrial solid waste	Shipped for fertilizer use after dehydration
S8	Waste membrane components	1	Waste permeable membranes, filters, etc.		Recycled by manufacturers
S9	Dust from bag filter	1,376	Mixed cereal powder		For comprehensive use as fertilizers
S10	Used desulfurizer	7	Activated ferric oxide		Handed over to Jinni Technology Co., Ltd. for disposal in Pidu District, Chengdu City
S11	Domestic waste	130	General components of domestic waste	Domestic waste	Collected by environmental sanitation authorities

Case

Pollution control and environmental monitoring at Qionglai site

Besides the high-standard treatment of 'three wastes', a detailed monitoring plan for pollution sources and environmental quality is also in force at the Qionglai site:



• Pollution source monitoring scheme

Category	Monitoring site	Indicator	Monitoring frequency
Wastewater	Main discharge outlet	Flow, pH, COD, NH ₃ -N, TN, TP	Automatic monitoring
		Chroma, BOD ₅ , SS	Quarterly
	General discharge outlet	pH, COD, NH ₃ -N, TN, TP, chroma, BOD ₅ , SS	Biannually
	Rainwater outfall	SS, COD	Monthly
Organised waste gas	Exhaust funnel of raw materials preparation and delivery system	PM	Biannually
	Natural gas boiler	NO _x	Automatically
		SO ₂ , PM, NH ₃ , Ringelmann blackness	Quarterly
	Outlet of foul gas treatment facilities in sewage treatment station	Odour concentration, NH ₃ , H ₂ S	Biannually
Outlet of foul gas treatment facilities at distillers' grains workshop	Odour concentration, NH ₃ , H ₂ S	Quarterly	
Unorganised exhaust gas	Boundary	Odour concentration, NMHC, PM, NH ₃ , H ₂ S	Biannually
Noise	Surrounding areas	Daytime and night-time noise	Biannually

Pollution control and environmental monitoring at Qionglai site
Case

• Environmental quality monitoring scheme

Target environment	Indicator	Monitoring frequency	Monitoring site
Ambient air	NMHC, NH ₃ , H ₂ S, 8-hour mean TVOC concentration	Biannually	350m north from the project site
Surface water	Flow, pH, COD, NH ₃ -N, TN, TP, chroma, BOD ₅ , SS	Quarterly	500m upstream of the discharge outlet of the sewage treatment plant, 500m downstream of the discharge outlet of the sewage treatment plant, and 1,500m downstream of the discharge outlet of the sewage treatment plant
Underground water	pH, NH ₃ -N, nitrate, nitrite, permanganate index, Cl ⁻ , SO ₄ ²⁻	D ₁ : yearly; D ₂ and D ₃ : quarterly	Existing monitoring wells D ₁ , D ₂ , and D ₃

Note: Pollutant discharging units should determine specific monitoring indicators according to actual production conditions, such as the use of raw and auxiliary materials.

Apart from rigorous pollutant control measures, sound environmental emergency plans and emergency response measures have also been developed, maintained and enforced at Shuijingfang, coupled with regular drills. In June and December 2021, the Shuijingfang Tuqiao plant launched two comprehensive emergency response drills to clarify the responsibilities of the emergency team, help staff know better about the emergency response process, and improve their response speed and capabilities in emergencies. To improve our collaborative response capabilities, third-party monitoring organisations and municipal sanitation department were also invited to participate in the drills.

Responsible supply chain

Dedicated to the environmental management of the supply chain, Shuijingfang performs rigorous environmental impact assessment on suppliers' admittance, and has developed the supplier environmental violation handling procedures. We regularly inspect suppliers' environmental performance and inform them of the inspection results, urging them to make corrections. Also, they are encouraged to engage in reliable environmental management activities.



Greener office operations

Shuijingfang continuously strengthens green operation, and is committed to energy saving and emission reduction at office. We integrate the philosophy of green development into our daily practises by designing environmentally friendly buildings, planning green site, promoting green office culture, and encouraging low-carbon mobility.

Green building

In Shuijingfang's Qionglai project, highly reflective materials are used in buildings to ease the heat island effect. The distilleries, canteens, laboratory buildings and office buildings have applied for LEED Gold certification and are expected to receive LEED awards in 2023. All single buildings applied for LEED are constructed using up to 100% recyclable steel bars and concrete added with 3% recyclable components, and all construction wastes generated are recycled by entrusted professional recycling companies. Also, the building roofs are mounted with a siphon rainwater harvesting system and a system for comprehensive utilization in landscape pools, which alleviate the impact on water and soil during heavy rains, and reuse temporarily stored rainwater for water replenishment in landscape pools during droughts. Green roofs also increase the green coverage of the factory area.

100%

All single buildings applied for LEED in Qionglai project, are constructed using up to 100% recyclable steel bars

100%

The construction waste is 100% recycled by professional recycling companies

Green site planning

Shuijingfang applies the environmental friendliness philosophy to site planning, and has taken a number of measures to recycle resources, conserve energy and reduce emissions, thereby improving the efficiency of resource utilization and lowering energy consumption.

We maximise the value of resources by recycling reclaimed water and biogas.

- Shuijingfang uses recycled reclaimed water for toilet flushing and greenery irrigation on the site, and uses water-saving sprinklers for irrigation;
- Shuijingfang uses biogas generator sets to generate power from the biogas produced by wastewater treatment, and uses the power in industrial production and wastewater treatment facilities.

