



泸州老窖
LUZHOULAOJIAO

让世界品味中国

2023 ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

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ABOUT THIS REPORT

The 2023 Environmental, Social and Governance Report of Luzhou Laojiao Co., Ltd. is the 17th annual Environmental, Social and Governance Report released by Luzhou Laojiao Co., Ltd. ("Luzhou Laojiao"). This Report aims to truthfully, accurately, and completely disclose the efforts and achievements made by the Company in practicing high-quality sustainable development to stakeholders including the government and regulatory authorities, shareholders and investors, customers, suppliers and industries, employees, and the public.

Reporting Period and Timeframe

This is an annual report covering the period from January 1, 2023 to December 31, 2023, with some content taken backward as appropriate to enhance its comparability and completeness.

Subject Entities

This Report makes disclosure on Luzhou Laojiao and its subsidiaries. For ease of reference, short names are used herein as follows:

Short Name	Full Name
Luzhou Laojiao, the Company, We	Luzhou Laojiao Co., Ltd.
Brewing Company	Luzhou Laojiao Niangjiu Co., Ltd.
Huangyi, Huangyi Brewing Ecological Park	The park at Huangyi Town, Jiangyang District, Luzhou City
Luohan, Luohan Brewing Ecological Park	The park at Luohan Town, Longmatan District, Luzhou City
Xiaoshi Brewing Base	The production base at Xiaoshi Street, Longmatan District, Luzhou City

Basis of Preparation

- Sustainable Development Goals in 2030 (SDGs), issued by the United Nations
- The Ten Principles of the United Nations Global Compact (UNGC)
- GRI Sustainability Reporting Standards (GRI Standards), issued by the Global Sustainability Standards Board
- ISO 26000 - Guidance on Social Responsibility (2010), issued by the International Organization for Standardization
- Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG5.0), issued by the Chinese Academy of Social Sciences
- Guidance on Social Responsibility Reporting (GB/T36001-2015)
- Social Responsibility Instructions to Listed Companies, issued by Shenzhen Stock Exchange
- Self Regulatory Guidelines No. 1 for Listed Companies - Standardized Operation of Main Board Listed Companies, issued by Shenzhen Stock Exchange

Data Description

The financial data in this Report are all in RMB.

Reliability Assurance

The Company and all members of the Board of Directors undertake that the information disclosed herein is true, complete, and accurate, without any misrepresentations, misleading statements, or material omissions.

Access to the Report

In response to the concept of low carbon and environmental protection, we release this Report in electronic form, which is accessible through the official website of cninfo at www.cninfo.com.cn.

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MESSAGE FROM THE CHAIRMAN



2023 sees a new round of structural adjustment in the liquor industry, with the path toward "competition, differentiation and concentration" speeding up. Over the past year, in the complex and changing internal and external environments, we have worked together keeping in mind our annual development theme of "promoting reform, strengthening collaboration, focusing on key points and achieving a common leap growth" to comprehensively enhance internal motivation, improve enterprise effectiveness and seize development opportunities. The joint efforts and struggles of the whole Company have been rewarded with excellent results and a new record high.

We adhere to normalized governance and build cohesion through sharing achievements. The Company continues to improve the management system, and maintains good relations with investors, holding firm the "superior" position of Luzhou Laojiao in the capital market. Under the value concept of "taking customers as a team", and the customer development

Luzhou Laojiao Co., Ltd.

Secretary of the Party Committee and Chairman

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strategy of "service, support, protection and prosperity for merchants", the Company fully respects and safeguards the rights and interests of partners, shareholders, investors and consumers, with constant efforts made to promote the manufacturer-distributor integration and the customer service system construction, thereby forming a good cultural atmosphere of co-existence and co-progress. Besides, endeavors have also been used to deepen the industrial workers' construction reform, motivate employees to contribute to innovation and efficiency, and actively move forward with the construction of "two parks", energizing employees for their common growth with the Company.

We keep abreast of the times and lead the development with reform and innovation. Insisting on innovative brand promotion, the Company has gradually embarked on a distinctive path of integrating product promotion with sales business and consumer development while giving full play to both online and offline channels, which has recorded a good result. Upholding innovation for digital intelligence transformation, the Company has worked to accelerate the "overall improvement" project, strengthen the concept of digital intelligence, construct the digital intelligence system, and cultivate digital intelligence towards a new era of digital intelligence development. Knowing deep down the driving force of science and technology, the Company has continuously increased investment in scientific research for platform construction, technology R&D, and industry-academia-research transformation, etc., which has made a significant progress, and formed our own advantages and characteristics.

We strengthen the fulfillment of our responsibilities and strive to achieve success in the era of development. With a big-picture thinking, the Company has actively practiced the corporate philosophy of "liquor brewed with the universe, spirit generated by the world", awarded the "30-Year Social Welfare Award in China Liquor Industry". In 2023, the Company gave help to underdeveloped counties, by actively promoting seven types of assistance projects, including rural infrastructure construction, industrial support, education support, and condolence donations, while further implementing social welfare activities and continuing to assist students with financial aid such as granting the "Luzhou Laojiao Scholarship" and "Luzhou Laojiao Golden Teaching Award". Moreover, the Company sought a low-carbon ecological sustainable development, with active measures taken to promote resource recycling and enhance clean production levels, through which, we have achieved remarkable results in this field as can be shown by the title of "2023 China's Leading Enterprise for Industrial Carbon Peak" awarded to the Company.

2024 marks the 700th anniversary of passing on our strong aroma techniques, and the year of the sprint to implement our 14th Five-Year Plan for development. We will tightly pursue around "firmness, breakthrough, innovation, and collaboration", going all out to tackle challenges and step forward for a promising new future!

MESSAGE FROM THE GENERAL MANAGER



2023 is the 450th anniversary of the founding of the 1573 treasure-class national cellars in Luzhou Laojiao, and is also a crucial year for Luzhou Laojiao to rise to the challenge for effective transformation and turning danger into opportunity. In this year, all Luzhou Laojiao people have worked hard to forge ahead under the marketing theme of "deepening reform, focusing on breakthrough, digital empowerment, and comprehensive implementation", achieving remarkable results in sales performance and market layout, and enabling a benign and rapid development with Luzhou Laojiao characteristics.

This year, we realized a leap in volume and broke a new record in marketing scale. Shifting from strategic preparation to strategic implementation, the Company has taken more systematic and efficient measures to promote the market, making significant progress in sales performance and market order. The total sales of National Cellar 1573 and Luzhou

Luzhou Laojiao Co., Ltd.

Deputy Secretary of the Party Committee
and General Manager

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Laojiao brands have both achieved a historically great breakthrough, with the position of the National Cellar 1573 brand being further consolidated, and the revival of the Luzhou Laojiao brand reaching a new level. The four major campaigns of Spring Action, Autumn Harvest, Well Digging, and Digital Transformation have been implemented one after another, helping the Company clean up inventories, streamline market order and take root in the market whilst the development of regional markets across the country witnessing a rapid transformation in the post epidemic era.

This year, we accelerated the digitalization and intellectualization, with our capacity reaching to a new level. Based on the whole industry chain management under a comprehensive digital quality concept, Luzhou Laojiao keeps promoting the intelligence and digitalization of the entire industry chain, which pushed our new quality productivity and quality control capability to a new height, laying an absolute competitive advantage of us in serving consumers in the future. Luzhou Laojiao Intelligent Packaging Center started trial production, becoming the first "lighthouse factory" in the industry having the fastest filling speed, the strictest quality inspection, the highest level of intelligence and digitalization, and the most independent technological innovation. A "digital and intelligent" production guarantee system driven by new quality productivity has been built.

This year, we focused on fine management, and our headquarters empowerment recording new success. The basic management has been continuously upgraded, shaping an authorization-system-process integrated management framework based on organization, centered on finance, guaranteed by assessment, and supported by digitalization and intelligence. Meanwhile, highlights have been continued on risk prevention and control, with various strict audit projects further proceeded, and intellectual property protection strengthened, thereby effectively warning and preventing law, finance, eco-environment and other risks. Besides, around the "Navigation Plans", the Company continued to provide training and select talents, further enriching the talent pool. Meanwhile, constant efforts were made to strengthen the construction of trade union, by virtue of which, our employee innovation program has been awarded the second prize of National Excellent Innovation Achievements for Employees, and the Company has also been granted the National May Day Labor Award.

Standing at the head of the times in the face of the industry's future which is full of difficulties, challenges, and opportunities, we need to have the courage and determination to move forward. Rainbow comes after a storm. Let's seize the rare development opportunities in 2024, join hands, overcome difficulties and set sail towards a brilliant future!