In terms of energy saving and emission reduction, we optimise and improve indoor ventilation systems and indoor/outdoor lighting systems to reduce energy consumption while providing a comfortable workplace.

- For indoor air circulation, a fresh air heat exchange ventilation system and air volume control are used at Shuijingfang. Air volume is adjusted according to the indoor CO₂ concentration, which saves energy and provides sufficient fresh air to ensure a healthy and comfortable office environment for employees.
- For indoor lighting, Shuijingfang intelligent lighting system is equipped with LED energy-saving lamps, which can make full use of natural light and controls indoor lighting according to illuminance and people's activity zones.
- For outdoor lighting, the street lamps in our factory area also feature a strictly controlled illumination range and are certified by third-party light pollution reports.

Green office culture

Shuijingfang champions a green office culture, encourages employees to reduce waste through reminders for air conditioning temperature setting and paper saving slogans, and promote garbage classification through the placement of classified trash bins. In the meantime, we continue to advocate environmental protection concepts and environmental practises in the workplace via our public WeChat account.





Low-carbon mobility

Shuijingfang motivates employees to travel in a green and low carbon manner providing convenient public transportation services and establishing complete green infrastructure.

- We place new energy vehicles in the factory area, and coordinate with the government to set up public transport stations near the gate of the factory to encourage employees to use public transport and reduce carbon emissions.
- Charging piles, dedicated parking spaces for new energy vehicles and bicycle sheds are set up on the parks to encourage employees to travel green and reduce vehicle exhaust emissions.



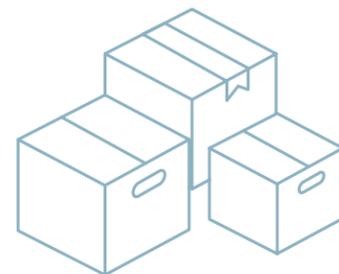
More sustainable consumption

Shuijingfang also promotes sustainability and environmental protection concepts among consumers and the public, and publicises the practise of sustainable consumption by consistently improving packaging design, optimising packaging processes, and organising diverse environmentally-themed events.

Low-emission packaging

「Packaging reduction」

To minimise resource consumption, Shuijingfang spares great efforts to reduce the overall weight of packaging materials, which has not only optimised costs but also saved social resources. Through a series of packaging optimisation projects such as reducing base weight and removing ceramic pieces from bases, we managed to reduce the use of packaging materials by a total of **628 tons** in 2021.



「Packaging recycling」

To mitigate impact on the environment, Shuijingfang tries hard to increase the use of recyclable packaging materials. By optimising product design and seeking alternative materials, we have further reduced our consumption of corrugated cardboard and polyethylene while advancing the recyclability of packaging materials.

- By the end of 2021, recyclable packaging materials accounted for **90%** of all the packaging materials used by Shuijingfang (by weight), an increase of 2% over 2018, thanks to a slew of product design adjustments, including the removal of ceramic pieces from the bases of the Zhenniang VIII and Jingtai ranges of wines and the replacement of ceramic bottles with glass bottles for some products.
- Shuijingfang also uses reusable packaging pallets as an alternative to corrugated cartons. In suppliers' transport process and our own packaging lines, corrugated cartons are mostly replaced by reusable injection-moulded pallets. In 2021, Shuijingfang reduced the consumption of corrugated cartons by **1,532.1 tons**, of which:
 - **71.4 tons** of corrugated cartons were saved for the base project .
 - **1,066.7 tons** of corrugated cartons were saved for the glass bottle project.
 - **394 tons** of corrugated cartons were saved for the gift box project.
- Through process optimisation, Shuijingfang has shifted from disposable extraction disks to reusable ones that can be recycled for **3 times**. This project reduced Shuijingfang's polyethylene consumption by **0.48 tons** in 2021.

「Packaging spray-free」

Shuijingfang attempts to reduce the production of VOCs and hazardous waste by abandoning the spraying process required for packaging. The Diancang range's lining injection-moulded components in bases and initial anti-counterfeiting lion nails both required a paint spraying process that produces VOCs and paint waste. After packaging optimisation, we managed to cancel the spraying process without changes to the exterior design, which has reduced the generation of hazardous waste and VOCs.

- Elimination of spraying on the Diancang range's lining components: reducing VOC generation by **3.3 tons** (90% of which are recyclable), VOC emissions by **0.33 tons**, and hazardous waste emissions by **0.36 tons**.
- Optimisation of anti-counterfeiting lion ornaments (mainly for the Zhenniang VIII and Jingtai ranges s of wines), reducing VOC generation by **11 tons** (90% of which are recyclable), VOC emissions by **1.1 tons**, and hazardous waste emissions by **2.78 tons**.

Improved people's environmental awareness

Shuijingfang attaches great importance to advocate the concept and behaviour of environmental protection and resource consumption reduction in marketing and promotion. We recycle as many materials used in these activities as possible to reduce waste. Meanwhile, the Company communicates its environmental protection philosophy and strengthens environmental protection education to the public by organising environment-themed factory tours, inspiring more people to put sustainable consumption into practise.

Southwest Jiaotong University students visit Shuijingfang

Case

On 6 July 2021, Shuijingfang organised students from Southwest Jiaotong University to visit its sewage treatment station and related structures and equipment. By providing students with a comprehensive introduction of sewage treatment process, we hope to enhance students' understanding of the management of pollutants discharge and raise their awareness toward environmental protection.



Key Performance Indicators

Item	Indicator (unit)	Data in 2021
Water consumption	Water for production use(ton)	164,635
	Water for office use (ton)	13,938
GHG	CO ₂ emissions from LPG for boilers (kg)	3,984,455.36
	CO ₂ emissions from power for production use (kg)	2,242,713.57
	CO ₂ emissions from power for office use (kg)	973,077.16
Percentage of recyclable packaging materials in all packaging materials (by weight)	Percentage (%)	90
Weight reduction of packaging materials through packaging optimisation and substitution measures (such as reducing base weight, removing ceramic pieces from bases and using reusable injection-moulded pallets)	Ton	2160.1
Reduction of PE consumption	Ton	0.48
Reduction of VOC generation by cancelling spraying on Diancang's lining injection-moulded components	Ton	3.3
Reduction of VOC emissions by cancelling spraying on Diancang's lining injection-moulded components	Ton	0.33
Reduction of VOC generation by cancelling spraying on anti-counterfeiting lion nails	Ton	11
Reduction of VOC emissions by cancelling spraying on anti-counterfeiting lion nails	Ton	1.1

Detailed data on pollutants discharge

Wastewater discharge

Equipment	COD _{Cr}		NH ₃ -N		Executive standard
	Daily average concentration (mg/L)	Total discharge (ton)	Daily average concentration (mg/L)	Total discharge (ton)	Indirect emission standards in 'Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry (GB27631-2011)'
Sewage treatment station	31.67	3.81	0.51	0.05	

Exhaust gas discharge

Equipment	SO ₂		NO _x		Executive standard
	1-hour mean concentration (mg/m ³)	Total emission (ton)	1-hour mean concentration (mg/m ³)	Total emission (ton)	'Emission Standard of Air Pollutants for Boilers of Chengdu (DB51/2672-2020)'
20t/h Natural gas boiler	Not detected	/	16.25	0.44	

Industrial solid waste discharge

Category	Name	Disposal quantity (ton)
General industrial solid waste	Distillers' grains	6,114.12
	Sludge	1,077.62
Hazardous	Laboratory waste, used oil, ink, etc.	3.775

Chapter VI

Social responsibility - Becoming a responsible corporate citizen

As a leading enterprise in the Baijiu industry, Shuijingfang is active in fulfilling its social responsibilities. We respond to the call of the state, contributing to rural revitalization; we're concerned with people's livelihood, pursuing a better life from various dimensions; and we embrace the spirit of sports, endeavouring for the wellness of all the people.

- Core social values built on key capabilities
- Engaging in social welfare by taking the advantages of platform and value chain influence



Core social values built on key capabilities

While pursuing robust growth, Shuijingfang is also concerned with giving back to the society and fulfilling corporate social responsibilities. We're constantly committed to rural revitalization, community construction, anti-epidemic and disaster relief, education, sports and well-being, and many other social undertakings through leveraging our core resources and capabilities, as well as our advantages in platform and value chain. By doing so, we intend to cater to critical social needs and spread social value. In 2021, Shuijingfang launched 3 public welfare programmes at the company level, benefiting a total of **2,800** individuals.

2,800

beneficiaries reached through public welfare programmes in 2021



At the same time, to better fulfil its responsibilities as a corporate citizen, further regulate its external public welfare donation, and strengthen the oversight of external donations, Shuijingfang has formulated the 'Management Regulations on Donations for Public Welfare', specifying the types, scope, decision-making procedures and rules of external donations to ensure that our donations for public welfare comply with the Company's anti-bribery policies and do not lead to unfair market competition.

Revitalizing rural areas

Responding to the call of the state and governments at all levels, Shuijingfang is determined to make proper planning and connection in the stage of comprehensively advancing the rural revitalization strategy. While contributing to rural revitalization, we strive to boost both economic benefits and social value of the Company. In 2021, Shuijingfang helped **2,000** people in need through its rural revitalization-themed programmes.

Promoting the online sales of agricultural and sideline products

Due to the COVID-19 pandemic, many rural areas found difficulties in selling agricultural and sideline products, which made it urgent to strengthen publicity and change conventional promotion methods. At the same time, online video marketing emerged as a new trend in agricultural product sales. Therefore, Shuijingfang decided to use online video platforms to boost the sales of ginseng fruits, white mushrooms and other speciality products from Changsha-Ganma Township, Shiqu County, Ganzi Prefecture, gradually transforming from material assistance to industry-driven poverty alleviation.



Promoting the online sales of agricultural and sideline products

Shuijingfang hired a cultural communications agency to assist in the shooting of short videos in Changsha-Ganma Township, Shiqu County. The township was helped to open a Taobao store named 'Yongda Yunduan Local Specialities Store', and register its official TikTok account 'Hometown of Chinese Ginseng Fruits', which addressed the difficulty in promotion and low sales of local specialties. Shuijingfang has thus properly fulfilled its corporate social responsibilities. As of December 2021, the TikTok account received **17,000** likes and had **4,864** followers.



Changsha-Ganma Township's official TikTok account 'Hometown of Chinese Ginseng Fruits'

Practising partner assistance between villages and enterprises

In November 2021, Shuijingfang signed an assistance agreement with Qumai Village, Changsha-Ganma Township, Shiqu County, Ganzi Tibetan Autonomous Prefecture, Sichuan Province through friendly negotiation, continuing the honourable tradition of partner assistance between Jinniu District, Chengdu and Tibet. We aimed to build on the achievements of poverty alleviation, and engaged in one-to-one assistance and cooperative construction between villages and enterprises.