ABOUT LUZHOU LAOJIAO



Company Profile

Luzhou Laojiao, the "Ancestor of Strong Aroma", is a large state-owned liquor-making enterprise developed on the basis of 36 ancient brewing workshops in Ming and Qing dynasties, being the pioneer of strong aroma techniques, the setter of strong aroma standards, and the shaper of strong aroma brands. The Company possesses the traditional

liquor-making techniques of Luzhou Laojiao passed down for 24 generations and 700 years from 1324 AD, which has been included in the first batch of "National List of Intangible Cultural Heritage of China". The Company also possesses the 1573 treasure-class national cellars, which have been in continuous use since 1573, and are the largest, most well-preserved and longest-used "living brewing cultural relic" in the world, having been announced as one of the first "National Key Cultural Relics Protection Units" in the industry and included in the "China's World Cultural Heritage Tentative List".

In 1952, Luzhou Laojiao was selected into the first "Four Famous Liquors" in China along with Maotai, Fenjiu and Xifeng, and became the only strong aroma Baijiu that had won the title of "Chinese Famous Liquor" for five consecutive times. In 1957, the Ministry of Light Industry of the PRC opened the first national Baijiu brewing technology review and summary in Luzhou Laojiao, compiled the first Baijiu brewing textbook Luzhou Laojiao Daqu Liquor, established the quality and process standards of Chinese Baijiu, and held more than 20 national liquor brewing technology training courses in Luzhou Laojiao, making Luzhou Laojiao a "Huangpu Military Academy in China's Liquor Industry" as honored by the industry.

In 1994, Luzhou Laojiao Co., Ltd. was listed on the Shenzhen Stock Exchange, becoming the first listed company for Baijiu in Shenzhen. So far, Luzhou Laojiao has become a strong national well-known enterprise, with its products including, among others, National Cellar 1573, Luzhou Laojiao 1952, Luzhou Laojiao Tequ, Centennial Luzhou Laojiao Jiaoling Baijiu, Luzhou Laojiao Touqu, and Luzhou Laojiao Black Cap, which are best-selling both at home and abroad.

Luzhou Laojiao has always adhered to the corporate philosophy of "liquor brewed with the universe, spirit generated by the world", committed to fulfilling its social responsibility as a state-owned enterprise, building a good commercial ecology, and contributing to the national development and rejuvenation.rld", committed to fulfilling its social responsibility as a state-owned enterprise, building a good commercial ecology, and contributing to the national development and rejuvenation.

Corporate Culture



2023 Events (Partial)

January

- The Intelligent Baijiu Manufacturing Demonstration Plant of Luzhou Laojiao was selected into the intelligent manufacturing demonstration plants in 2022 by four authorities including the Ministry of Industry and Information Technology, becoming the first finalist as such in the Baijiu industry.
- Luzhou Laojiao was designated into the second group of "Pilot Units for Improving the Life of Employees" by the All China Federation of Trade Union.

February

- The Treasure-class National Cellars of Luzhou Laojiao was awarded the title of "Key Visit Unit for Sichuan Foreign Affairs" by the Sichuan Provincial Foreign Affairs Office.
- Luzhou Laojiao participated in the first China Intangible Cultural Heritage Protection Annual Conference and was included as one of the "Selected Projects for the Integration of Intangible Cultural Heritage and Tourism Development".
- Luzhou Laojiao was first carried by the China-Europe Train for export to Russia, with Luzhou liquor going international to spread the culture of Chinese liquor.

March

- The 2023 Luzhou Laojiao Sealing Ceremony for National Cellar 1573 with the theme of "A History You Can Taste, 450-year National Cellar" was grandly held in Luzhou, the Baijiu city, during which the commemorative logo and products for the 450th anniversary of 1573 treasure-class national cellars were launched.
- Luzhou Laojiao won the first prize of the "2022 Sichuan Provincial Science and Technology Progress Award".
- The Sichuan Solid-state Brewing Technology Innovation Center led by Luzhou Laojiao was honored as an "Exemplary Organization for the Construction of Provincial Technology Innovation Center".
- The 3rd China Brewmaster Certification Conference was held in Beijing, in which Liu Miao, Secretary of the Party Committee and Chairman of the Company, and He Cheng, Deputy General Manager and Chief Quality Officer of the Company, were awarded as the brewmasters.

April

- Luzhou Laojiao won five major honors in the Awarding by the China Alcoholic Drinks Association for advanced models in the industry for the past 30 years.
- The "National Treasure Ecological Research Collaborative Innovation Center" jointly built by Luzhou Laojiao and Jiangnan University was officially unveiled.
- The Luzhou Laojiao Sealing Ceremony of folk customs was listed in the Sixth Batch of Provincial Representative Projects of Intangible Cultural Heritages.
- Luzhou Laojiao won the National May Day Labor Award in the 2023 Celebration of the International Labor Day and the Commendation Ceremony for National May Day Labor Prizes and National Workers' Pioneers held at the Great Hall of the People in Beijing.

May

- Luzhou Laojiao had five new national Baijiu judges.
- Mr. Jackie Chan, an international superstar, Mr. Chen Zhien, Singaporean Consul General in Chengdu, and other leaders and guests visited Luzhou Laojiao to explore the 450-year strong aroma of the national cellars.
- The "Flowing Museum" exhibition tour of Luzhou Laojiao was officially launched.

June

- The "Research Base for Party Building in State-owned Enterprise" of the Company was put into operation.
- Luzhou Laojiao Museum - Luzhou Laojiao Southern Song Dynasty Liquor Culture Stone Carving Site Protection Exhibition Hall was open, which is the only stone carving exhibition hall in Luzhou for original site protection and display of liquor culture in Southern Song dynasty.
- The large-scale cultural program "Intangible Cultural Heritages in China - Sichuan", jointly produced by China Media Group and the Ministry of Culture and Tourism, and exclusively sponsored by Luzhou Laojiao, was broadcast on CCTV-1.
- The 2022 General Meeting of Shareholders of Luzhou Laojiao Co., Ltd. was successfully held.
- Baijiu Brewing and Liquor Body Design Professional Committee of the Chinese Workers' Technical Association was officially established in Luzhou, Sichuan.

July

- "City of Museums (Season II)", a cultural interactive reality show on cultural museum exploration exclusively sponsored by National Cellar 1573, was launched.
- The Company's achievement on "key technologies of digital inspection and encapsulation for Baijiu boxed products and applications thereof" won the second prize of the National Employee Innovation Achievement Award.
- Luzhou Laojiao was invited to participate in the 2nd National Craftsman Innovation Exchange Conference and National Craftsman Forum for exhibition and live streaming. The Company's innovative achievements won the "Excellent Exhibition Award" in the "Craftsman Roadshow" activity, and the live streaming room was recognized as the "Most Popular Live Streaming Room".

August

- Luzhou Laojiao initiated the "National Treasure Lecture" together with the China Cultural Relics Academy to activate national treasures and cultural relics.
- Luzhou Laojiao had 2 new advanced professional technicians, 10 new senior professional technicians, and 24 provincial Baijiu judges.
- Luzhou Laojiao was designated as the first group of physical service bases for the construction of family traditions for employees in Sichuan Province.

September

- Luzhou Laojiao liquor was awarded the "Top Ten Representative Products of China-Europe Geographical Indication in 2023" during the Second Chinese and Foreign Geographical Indication Products Expo.
- Both "National Cellar 1573" and "Luzhou Laojiao" were named into the 2023 BrandZ List of Top 100 Valuable Brands in China.
- Luzhou Laojiao passed the review with the issuance of the Notice on the Publication of the Review Results for Chinese Time-honored Brands by five authorities including the Ministry of Commerce.

October

- Luzhou Laojiao participated in the Third Belt and Road Forum for International Cooperation, exploring new opportunities of the Belt and Road in the next decade with Chinese and foreign entrepreneurs.
- The International Festival of Poetry and Liquor and the Baijiu City of China · the 7th Art and Cultural Week of Luzhou Laojiao kicked off.

November

- "Intangible Cultural Heritages in China", a large-scale cultural program jointly produced by China Media Group and the Ministry of Culture and Tourism, and exclusively sponsored by Luzhou Laojiao, was broadcast on CCTV-1.
- Luzhou Laojiao I & E Co., Ltd. passed the field inspection for advanced certification organized by the Chengdu Customs Inspection Office, becoming the first advanced certified enterprise (AEO) in Luzhou recognized by the customs.
- Luzhou Laojiao once again received the highest Grade A evaluation in the Announcement on the Evaluation Results of 2022-2023 Information Disclosure Work for Shenzhen-listed Companies by the Shenzhen Stock Exchange.

December

- The Launching Ceremony for Top Global Partners of the International Table Tennis Federation World Cup, in which Luzhou Laojiao was included, was held in Chengdu, Sichuan.
- The contract renewal ceremony involved by Luzhou Laojiao as an exclusive Baijiu partner for Australian Open Tennis Championships was held in Chengdu, Sichuan.
- The first Chinese-style mixed liquor skills competition in Sichuan Province for 2023 was held in Luzhou.
- The Model Worker SHEN Caihong and Craftsman Talent Innovation Studio and Model Worker QIN Hui and Craftsman Talent Innovation Studio of Luzhou Laojiao were selected by the Sichuan Provincial Federation of Trade Unions into the sixth group of Model Worker and Craftsman Talent Innovation Studios in Sichuan Province.