Shuijingfang signed an assistance agreement with Qumai Village, Changsha-Ganma Township, Shiqu County, Ganzi Prefecture

Case

Renovating rural roads to improve the “last mile” travel of farmers and workers

To implement the CPC Central Committee's strategic goal of consolidating and expanding the achievements of poverty alleviation and advancing rural revitalization, as well as to establish a close relationship with villages and help build beautiful villages, Shuijingfang promptly drafted a road renovation plan and arranged for materials, machinery and workers, after knowing that the rough and bumpy road of Tangzigou Village, Wenjun Sub-district, Qionglai City, Sichuan Province had caused tremendous inconvenience to the locals. With a total investment of over **RMB 210,000**, we reconstructed and lengthened the original one-kilometre road, thus solving the locals' 'last mile' travel pains for farming and work.



Road before renovation



Road after renovation



Silk banner awarded by the village committee

Strengthening the bond with neighbours for a better community

Shuijingfang's growth over the past 29 years is inseparable from the support and understanding of community where we operate. To enhance the interactions with our neighbours, we've launched the Friendly Neighbour Programme, following the principles of trust, participation, co-existing and co-construction.

The programme invited the community to visit our factory, take a tour of our front-line workshop to learn about the specific process and key stages of Baijiu production, allowing our neighbours to have a more intuitive understanding of the 600-year-old culture of Shuijingfang as a top Baijiu producer in China, as well as the profound changes to the land with Shuijingfang's presence. During the visit, we were able to know better about the community's urgent problems or expectations through interaction and communication with neighbours, so as to more effectively improve community relations and increase our community influence in the future.

Case

Open Day at Tuqiao plant

The Open Day at the Tuqiao plant is a crucial starting point of our serial Friendly Neighbour Programme events. On the occasion of Chinese New Year 2022, Shuijingfang held an Open Day themed on 'Voice of Community', inviting the residents around the Tuqiao plant to learn more about the Company and establish a harmonious and friendly relationship with the neighbours in the community. The event introduced to the surrounding community with Shuijingfang's ongoing efforts made to sustainable development, tightened the neighbour relationship between the Company and community residents.



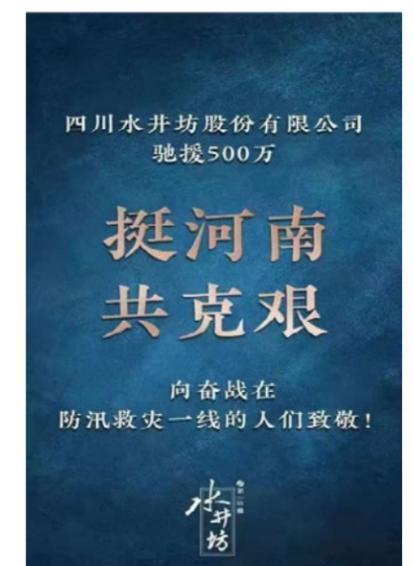
Shuijingfang Friendly Neighbour Programme - Open Day at Tuqiao plant

Providing disaster relief and fighting the COVID-19

On 20 July 2021, Henan Province was hard hit by heavy rainfall. Zhengzhou and other cities suffered severe waterlogging, causing heavy casualties and property losses. Finding it urgent to control the flood, Shuijingfang promptly donated **RMB 5 million** to the affected people through the Henan Charity General Federation, to support the disaster relief in Zhengzhou and other disaster-stricken areas and help local residents resume normal life as soon as possible, demonstrating the Company's courage to assume social responsibilities.

Since the outbreak of the COVID-19 pandemic, under the strong leadership of the Sichuan Provincial Government,

the Company has been enforcing rigorous epidemic prevention policies and measures. We worked hard to overcome difficulties and resume work and production in a scientific and orderly manner, while delivering cash and supplies to support Wuhan for epidemic control and prevention. We were granted the Award for Outstanding Contribution to Fighting the COVID-19 by the Sichuan Baijiu Industry Association in January 2021, which demonstrated the Company's sense of mission, commitment to social responsibilities, and critical contributions to pandemic control.



In the process of business operation, Shuijingfang concerned with epidemic prevention at distributors and outlets and timely provides them with anti-epidemic supplies. A total of **34,485** epidemic prevention kits were donated to customers in 2021:

- 5,000 type-A epidemic prevention kits, with each containing 2 packs of disinfectant wipes (75% alcohol) and 40 surgical masks;
- 29,485 type-B epidemic prevention kits, with each containing 1 pack of disinfectant wipes (75% alcohol) and 50 surgical masks.

Developing educational resources and fostering talent

Shuijingfang is committed to forging its path of corporate social responsibility through various dimensions and injecting greater positive vibes into the society. On 18 August 2021, we launched the 'Diancang Public Welfare Action Plan', by taking which we will allocate our part of sales of Diancang and other higher-end products to charity programs starting from that year, as part of our efforts to return to the society, and attain leadership in both brand value and brand spirit.

Case

On 9 September 2021, Shuijingfang announced the establishment of the strategic partnership with China Europe International Business School (CEIBS), a world-class business school. A series of deep cooperation projects have been planned for the following three years. In particular, we will work with the CEIBS Education Foundation and donate **RMB 1 million** every year to promote research on corporate social responsibility. As a teaching and research base of CEIBS, the Company will also engage in a variety of teaching and research activities together with CEIBS, serving as a platform for future business elites to learn from each other, and gaining insights into the future of China's Baijiu industry.