2023 Honors and Awards (Partial)



30-year Cultural Innovation Award in China Liquor Industry



Excellent Case Award at the First China Liquor Cultural Creative Industry Development Summit



The Best Alcoholic Bottles Award in 2023



National May Day Labor Award



2022 Excellent Case on Innovative Application of Digital Cultural Relics in Sichuan Provincial Museum



First Prize for Excellent Achievements in National Corporate Culture



Excellent Practice Case of the 2023 Best Creation Activities by Board of Directors for Listed Companies



Excellent Practice Case of Board Offices for Listed Companies in 2023



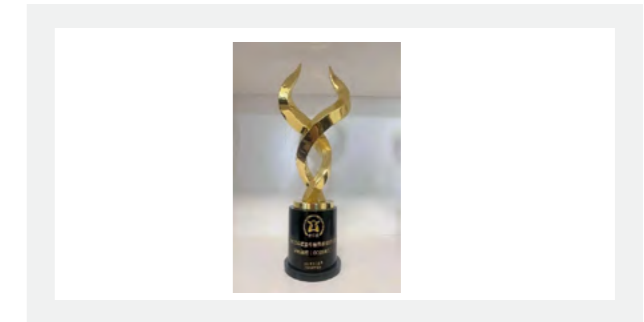
Second Prize of the National Employee Outstanding Technological Innovation Achievement Award for "Key Technologies of Digital Inspection And Encapsulation for Baijiu Boxed Products and Applications Thereof"



Special Prize on Technical Innovation Achievements of Employees in 2023 for "Strong Aroma Baijiu High-quality Old Cellar Mud Precise Reproduction Technology And Application"



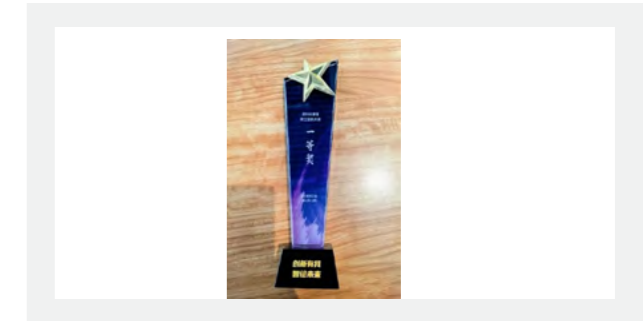
2023 Leading Marketing Award in the Food and Beverage Industry



2022 Taurus Valuable Investment Award



First Prize of Sichuan Science and Technology Progress Award for the achievement on "Key Technologies for Precision Brewing of Traditional Strong Aroma Baijiu and Applications Thereof"



First Prize in the First Employee Innovation Competition in Sichuan Province



30-year Science and Technology Achievement Award in China Liquor Industry



30-year Social Welfare Award in China Liquor Industry

Main Products



National Cellar 1573 · Spirit of China

National Cellar 1573 · Spirit of China is a representative work of both tangible cultural heritage and intangible cultural heritage in China. It was specially brewed in memory of the 1573 treasure-class national cellars and the traditional liquor-making techniques of Luzhou Laojiao, which were selected into the "National Key Cultural Relics Protection Units (1996)" and the "National List of Intangible Cultural Heritage of China (2006)". Such Baijiu is colorless and transparent with elegant cellar aroma, delicate aged aroma, mellow, sweet, full and round taste, and refreshing, clean and lingering aftertaste, showing a typical style.



National Cellar 1573 · Classic

National Cellar 1573 · Classic, originated from the "Treasure-class National Cellars" built during the Emperor Wanli period of Ming Dynasty (1573 AD), is brewed using the traditional liquor-making techniques of Luzhou Laojiao. Such Baijiu is colorless and transparent with elegant cellar aroma, mellow, sweet, refreshing and clean aftertaste, soft and harmonious taste and clean and long tail aroma, showing a typical style.



Luzhou Laojiao 1952

Luzhou Laojiao 1952 is a leading product of the Luzhou Laojiao line. It pays tribute to the honor of Luzhou Laojiao being awarded the first edition of famous Baijiu in 1952 and draws on the essence of five editions of famous Baijiu. Hence, it is created as a high-end and strong aroma representative work, which is a benchmark of the value of Chinese famous Baijiu.



Luzhou Laojiao Tequ 60s Tribute Edition

The Luzhou Laojiao Tequ 60s Tribute Edition is a "pioneer of nostalgic category" of China. In the 1960s, due to its scarce production, it could only be purchased with special permits from agencies at or above the county level. Therefore, it was affectionately referred to as the "Old County Magistrate" by the people and was a rare treasure (only purchased with a Baijiu permit) after the founding of the People's Republic of China. In 2014, the new edition of the Luzhou Laojiao Tequ 60s Edition was created, which preserved the image of the 1960s Tequ Baijiu, reproducing the classic flavor of the era. Only sales through group buying channels with limited quota supply ensure the product's exclusivity, preciousness and reliability.

Luzhou Laojiao Tequ

Luzhou Laojiao Tequ is a "strong aroma benchmark Baijiu" with a bottle shape that uses the standard currency "knife-shaped coin" after the unification of the six states by Qin dynasty. Among all kinds of strong aroma Baijiu, Luzhou Laojiao Tequ is honored as an "authentic strong aroma and Chinese flavor" by virtue of "four honors": the first strong aroma Baijiu that won the international gold medal in China; the only strong aroma Baijiu that won the title of "Chinese Famous Baijiu" for consecutive years; founder of strong aroma Baijiu standards; and the pioneer of the Tequ category. This product is world-famous for its unique style of "colorlessness and transparency, rich and mellow aroma, clear and refreshing taste, a lingering aftertaste and fragrance after drinking" and is deeply loved by consumers.



Gogoon

"Gogoon" is positioned as a new luxury Baijiu, which originates from the world's top distillate liquor-producing areas. It has international popular alcohol content, international taste flavor, international aesthetic design and other high-quality properties, bringing a new drinking experience to the new generation with an international vision.



Centennial Luzhou Laojiao Jiaoling Baijiu

In 2011, Luzhou Laojiao fully utilized the advantages of "cellar resources", naming Baijiu with its corresponding cellar and grading it based on cellar age, selecting cellars of 30 years, 60 years, or even more than 90 years, to brew Centennial Luzhou Laojiao Jiaoling Baijiu, the first liquor named by the true age of the cellars in the Chinese liquor industry. The product includes Baijiu with 30-year-old cellar, 60-year-old cellar, and 90-year-old cellar. As the first veritable cellar-age liquor in China, it has filled the blank of Chinese liquor market and become the pioneer and leader of the Jiaoling Baijiu category in China, while also opening the "Jiaoling" era of Chinese Baijiu.



Luzhou Laojiao Touqu

Luzhou Laojiao Touqu is a core single product of Luzhou Laojiao. Since its inception in the 1950s, it has won multiple honors, including the highest gold award at the Moscow International Famous Wine Exhibition by virtue of its top-grade quality and classic taste of "strong and mellow aroma with a lingering aftertaste". It has been best-selling in China for 70 years and is a popular famous Baijiu trusted by consumers.



Luzhou Laojiao Black Cap

Luzhou Laojiao Black Cap is a new strategic single product of Luzhou Laojiao. Relying on the cultural relic cellar resources of Luzhou Laojiao, which accounts for 91.3% of the whole industry, it is brewed by adhering to the core values of solid-state brewing of pure grains and the concept of minimalism and environmental protection and adopting the industry's pioneering "cellar mud inheritance technology". Its quality has been evaluated by academicians of the Chinese Academy of Engineering and experts of the China Alcoholic Drinks Association, reaching the quality level of cellar brewing with more than 30 years of cellar age. It has a fragrant taste of grain and mellow, soft and sweet aftertaste, becoming a value benchmark as a leader in high-quality light bottle liquor.









ESG MANAGEMENT

Luzhou Laojiao adheres to the corporate philosophy "liquor brewed with the universe, spirit generated by the world", vigorously practices the social responsibility concept of "development with society, environment and human beings", and attaches great importance to the coordinated development of enterprise operation, economy, society, and environment. In this connection, the Company actively communicated with shareholders, employees, communities, partners and other stakeholders to timely understand their needs and expectations for the Company, while responding to them by identifying important ESG topics related to the Company through material topic analysis. Meanwhile, the Company arranged ESG training to enhance employees' awareness of sustainable development, and fulfill the social responsibility of state-owned enterprises, contributing to the development of the country and the revitalization of the nation with the power of Luzhou Laojiao.

Communication with stakeholders

Luzhou Laojiao highly values the participation of stakeholders, continuously improving communication channels with stakeholders for a deep understanding of and response to the needs and expectations of stakeholders under their supervision.