Leading the new trend of wellness with culture & sports

While supporting social construction and development, Shuijingfang also promotes a healthy lifestyle among the public. Combining sportsmanship with the brand gene, we team up with the public and sports enthusiasts to bring sports events to a higher level, spreading the concept of fitness-for-all, and inspiring tenacity and endeavour in sports activities.

Case

2021 'Shuijingfang Cup' city tennis tournament

On 8 June 2021, Shuijingfang signed a strategic cooperation agreement with the Rolex Shanghai Masters in Chengdu and kicked off the 2021 'Shuijingfang Cup' city tennis tournament. Together with tennis associations and tennis lovers from different regions, we hope to contribute to the future development of tennis and introduce tennis culture to the public. The tournament lasted four months and travelled to **9** cities including Chengdu, Suzhou, Hangzhou, Shanghai, Beijing, Shijiazhuang, Zhengzhou, Changsha and Shenzhen, with a total of **918** players participating.

Case

2021 'Shuijingfang Cup' city tennis tournament

After the finals, Shuijingfang organised a dinner party themed on poetry and liquor, which turned the passion on the court into a cultural feast. More than 100 calligraphy and poetry works from tennis enthusiasts were presented on the occasion, embodying the enterprising and fearless ideals and beliefs of tennis, and the wonderful fusion of culture and sports.



Case

Supporting the development of China's winter sports

On 9 September 2021, Shuijingfang became a strategic partner of the China Winter Sports, in active response to the national strategy and the call of 'involving 300 million people in winter sports'. Through the partnership, we intend to combine our brand culture with the spirits of the Winter Olympics, help demonstrate China's cultural confidence with our 600-year-old cultural legacy, pay tribute to the winter sports spirit of enterprising, peace and inclusion, and cheer for the China's winter sports development.

On 20 November 2021, the 2021 Shuijingfang Genting Winter Sports Opening Ceremony and the 2nd China Winter Sports Festival kicked off at the Genting Resort Secret Garden. On the occasion, Shuijingfang reached strategic partnership with Genting Resort, an official competition venue for the 2022 Winter Olympics and Paralympics in Beijing. With the advantageous resources of both parties combined, the partnership is expected to bring a more passionate and dynamic experience to winter sports lovers, and drive China's winter sports development.



Engaging in social welfare by taking the advantages of platform and value chain influence

Joining hands with employees for a better life

Shuijingfang provides employees with a wide range of voluntary service opportunities. We strengthen the management over voluntary service projects, to encourage employees to participate in community work, and continuously enhance the Company's social responsibility leadership and influence.

Celebrating the Dragon Boat Festival with public welfare efforts

Case

On 11 June 2021, Shuijingfang organised 30 employees to join in a public welfare activity designed for the Dragon Boat Festival in Qionglai. Our volunteers visited 34 needy households, donated 34 sets of living supplies, and introduced the law to the local villagers to help raise their legal awareness.



The public welfare activity designed for the Dragon Boat Festival

Voluntary activity at the Double Ninth Festival

Case

On 14 October 2021, Shuijingfang held an employees' social responsibility event in Wenjun Sub-district, Qiudianzi Village, to practise the Company's social responsibility and establish a harmonious relationship between villages and enterprises. During the event, 20 employees visited 3 elderly people with limited mobility (aged 90 and above) in the village and delivered them with daily supplies and holiday greetings.



Volunteers visiting the elderly

Voluntary activity at the Double Ninth Festival

Case



Photo of volunteers and villagers



Obtaining a banner awarded by the village council

Taking responsibility and growing together with value chain partners

Shuijingfang not only pursues win-win cooperation with business partners but also believes it is critical to create social value together with them. By joining hands with value chain partners to devote to public welfare and charity, we have gathered more social forces to promote social progress and development.

Visiting the Changsha No. 2 Social Welfare House

Case

Hunan Xinhongji Trading Co., Ltd., the exclusive operator of Shuijingfang in Hunan, has been working with Shuijingfang for many years to fulfil social responsibilities for poverty alleviation and public welfare honouring the "people-oriented" principle. On 14 October 2021, Xu Ye, Manager of Shuijingfang Hunan Region and Li Zhiwei, General Manager of Hunan Xinhongji Trading Co., Ltd., alongside with their team, visited the Changsha No. 2 Social Welfare House and donated a full set of furniture for the 'Happy Home' activity room at the Institute and supplies celebrating the Double Ninth Festival.



Chapter VII

Museum and cultural inheritance

Shuijingfang is a noted Baijiu brand with two cultural legacies – the Shuijing Street Distillery Site and the Shuijingfang Traditional Baijiu Distillation Technique. Therefore, we find it our long-term mission to protect, carry forward and inject new vibes into Chinese traditional cultural heritage.

- Profound tangible cultural heritage
- Exquisite intangible cultural heritage
- Promotion of cultural diversity



Profound tangible cultural heritage

In May 2021, the National Cultural Heritage Administration released the 'Guiding Opinion on Promoting the Reform and Development of Museums', which has specified the overarching goal of museum construction during the 14th Five-Year Plan period: by 2025, a museum development pattern featuring a reasonable layout, an optimised structure, distinctive features, a full-equipped system and complete functions should have been established, with the quality of museum development significantly improved.

As a representative of non-state-owned museums and industry-specific museums, the Shuijingfang Museum has never stopped promoting the protection and inheritance of cultural heritage through internal management, activity organisation, external cooperation and many other dimensions.