Stakeholders	Expectations for the Company	Our Response
 Government and Regulatory Authorities	Complying with national laws and regulations; Following the national macroeconomic regulation; Preservation and appreciation of state-owned assets; Rural revitalization and common prosperity.	Special report; Completing the production and operation plan; Full tax payment; Visits and communication.
 Shareholders and Investors	Improving shareholder returns; Normalizing corporate governance; Practicing compliant operations; Preventing operational risks.	Adhering to stable operation; Investor exchange meetings; Information disclosure; Establishing an internal control system.
 Employees	Protection of employee rights and interests; Employee career development; Diverse employee activities; Employee safety and health.	Employee Representatives Meeting; Trade unions at all levels; Employee training; Health management.

Stakeholders	Expectations for the Company	Our Response
 Consumers/Consumers	Product quality and safety; Customer service and rights and interests protection; Responsible marketing practices; Data security and privacy protection.	Customer relationship management; Customer symposiums and visits; Customer satisfaction survey; Responding to customer complaints; Consumer activities such as tasting events and brand promotion.
 Partners and Supply Chain	Adhering to business ethics; Open and fair procurement; Supply chain management; Distributor management and rights rights and interests protection; Mutual benefit and win-win situation; Common development.	Contract fulfillment; Qualification review; Public procurement information; Negotiation and communication; Supplier training session; Distributor conference.
 Environment	Protecting the ecological environment; Addressing climate change.	Promoting green production; Practicing green operations.
 Community	Driving community development; Supporting social welfare.	Participating in community activities; Carrying out public welfare practices; Creating job opportunities; Supporting rural revitalization.

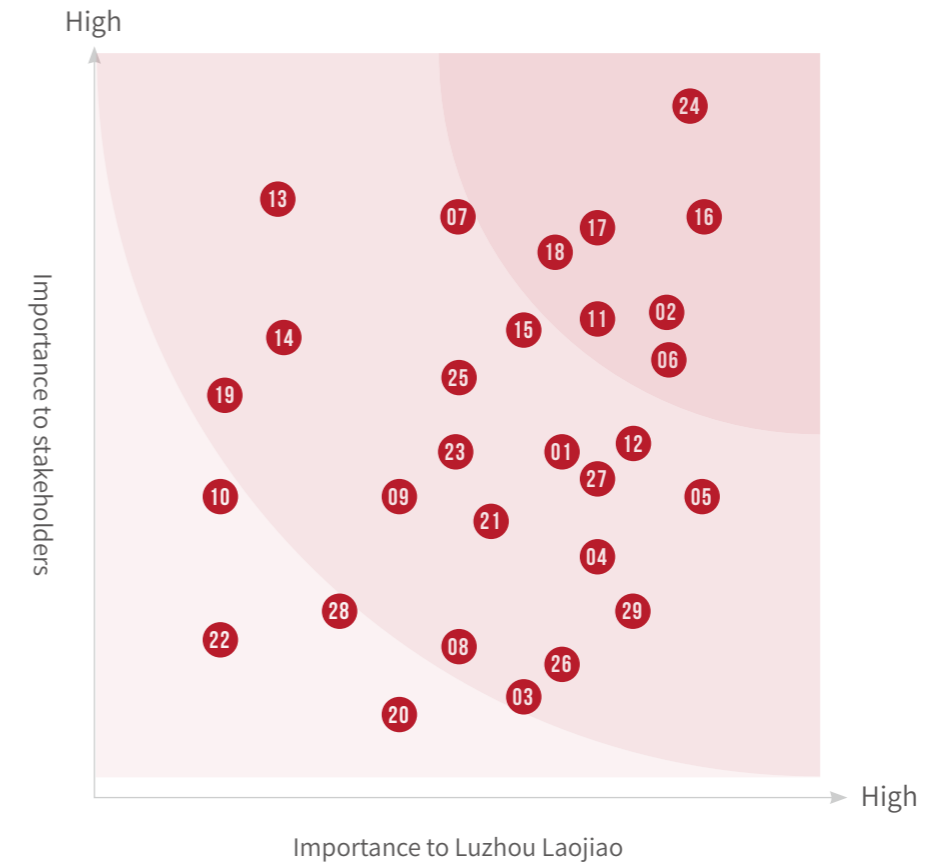
Material topics matrix

With reference to key ESG topics of MSCI's focus in the beverage industry, the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), and the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG5.0) issued by the Chinese Academy of Social Sciences, and in light of ESG-related disclosures made by peers, Luzhou Laojiao conducted an analysis of material ESG topics to preliminarily screen the material topics. Through communication with stakeholders, topic identification, topic evaluation, and importance recognition, the Company prioritized material topics according to the two dimensions of "importance to stakeholders" and "importance to Luzhou Laojiao", and ultimately formed a material ESG topics matrix as an important basis for the Company's future ESG management.



After identifying the material topics in accordance with the above process, the Company has formed the following material topics matrix:

Material topics matrix



Environmental topics	Social topics	Governance topics	Topics on production and management
1. Water resources management 2. Emissions and wastes 3. Energy management 4. Environmental management system	5. Employee rights and interests 6. Occupational health and safety 7. Employee training and development 8. Public welfare and charity 9. Industry co-progress 10. Responsible drinking 11. Promotion of culture	12. Corporate governance 13. Compliance 14. Investor rights and interests 15. Business ethics 16. Digital construction 17. Information security 18. Party building leadership	19. Supply chain management 20. Sustainable procurement 21. Green packaging 22. Green logistics 23. Distributor management 24. Food quality and safety 25. Customer services 26. R&D innovation 27. Passing on of technical skills 28. Responsible marketing 29. Business performance

1 Corporate Governance, Promoting Development



Relevant SDGs



Philosophy

A sound corporate governance system is indispensable for the healthy and stable development of enterprises. Under the leadership of party building, Luzhou Laojiao empowered corporate governance with science and technology, establishing and improving risk prevention mechanism, continuously upgrading governance level, and constantly enhancing the ability to anticipate and resist various risks, so as to promote the sustainable development of the enterprise.

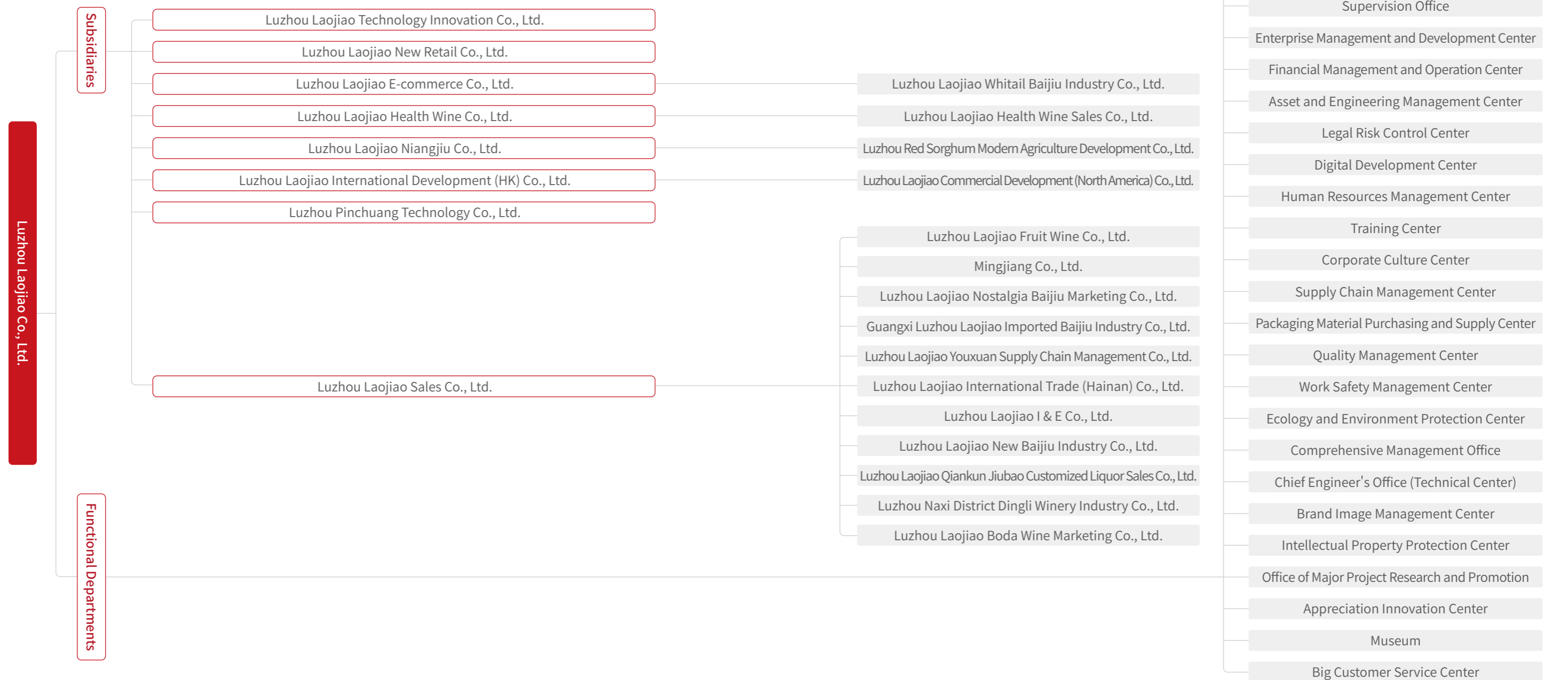
Our actions

- Corporate governance
- Compliance and internal control
- Anti-corruption and integrity

CORPORATE GOVERNANCE

A sound governance structure is conducive to promoting efficient corporate governance. With this in mind, the Company kept optimizing the corporate governance structure to normalize and improve the quality of company operations, providing a good management decision-making environment and a guarantee for its sustainable development.