Optimising management for standard museum operation

As the management organisation of the major cultural site protected at the national level, the Museum has set up positions dedicated to the protection of the site and assigned staff to be responsible for its daily management. The Museum also maintains regular communication with the Sichuan Provincial Cultural Heritage Administration, the Chengdu Cultural Heritage Administration, the Chengdu Cultural Relics and Archaeology Research Institute, and other government authorities. The protection of cultural heritage is subject to the supervision of competent government departments, and cultural heritage protection projects are submitted to the cultural administrations of Jinjiang District, Chengdu City, and Sichuan Province, and finally reviewed and approved by the National Cultural Heritage Administration.

To ensure its compliance and healthy operation, the Museum has established the 'Regulations on the Administration of the Protection of Shuijing Street Distillery Site' and the 'Shuijingfang Museum Collection Management Regulations', mainly in accordance with the 'Law of the PRC on Protection of Cultural Relics', the 'Regulations on the Administration of Cultural Relics Protection of the PRC', the 'Administrative Measures for Cultural Relics Protection Projects', the 'Administrative Measures for Museum Collections of the PRC', the 'Administrative Measures for Cultural Relics Protection of Sichuan Province', the 'Regulations on the Administration of Cultural Relics Protection of Chengdu', the 'Regulations on the Administration of Great Sites Protection of Chengdu', the 'Museum Regulations of Chengdu', the 'Administrative Measures for Private Museums of Chengdu' and other laws and regulations. In 2021, the Museum upgraded its fire prevention and security equipment as well to better protect the cultural heritage and site inside.

The Shuijingfang Museum opened for **315** days throughout the year of 2021, receiving a total of over **30,000** visitors, with a satisfaction rate of **100%**. Under regular epidemic prevention and control measures, zero epidemic accidents occurred throughout the year.

Becoming a signature industrial museum and a city landmark

The Shuijing Street Distillery Site, as a major cultural site protected at the national level, is a vital tangible cultural heritage. The Shuijingfang Museum has systematically preserved the original Distillery Site that dates back to over 600 years ago in its original

location, and revived Shuijingfang's Traditional Baijiu Distillation Technique with a history of more than six centuries with a real-life production scene. It is a 'living' museum that flawlessly integrates manufacturing and display, as well as a landmark centre for state-level geographical indicators protection and one of Shuijingfang Baijiu's primary production locations.

For its long-standing historical and cultural legacy, the Shuijingfang Museum is a frequenter at foreign cultural exchange activities organised by the government. Its cultural and creative product – the Shuijingfang Museum No.1 has been listed as a name card of Chengdu by the Chengdu government and given to international dignitaries as a diplomatic gift.



315

The Shuijingfang Museum opened for 315 days throughout the year of 2021

30,000+

visitors received in total in 2021

100%

visitor satisfaction rate



Shuijingfang Museum – storage area



Shuijingfang Museum – site showroom



Shuijingfang Museum - exterior

Upgrading exhibition technology and improving customer experience through innovation

In 2021, the Museum worked with the Marketing and Innovation Department to upgrade exhibiting technology and improving customer experience. From 5 May to 24 June 2021, Shuijingfang Museum staged a one-month immersive drama, engaging a total of 4,131 audiences. The innovative interaction delivered a unique cultural experience to the visitors. During the display period of the drama, the selling and tasting points in the Museum were also upgraded to optimise the experience of guests.



Immersive drama

The Shuijingfang Museum has also been recognised as a Chengdu Patriotism Education Base by the Publicity Department of the Chengdu Municipal CPC Committee, continuously organising cultural and educational activities for the public and schools.

The Shuijingfang Museum organised a total of 19 public cultural and educational activities in 2021, including:

- One free admission activity on 18 May International Museum Day, covering 352 people;
- One free admission activity on Cultural and Natural Heritage Day, covering 287 people;
- One free admission activity on the anniversary of the opening of the Museum, covering 329 people;
- Two Sichuan Culture Tours for the Graduate Students Union of Sichuan University, covering 80 people;
- Four immersive experience activities, covering 5,244 people;
- Four community museum tours for Chengdu No. 7 Yucai Middle School, covering 120 people;
- Six “Intangible Cultural Heritage Around Me” activities for the Jinguanyi Primary School, covering 180 people.



Case

Enhancing vertical cooperation and horizontal communication to broaden horizons

Under the overarching objective of museum construction during the 14th Five-Year Plan period, Shuijingfang encourages social forces to participate in the construction of the Museum and in the cooperation with other museums in order to promote multidisciplinary studies across art, media and other disciplines. At the same time, Shuijingfang strengthens the partnerships with museums in other cities to jointly undertake the historic mission of cultural inheritance.

Joining hands with Chengdu 2021 FISU World University Games

On 8 December 2021, the opening ceremony of the sponsor club themed on the Chengdu 2021 FISU World University Games took place at the Shuijingfang Museum in Chengdu. As the officially designated platform for the Chengdu Universiade (in the category of specialty culture), the Museum will promote the city’s culture through the games and continue to spread the cultural value of Shuijingfang’s two legacies among the public.



Case

Carrying forward the cultural heritage of Chengdu poetry with Chengdu International Poetry Week

The 5th Chengdu International Poetry Week kicked off on 18 December 2021. Shuijingfang reached a three-year strategic partnership with the event, aiming to explore ways to protect traditional culture in the field of poetry and promote multilateral cooperation on preserving poetry as a cultural heritage of Chengdu. By doing so, we hope to influence and promote communication between Chinese culture and a diversity of foreign cultures, making Chengdu a city of poetry and a world-famous cultural city.

Themed on ‘Li Bai and Du Fu in the World History’, the Poetry Week this year invited dozens of well-known Chinese and foreign poets to a ‘tour of poetry and liquor aesthetics’ at the Shuijingfang Museum. An immersive drama ‘Reunion after a Thousand Years’ was staged, allowing poets to experience the dynamic integration between Chengdu’s poetry culture and liquor aesthetics at close range. The event involved a total of **more than 100** individuals, including famed poets at home and abroad, as well as guests from the Chengdu TV station and the Federation of Literary and Art Circles.



The 5th Chengdu International Poetry Week in 2021

Case

Partnered three times with the TV programme ‘National Treasure’ to carry on the cultural protection

On 23 October 2021, the ‘CCTV National Treasure – Special Edition’ was on air. This was the third time that Shuijingfang had sponsored this phenomenal variety show, making itself a guardian of national treasures. The programme featured a series of experience activities themed on ‘Protecting National Treasures’ at the Sanxingdui Museum, the Guangdong Museum and the Hunan Museum to spread the significance of cultural protection. It was also planned to donate equipment and supplies for cultural preservation and exhibitions to the Hunan Museum. In specific, the donations will be used for the protection, restoration and display of bronze wares. While dedicated to the inheritance and protection of national treasures, we also work hard to inject modern vibes into the traditional culture.

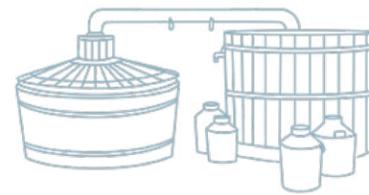


Case

Exquisite intangible cultural heritage

The 14th Five-Year Plan calls for efforts to strengthen the systematic protection of intangible cultural heritage, improve the corresponding system and capabilities and expand themed promotion, so as to make greater progress in the protection of intangible cultural heritage. Moreover, the '14th Five-Year Plan for Intangible Cultural Heritage Protection' by the Ministry of Culture and Tourism has detailed the overall requirements, priorities and supporting measures for the protection of intangible cultural heritage during the period.

To safeguard our intangible cultural heritage which under national protection – the Shuijingfang Traditional Baijiu Distillation Technique, in March 2012, we established the Shuijingfang Cultural Heritage Protection Committee, the Intangible Cultural Heritage Protection Office and other entities, and set up a dedicated Cultural Heritage Protection Fund. All of these efforts are intended to ensure that the Shuijingfang Traditional Baijiu Distillation Technique is properly protected in production and passed down through the medium of well-established institutions, sufficient funds and orderly management.



Well-defined and farsighted strategy for the protection and inheritance of intangible cultural heritage

To highlight the national and ethnic features of intangible cultural heritage, and to better protect, use and inherit Shuijingfang's time-honoured distillation technique, we have set up the Cultural Heritage Protection Committee to be solely responsible for the following matters:

- 

Independently inspect and supervise the protection and inheritance of the Shuijingfang Traditional Baijiu Distillation Technique. All the important matters related to the technique in the Company's operations should be approved and supervised by the Committee;
- 

Review the nominations of inheritors of intangible cultural heritage at all levels, making sure any material personnel arrangements for these inheritors are subject to the consent of the Committee;
- 

Combine the Shuijingfang's ancient Baijiu distilling techniques with modern technology, constantly make innovations, and promote international cultural exchanges and cooperation;
- 

Oversee the use of the Shuijingfang Cultural Heritage Protection Fund;
- 

Work with cultural administration authorities and other competent departments on the protection, inheritance and promotion of intangible cultural heritage, preserve and manage the documents of Shuijingfang's Baijiu Distillation Technique, develop confidentiality regulations on core expertise and inspect the implementation thereof.

The Intangible Cultural Heritage Protection Office, as the executing organisation of the Cultural Heritage Protection Committee, follows up on and observes the 'Law of the PRC on the Protection of Intangible Cultural Heritage', the 'Regulations on the Protection of Intangible Cultural Heritage of Sichuan Province' and other applicable laws and regulations. And subject to these legislations, an array of rules and regulations have been formulated as a complement to our perfect compliance system, including the 'Responsibilities of the Cultural Heritage Protection Committee of Sichuan Shuijingfang Co., Ltd.', the 'Management and Application and Approval Process for the Use of Intangible Cultural Heritage Fund', and the 'Commitment Letter from Representative Inheritors of the Shuijingfang Traditional Baijiu Distillation Technique'.

Tailored intangible cultural heritage protection measures

Shuijingfang has taken a series of measures that are tailored for both the characteristics and actual situation of the Expertise, to properly protect and inherit intangible cultural heritage assets:

- 

Launch scientific research projects on Shuijingfang's distilleries, pit mud and functional microorganisms that are closely related to the traditional Baijiu making process, to facilitate product R&D;
- 

Set up an Intangible Cultural Heritage Showroom at the Shuijingfang Museum to continue promoting the Expertise;
- 

Set up a Cultural Heritage Protection Fund and specialized protection agencies such as the Shuijingfang Cultural Heritage Protection Committee and the Intangible Cultural Heritage Protection Office for the orderly management of intangible cultural heritage assets;
- 

Work hard on the protection, inheritance and practise-driven promotion of intangible cultural heritage as guided by the Company's core philosophy, and promote the Shuijingfang Traditional Baijiu Distillation Technique and Chinese traditional culture.