Organizational structure



In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for the Articles of Association of Listed Companies and other relevant laws, regulations, departmental rules and normative documents, and in light of its actual situation, the Company has set up a series of corporate governance rules and regulations including the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders, and formed a governance structure comprising the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management with well-defined and balanced rights and responsibilities, of which, the Board of Directors has a Strategy Committee, a Nomination Committee, an Audit Committee, and a Compensation and Assessment Committee. Around the three-board operation, various governance regulations and corresponding rules of procedure have been developed to further clarify the respective rights and responsibilities, as well as improve the independent operation and mutual supervision of the governance bodies, fully safeguarding the legitimate rights and interests of shareholders.

Governance structure



General Meeting of Shareholders

The General Meeting of Shareholders is the authority of the Company. The Company has formulated and implemented the Rules of Procedure for the General Meeting of Shareholders to normalize the operation of the General Meeting of Shareholders and to ensure that shareholders exercise their powers in accordance with the law.



The site of the 2022 General Meeting of Shareholders

Key Performance:

During the reporting period, the Company held **1** General Meeting of Shareholders, approving **7** proposals upon deliberation. More than **180** persons including directors, supervisors, officers and investors attended the meeting.

Board of Directors

The Company's Board of Directors shall be responsible to the General Meeting of Shareholders, which shall carry out its work in accordance with the Articles of Association, the Rules of Procedure for the Board of Directors as well as the rules of procedure for each committee, and exercise its powers with prudence.

Key Performance:

During the reporting period, the Company's Board of Directors comprised a total of **11** members (including **2** female directors and **4** independent directors), which held **11** meetings in total, approving **36** proposals upon deliberation.

Laying emphasis on the professionalism, independence and diversification of the Board of Directors, the Company used constant efforts to improve the quality and efficiency of the Board's decision-making and enhance its supervisory and innovative capabilities, thereby promoting the corporate governance level and competitiveness.

Professionalism, independence and diversification construction of the Board of Directors

Professionalism

- There are four committees: Nomination, Compensation and Assessment, Strategy and Audit;
- Each of the 11 directors at least has a master's degree;
- The directors have different professional knowledge, some of whom are industry experts.

Independence

- Of the 11 directors, 4 are independent directors;
- Independent directors account for a majority of the members of the Compensation and Assessment Committee, the Audit Committee and the Nomination Committee;
- A position separation mechanism is adopted, under which the Chairman and the General Manager are not held by the same person.

Diversification

- There are 2 female directors;
- The directors cover a wide range of ages.

Meetings of the Board of Directors in 2023

Meeting Session	Meeting Date	Disclosure
The 27 th Meeting of the 10 th Board of Directors	March 9, 2023	Announcement on the Resolution of the 27 th Meeting of the 10 th Board of Directors Announcement No.: 2023-5 (http://www.cninfo.com.cn/)
The 28 th Meeting of the 10 th Board of Directors	April 6, 2023	Announcement on the Resolution of the 28 th Meeting of the 10 th Board of Directors Announcement No.: 2023-7 (http://www.cninfo.com.cn/)
The 29 th Meeting of the 10 th Board of Directors	April 28, 2023	Announcement on the Resolution of the 29 th Meeting of the 10 th Board of Directors Announcement No.: 2023-10 (http://www.cninfo.com.cn/)
The 30 th Meeting of the 10 th Board of Directors	June 13, 2023	Announcement on the Resolution of the 30 th Meeting of the 10 th Board of Directors Announcement No.: 2023-17 (http://www.cninfo.com.cn/)
The 31 st Meeting of the 10 th Board of Directors	July 11, 2023	Announcement on the Resolution of the 31 st Meeting of the 10 th Board of Directors Announcement No.: 2023-20 (http://www.cninfo.com.cn/)
The 32 nd meeting of the 10 th Board of Directors	August 28, 2023	Announcement on the Resolution of the 32 nd Meeting of the 10 th Board of Directors Announcement No.: 2023-23 (http://www.cninfo.com.cn/)
The 33 rd Meeting of the 10 th Board of Directors	September 25, 2023	Announcement on the Resolution of the 33 rd Meeting of the 10 th Board of Directors Announcement No.: 2023-27 (http://www.cninfo.com.cn/)
The 34 th Meeting of the 10 th Board of Directors	October 30, 2023	Announcement on the Resolution of the 34 th Meeting of the 10 th Board of Directors Announcement No.: 2023-32 (http://www.cninfo.com.cn/)
The 35 th Meeting of the 10 th Board of Directors	November 15, 2023	Announcement on the Resolution of the 35 th Meeting of the 10 th Board of Directors Announcement No.: 2023-36 (http://www.cninfo.com.cn/)
The 36 th Meeting of the 10 th Board of Directors	December 22, 2023	Announcement on the Resolution of the 36 th Meeting of the 10 th Board of Directors Announcement No.: 2023-41 (http://www.cninfo.com.cn/)
The 37 th Meeting of the 10 th Board of Directors	December 27, 2023	Announcement on the Resolution of the 37 th Meeting of the 10 th Board of Directors Announcement No.: 2023-42 (http://www.cninfo.com.cn/)

Board of Supervisors

The Board of Supervisors shall carry out its work and exercise its supervision and inspection responsibilities pursuant to the Articles of Association and the Rules of Procedure for the Board of Supervisors.

Key Performance:

During the reporting period, the Company's Board of Supervisors comprised a total of **5** members (including **1** chairman, **1** female supervisor, and **2** employee representative supervisors), which held **4** meetings in total, approving **10** proposals upon deliberation.

Meetings of the Board of Supervisors in 2023

Meeting Sessions	Meeting Date	Disclosure
The 16 th Meeting of the 10 th Board of Supervisors	January 12, 2023	Announcement on the Resolution of the 16 th Meeting of the 10 th Board of Supervisors Announcement No.: 2023-1 (http://www.cninfo.com.cn/)
The 17 th Meeting of the 10 th Board of Supervisors	April 28, 2023	Announcement on the Resolution of the 17 th Meeting of the 10 th Board of Supervisors Announcement No.: 2023-11 (http://www.cninfo.com.cn/)
The 18 th meeting of the 10 th Board of Supervisors	August 28, 2023	Announcement on the Resolution of the 18 th Meeting of the 10 th Board of Supervisors Announcement No.: 2023-24 (http://www.cninfo.com.cn/)
The 19 th Meeting of the 10 th Board of Supervisors	October 30, 2023	Announcement on the Resolution of the 19 th Meeting of the 10 th Board of Supervisors Announcement No.: 2023-33 (http://www.cninfo.com.cn/)

Party building leadership

2023 was the first year to implement the spirit of the 20th National Congress of the Communist Party of China. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Party Committee of the Company thoroughly implemented the spirit of General Secretary Xi Jinping's series of important expositions on party building in state-owned enterprises and development of state-owned economy, and focused on the integration of "mechanism, guarantee and carrier", to promote quality development of the enterprise led by quality party building.

Case Special party course on studying and implementing the spirit of the 20th National Congress of the Communist Party of China in the Company

In March 2023, the Company conducted a special party course on studying and implementing the spirit of the 20th National Congress of the Communist Party of China, further building the foundation of ideals and beliefs of all party member cadres and employees, strengthening their ideological and theoretical armament, and effectively unifying their thinking accordingly for them to devote to various work tasks.



Special party course on the spirit of the 20th National Congress of the Communist Party of China

Case The Company held a special lecture on giving effect to the spirit of important instructions from General Secretary Xi Jinping's visit in Sichuan

In August 2023, the Company held a special lecture on giving effect to the spirit of the important instructions from General Secretary Xi Jinping's visit in Sichuan. The lecture comprehensively and deeply conveyed the important direction of General Secretary Xi Jinping through this visit, promoting the implementation of the important direction of General Secretary Xi Jinping in Luzhou Laojiao.



The site of the special lecture on the spirit of important instructions from General Secretary Xi Jinping's visit in Sichuan

Information disclosure and investor relationship

Attaching great importance to information disclosure and investor relationship management, Luzhou Laojiao has developed the Rules on Information Disclosure Affairs Management and the Rules on Investor Relationship Management, based on which relevant work was carried out.

Key Performance:

During the reporting period,

The Company answered investor questions through the investor interaction platform of the Shenzhen Stock Exchange with a response rate of **100%**, answered investor questions by phone for over **600** times, participated in **25** securities trader strategy sessions, organized more than **90** investor exchanges, and held **1** online performance briefing;

The Company prepared and issued a total of **85** regular and interim reports;

The Company has been awarded Grade **A** (the highest level) evaluation for information disclosure by the Shenzhen Stock Exchange for consecutive years.

Information disclosure management mechanism

Information disclosure management and responsibilities	Content of information disclosure	Information disclosure channels
<ul style="list-style-type: none"> The Board of Directors of the Company shall have overall leadership and management of the information disclosure work. The secretary of the Board of Directors shall be responsible for handling information disclosure affairs. The Company shall facilitate the secretary of the Board of Directors to perform his/her duties in information disclosure and other duties, and relevant information disclosure obligees shall support and cooperate with the work of the secretary of the Board of Directors. 	<ul style="list-style-type: none"> Regular reports such as annual, interim and quarterly reports; Interim reports on significant events in the Company that may have a material effect on the trading price of the Company's securities and their derivatives. 	<ul style="list-style-type: none"> The website of the Shenzhen Stock Exchange and media in compliance with the regulations of the CSRC.

Investor relationship management mechanism



- The Company's development strategy;
- Statutory disclosure content;
- The Company's business management information;
- Environmental, social and governance information about the Company;
- The Company's cultural construction;
- The manners, means and procedures for the exercise of shareholders' rights, etc.;
- Information on the handling of investors' claims;
- Risks and challenges that are or may be exposed to the Company;
- Other relevant information about the Company.



- The Company's official website, new media platform, telephone, email and other channels;
- The network infrastructure platforms of the stock exchange, the securities registration and clearing institution, etc.;
- General Meetings of Shareholders, investor briefings, roadshows, analysts meetings, receptions, talks and exchanges.



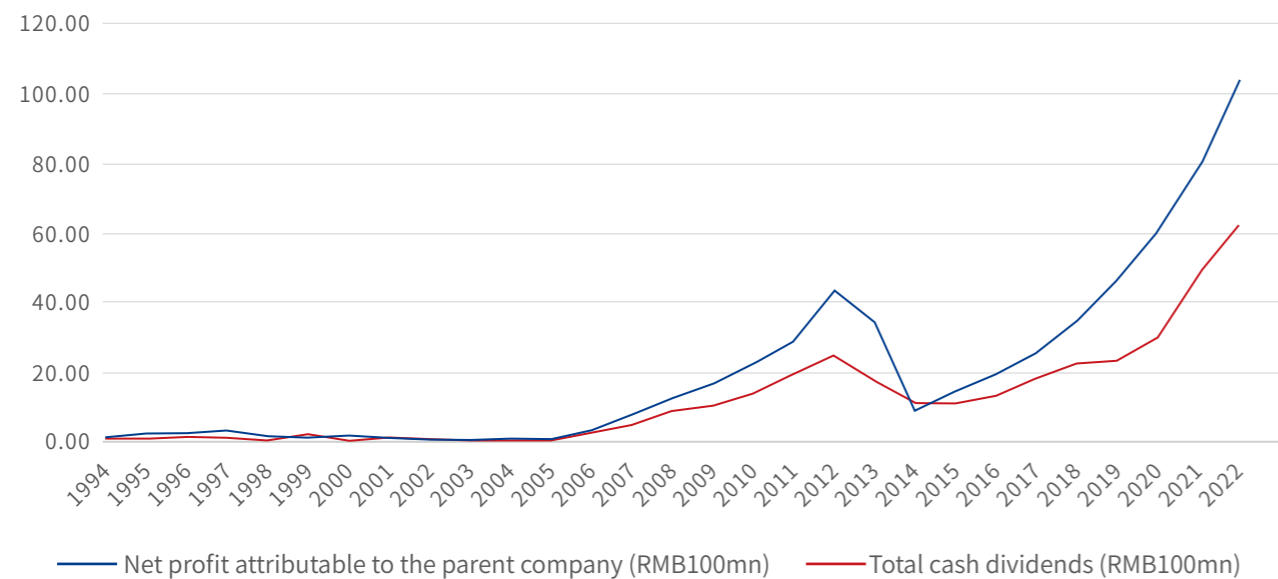
- The secretary of the Board of Directors is responsible for organizing and coordinating investor relationship management, and the Office of the Board of Directors serves as the investor relationship management department of the Company.



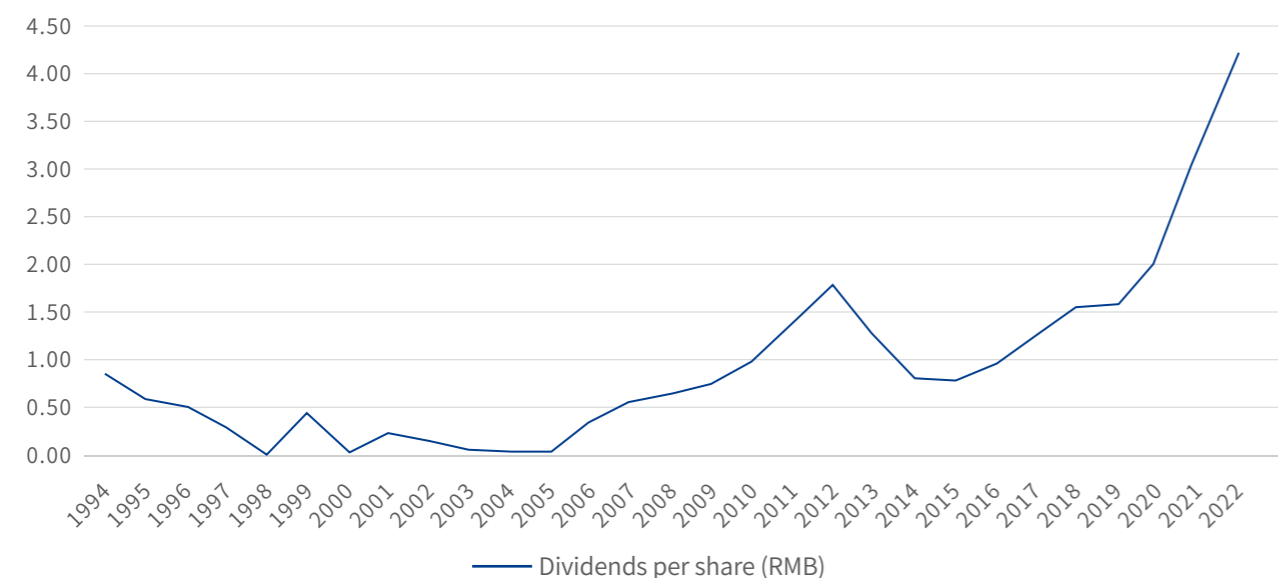
Shareholder returns

The Company lays an emphasis on providing reasonable returns to investors, and maintaining the continuity and stability of profit distribution to ensure long-term confidence of investors, for the sake of stable development of the Company and sustained growth of shareholder value. Explicit provisions have been made by the Company in the Articles of Association that the annual dividend ratio shall not be less than 50% of the distributable profits realized in the corresponding year. Since its listing in 1994, the Company has distributed a cumulative cash dividend of RMB35.353 billion, which is 8.8 times the amount of equity refinancing, representing a total dividend ratio of up to 61.14%.

Breakdown of dividends for the years from 1994 to 2022 Unit: RMB100mn



Dividends per share of the Company for the years from 1994 to 2022 Unit: RMB



COMPLIANCE AND INTERNAL CONTROL

Compliance management and internal control are of great significance in reducing legal risks, maintaining reputation and trust, improving operational efficiency, preventing internal fraud and misconduct, and meeting regulatory requirements. As such, active measures have been taken by Luzhou Laojiao for compliance management and internal control to fully prevent and control risks.

Compliance management

Taking compliance management seriously, the Company has established a Compliance Committee, and formulated and implemented the Compliance Management Measures. To further strengthen legal risk warning, the Company provided clear and sufficient legal risk alerts for potential risks in capital operation, project development, major asset acquisition, major fund loan, daily contract review and employment process, with legal support for its various decision-making arrangements and departments (units) to protect its interests from illegal damage. Meanwhile, based on past cases handled by the Company, typical cases were sorted out, and training was provided to all units (departments) of the Company to enhance legal risk awareness.

Case Specialized training on normalized operation and corporate governance of listed companies

The Company conducted specialized training on normalized operation and corporate governance of listed companies, further enhancing the awareness of standardized operation among the Company's directors, supervisors, officers, middle management, core backbones and key minorities, and improving their abilities to "understand and abide by rules", thereby to prevent violations and risks, and drive the Company's high-quality development.