Case

The industry's first fund designed to protect intangible cultural heritage

As a beneficiary of intangible cultural heritage skills and traditional culture inheritance, Shuijingfang has demonstrated strong patriotism and social responsibility in the process of promoting traditional culture. In 2018, we established the Baijiu industry's first fund designed to protect intangible cultural heritage (Shuijingfang Intangible Cultural Heritage Revival Fund of the China Foundation for Cultural Heritage Conservation) together with other parties. Run under a more professional operation mechanism, the Fund is designed to support the inheritance and development of other intangible cultural heritage in China, the construction of an ecosystem for intangible cultural heritage innovation and protection, and the establishment of a new inheritance pattern. This represents our proactive efforts to explore and practise the approaches to pass on Chinese cultural legacies, carry forward outstanding Chinese traditional culture and strengthen the national soft power on the cultural dimension.



We also protect the inheritors of the Shuijingfang Traditional Baijiu Distillation Technique. Inheritors are key to the Expertise, as well as the embodiment and advantage of our production capabilities. Therefore, a Training Programme for Representative Inheritors of Intangible Cultural Heritage has been launched and a talent pool for intangible cultural heritage skills has been established to lay a robust talent foundation for the inheritance and development of intangible cultural heritage skills.



As of 2021, there was **1** national representative inheritor, **3** provincial representative inheritors and **7** municipal representative inheritors of the Shuijingfang Traditional Baijiu Distillation Technique. The intangible cultural heritage has now welcomed its **ninth** generation of inheritors. The clearly-defined inheritance system has ensured orderly handover and effective protection.

Well-defined and farsighted strategy for the protection and inheritance of intangible cultural heritage

Shuijingfang has formulated a well-defined and long-term strategy for the protection and inheritance of intangible cultural heritage, to ensure the long-term, healthy, rational, well-organised and effective development in multiple dimensions:



Build a platform for communication with the government (on intangible cultural heritage), maintain a desirable external environment for heritage protection, and ensure smooth external communication channels; closely monitor government policies on state-level intangible cultural heritage protection, keep abreast of the latest policy updates, and maintain regular communication with provincial and municipal government authorities and intangible cultural heritage protection associations.



Perform responsibilities for intangible cultural heritage protection, follow the fundamental principles of the 'Law of the PRC on the Protection of Intangible Cultural Heritage' and the 'Regulations on the Protection of Intangible Cultural Heritage of Sichuan Province', stress the protection and inheritance of intangible cultural heritage, and increase incentives for heritage inheritance; improve the inheritor system for the Shuijingfang Traditional Baijiu Distillation Technique, properly protect and serve the inheritors, continue to expand the team of inheritors, and document and preserve inheritors' skills from multiple dimensions.



Strengthen the presentation and promotion of intangible cultural heritage, and facilitate the protection and inheritance of intangible cultural heritage skills through fruitful, multi-channel and multi-dimensional dissemination; expand the influence of the Shuijingfang Traditional Baijiu Distillation Technique, assist the Marketing Department, the Business Department to communicate with government authorities and other enterprises to minimise the impact of national policies' uncertainty on the Company's operations.



Spare more efforts to collect and organise historical documents and information to consolidate the historical foundation for the Shuijingfang Traditional Baijiu Distillation Technique and promote the sound integration and development of intangible cultural heritage; explore the deeper connotation of intangible cultural heritage, and make good use of the achievements of heritage protection and intangible cultural heritage materials, to support the Company's marketing and branding campaign.

Promotion of cultural diversity

Shuijingfang pursues the fusion of distilling techniques, culture and aesthetics, and values the bond between art and life, thus injecting a great impetus into art and cultural diversity in China. Through unremitting efforts and perseverance, we have paved our own path of cultural protection.

Case

The Top Distillery – Jinyi Award

The Top Distillery – Jinyi Award is an art award founded by Shuijingfang. Award winners are selected by a panel composed of well-known and top artists in China. The first Top Distillery – Jinyi Award was focused on artists who have made outstanding contributions to the field of painting art. In the future, the Award will expand to more fields of arts and aesthetics, better supporting and preserving China's most rare and respectable cultural aesthetics, and continuously powering China's art development.

The first edition of the Award was participated by 230 guests, including noted artists in China and our customers. The renowned art master Jin Shangyi and the famous writer and painter Jia Pingwa won the Top Distillery – Jinyi Award and the Top Distillery – Jinyi Award for Artistic Contribution, respectively. On the occasion, Shuijingfang also signed contracts with 30 domestic top artists present. Together they are expected to establish an aesthetic platform and show China's diverse, splendid and dynamic art and culture in the future.

230

guests participated in the first Jinyi Award including noted artists and our customers

30

domestic top artists signed contracts with Shuijingfang



Jia Pingwa won the Top Distillery – Jinyi Award for Artistic Contribution



Shuijingfang's contracted artists

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	Key Performance Indicators			301, 302, 303, 305, 306, 307

Social responsibility - Becoming a responsible corporate citizen	Core social values built on key capabilities	8.1, 8.3, 8.5, 8.6	Goals 1, 2, 10, 11	201, 203, 413, 415
	Engaging in social welfare by taking the advantages of platform and value chain influence	8.1, 8.3, 8.5, 8.6	Goals 1, 2, 10, 11	201, 203, 413
Museum and cultural inheritance	Profound tangible cultural heritage	8.5, 8.6	Goals 4, 11	201, 203
	Exquisite intangible cultural heritage			
	Promotion of cultural diversity			
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