The site of the special training on normalized operation and corporate governance of listed companies

Internal control

In order to achieve legal and compliant business management, asset safety, truthfulness and completeness of financial reports and related information, improve operational efficiency and effectiveness, and promote the realization of development strategy goals, the Company has established, improved, and effectively implemented internal controls in accordance with the Basic Norms for Enterprise Internal Control.

Viewing internal audit as an important method for implementing internal control, the Company has systematically organized the internal audit work manuals, defined relevant content and practical operation guidelines, and at the same time endeavored to improve the comprehensive level of internal auditors by expanding the recruitment of internal auditors and strengthening internal learning and training, thereby ensuring the efficiency, normalization and standardization of the Company's internal audit.

Based on daily and specialized supervision of internal control, the Company regularly organizes internal control effectiveness evaluations following the Guidelines for Enterprise Internal Control Evaluation and the Guidelines for Enterprise Internal Control Audit, under which, comprehensive inspections of internal control environment, fund management, budget management, asset management, procurement management, sales management, human resources management, contract management, information system management, financial reporting and disclosure management, engineering management, and other businesses and affairs are conducted to maintain effectiveness of internal control.



ANTI-CORRUPTION AND INTEGRITY

Luzhou Laojiao values the construction of anti-corruption and integrity system, adheres to the principle of putting discipline first, and deepens the treatment of both symptoms and root causes, striving to create a development environment that is conducive to entrepreneurship, clean and upright. A Disciplinary Inspection Committee together with disciplinary inspection offices of various units (departments) have been set to comprehensively implement integrity work, including measures such as system construction, action implementation, and open supervision, providing solid support for the high-quality development of the enterprise.

Strengthening system construction

With an emphasis on the construction of anti-corruption and integrity system, over the years, the Company has successively promulgated internal management rules including, among others, the "Three-Earliness and Three-Card" Early Warning Measures for Integrity in Employment, the Regulations on the Management of Employment Integrity for Employees, the Measures for Integrity Review in Selection and Appointment of Cadres, the Interim Provisions on the Accountability of Mid-level Cadres, the Several Provisions on Employment Integrity of Mid-level Cadres, the Management Measures for Gifts, and the Management Measures for Cadres, forming a key anti-corruption and integrity management mechanism covering the "Three-Earliness and Three-Card" early warning, the norm of conduct for employment integrity, the integrity review, the accountability of mid-level cadres, and the management of gifts, etc.

Key anti-corruption and integrity management mechanism

"Three-Earliness and Three-Card" early warning mechanism

With regard to possible corruption problems or discovered signs and tendencies, apply a system covering reminding, warning and correcting errors, etc. for "early discovery, reminder and correction" through issuance of reminder, warning and error correction cards, so as to enable active and timely prevention and warning.

Norm of conduct for integrity in employment

Establish in detail the prohibited behaviors of employees in external business dealings and set clear penalties for violations.

Integrity review

Adhere to the integrity review system for cadre appointment, under which, the Discipline Inspection Committee shall inspect the candidates as per the relevant requirements, and form conclusions therefrom. The Party Committee and the Discipline Inspection Committee of the Company have "a one-vote veto" over the "virtue and integrity" inspection of candidates for direct supervisors.

Accountability of mid-level cadres	Adopt an accountability system for mid-level cadres based on the principles of seeking truth from facts, matching faults with responsibilities, combining education and discipline, and practicing hierarchical accountability and level-by-level implementation.
Gift management	Prohibit leaders and cadres as well as employees at all levels from accepting gifts in their business dealings, and in case of gifts that really cannot be refused or returned, surrender, manage and dispose of the same in accordance with the regulations.

Carrying out integrity actions

Under the guidance of various anti-corruption and integrity systems, internally, the Company takes anti-corruption and integrity actions such as pre-holiday disciplinary reminders, special supervision and inspection, integrity education, and cultural construction every year to implement relevant integrity requirements. Externally, the Company signs integrity co-construction agreements with units that have business dealings, and issues the Luzhou Laojiao Partner Integrity Supervision Card to its partners, ensuring proper supervision during the cooperation against corruption and bribery.

Key Performance:

During the reporting period, the Company supervised and caused the rectification of **783** problematic risks, promoted the improvement of **85** management systems and processes, signed integrity co-construction agreements with **2,457** units with business dealings, and organized more than **300** integrity education activities for over **12,000** person-times.

Action Type	Progress in 2023
Anti-corruption	Further implemented the work on integrity and discipline during holidays such as New Year's Day, Spring Festival, Mid-Autumn Festival, and National Day, with more than 40,000 person-times receiving integrity education.
Discipline Supervision and Inspection	Further implemented the work on integrity and discipline during holidays such as New Year's Day, Spring Festival, Mid-Autumn Festival, and National Day, with more than 40,000 person-times receiving integrity education.
Inspection	Intensified disciplinary enforcement and carried out special rectification against formalism and bureaucracy issues.

Action Type	Progress in 2023
Special Supervision and Inspection	<p>Conducted digital supervision with a focus on key businesses, integrating risk prevention and control concepts into digital system construction, embedding power constraint mechanisms in financial management, project management, procurement management and other information systems, and improving 12 supervision and management processes.</p> <p>Conducted follow-up supervision with a focus on material issues, monitoring and inspecting 36 tasks such as key central work, major project construction, and the implementation of decision-making on "three material and one big issues" in 2023 with prompt actions, thereby eliminating 28 problematic risks and improving 11 management measures.</p> <p>Conducted special inspections with a focus on key funds, organizing checks on the execution of over 2,500 promotional expenses in six sales subsidiaries, identifying 46 problematic risks, and actively taking rectification measures in response.</p> <p>Conducted comprehensive inspections with a focus on important markets, mainly around fixed asset management, liquor tasting management, promotional material management, bidding and procurement management in the relevant area.</p>
Integrity Education and Cultural Construction	<p>Regularly arranged "a themed learning every month" to fully implement the integrity education.</p> <p>Organized the viewing of the warning education film Case Study and the reading of the warning education textbook Buckle the First Button of Integrity in Politics.</p> <p>Carried out the creation and performance of integrity education scripts, enriching the supply of cultural resources on integrity.</p> <p>Carried out the selection activity for the "Top 10 Honest Assistants" in 2023.</p> <p>Held the Third "910 · Be Honest" Integrity Culture Festival to further consolidate the foundation of integrity ideology.</p> <p>Carried out the "Four Ones" activity for family culture construction, to create a new cultural atmosphere with honest family culture.</p> <p>Produced the anime work titled "Bribery, Not Benefit" jointly with the Municipal Commission for Discipline Inspection and Supervision which was broadcast in Clean-fingered Sichuan, and organized all employees to watch the same.</p>



Special party class on integrity



Visiting the Sichuan provincial legal and discipline warning education base

Case A special seminar on the theory and practice of building a clean-fingered culture in the new era held in Luzhou Laojiao

In April 2023, a special seminar on the theory and practice of building a clean-fingered culture in the new era, sponsored by the China Anti-corruption Society and hosted by Luzhou Laojiao, was successfully held at the Luzhou Laojiao Marketing Building. By deeply exploring and systematically extracting innovative theories and practical experiences of clean-fingered culture building, this seminar aimed to improve the construction of integrity culture in the new era. At the seminar, the Company made exchanges and speeches around policy and theoretical research, work measures exploration, and other aspects on the said topic, and shared their experiences and achievements in practice, which enabled better communication and learning with the China Anti-corruption Society, while helping the construction of a corruption-free culture by, and improving the modern governance level of, the enterprise.



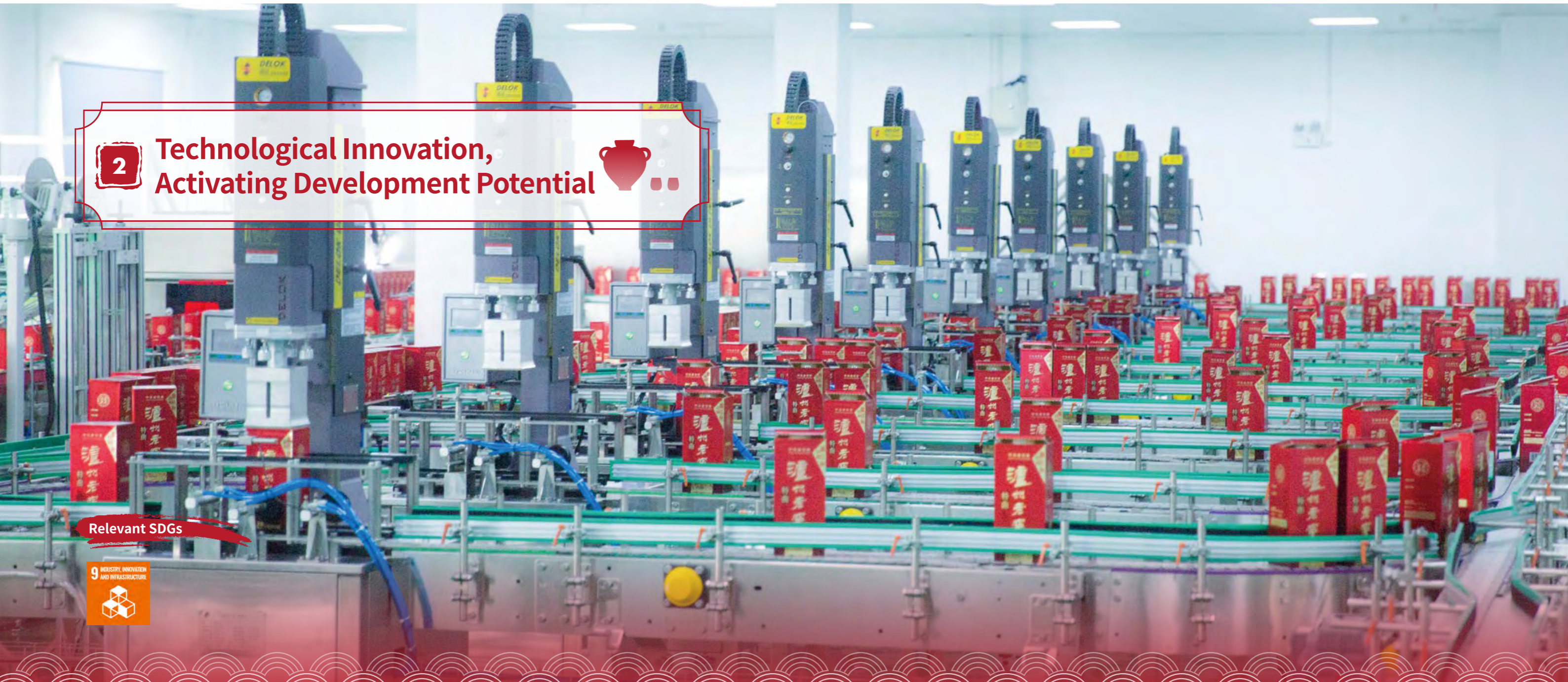
2023 special seminar on the theory and practice of building a clean-fingered culture in the new era

Complaint and report

The Company has formulated and implemented the Management Measures for Complaints and Reports of Luzhou Laojiao Co., Ltd., handling reports promptly under the supervision of employees on the principle of being practical and realistic, with a protection mechanism for complainants and informers to safeguard their interests.

Complaining and reporting mechanism

Scope of complaining and reporting	Complaining and reporting methods	Protection and reward
<ul style="list-style-type: none"> • Encroachment, misappropriation or willful destruction of the Company's property; • Negligence or abuse of authority causing significant losses to the Company; • Soliciting or accepting bribes or kickbacks of any kind; • Maliciously disclosing the Company's material trade secrets for personal gain; • Damage to the Company's interests through misrepresentation, false claims, and internal and external collusion; • Any other behavior that violates the Company's rules and regulations or harms the interests of the Company or the employees. 	<p>Tel: 0830-2398612; Email: jiwei@lzlj.com; Address: Office of the Commission for Discipline Inspection, 6/F, Luzhou Laojiao Command Center, No. 71 Nanguang Road, Longmatan District, Luzhou City, Sichuan Province; On-site Report Acceptance Department: Office of the Commission for Discipline Inspection.</p>	<ul style="list-style-type: none"> • The legitimate rights and interests of complainants and informants are protected by law. The Office of the Commission for Discipline Inspection shall keep the information of the complainants and informants as well as the relevant content of their reports in strict confidence, and provide protection for them; • Rewards will be granted to the complainants and informants where the complaining and reporting matters are verified so that the violators are duly punished and the losses are recovered or reduced for the Company.



**2 Technological Innovation,
Activating Development Potential** 

Relevant SDGs



Philosophy

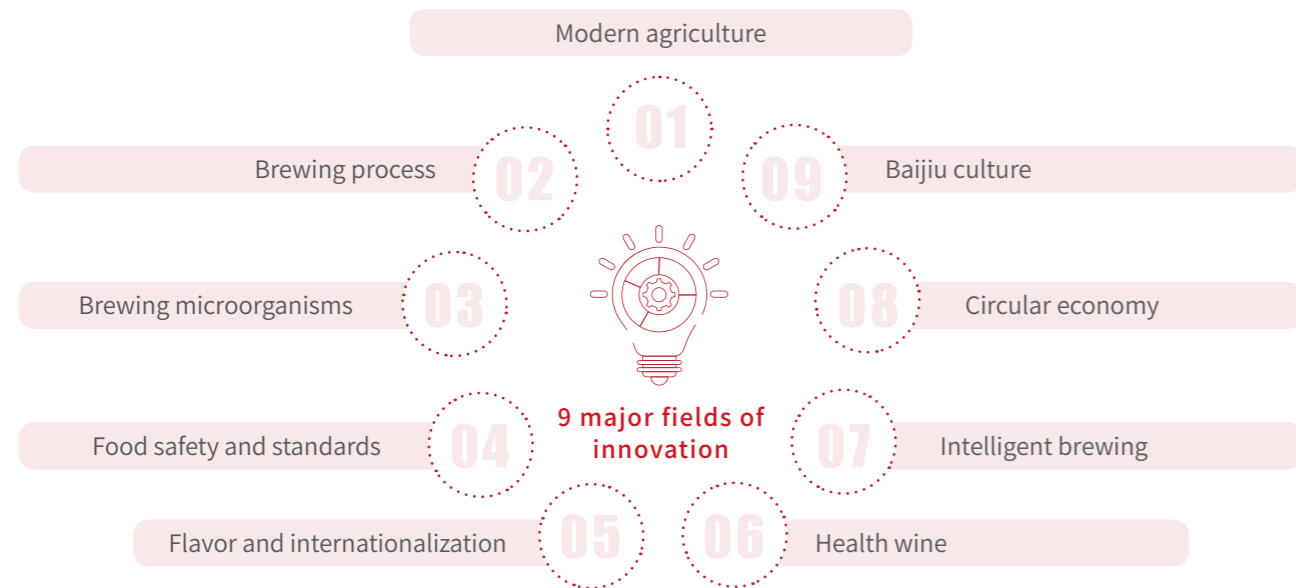
Science and technology serve as the primary productive forces. With the aim of building a "digital and intelligent Luzhou Laojiao", the Company has been active in promoting digital transformation, leveraging technological innovation and digitalization to drive new quality productivity and empower high-quality development of the enterprise.

Our actions

- Innovation management
- Digitalization and intelligence construction

INNOVATION MANAGEMENT

R&D innovation is an important driving force for sustainable development. Keeping this in mind, Luzhou Laojiao conducted innovation research in the nine fields of modern agriculture, brewing process, brewing microorganisms, food safety and standards, flavor and internationalization, health wine, intelligent brewing, circular economy, and Baijiu culture, in accordance with the innovative idea of "promoting the construction of the company's technological innovation system with the support of the national solid-state brewing center, and driving the high-quality development of the company with technological innovation".



Key Performance:

During the reporting period, the Company invested RMB **267,474,600** in R&D, which accounted for **0.88%** of the operating income, representing an increase of **29.69%** year-on-year compared to 2022, with **468** R&D personnel.

Innovation system construction

The Company has made various efforts to fully strengthen the innovation system construction, by developing a series of technological innovation management measures for systematic technological innovation; building an innovative talents team with strong comprehensive strength and professional skills through internal and external training under the industry-academia-research cooperation; enhancing technological innovation work with a focus on technology projects, and continuously improving the efficiency of technological innovation through incentives and assessments.

Innovation management system

Innovation system

•The Company has issued and implemented 11 technological innovation management measures including the Measures for the Management of Technology Projects and the Measures for the Management of Patents, building a sound technological innovation system covering platforms, talents, projects and intellectual property rights management, whereby to normalize technological innovation of the Company on the basis of system construction.

Project management system

•Through technology platforms, focusing on technology projects, the Company works to improve technology innovation, conducting its R&D management mainly around platforms and projects based on such documents as the Measures for the Management of Technology Projects and the Measures for the Management of Horizontal Technology Projects.

Innovative talent system

•Through the Luzhou Laojiao National Postdoctoral Workstation, the National Skill Master Workshop and the School-Enterprise Joint Research Center, the Company continues to improve the investment in training innovative talents through independent training, external training and other means, to cultivate a number of industry technology leaders and high-skilled personnel, and build a team of innovative talents with strong comprehensive strength and excellent expertise.

Incentive assessment system

•The Company carries out technology innovation incentives in accordance with the Implementation Measures for Technology Rewards;
 •Assessment on innovation is made around technology projects, covering such dimensions as the innovative and advanced nature of the research, research effectiveness, transformation of technical achievements, and marketing and publicity value.

Case Final of the First Employee Innovation Competition in Sichuan Province under the theme of "Innovation for Intelligent Future"

In December 2023, Luzhou Laojiao Intelligent Packaging Center participated in the final of the First Employee Innovation Competition in Sichuan Province under the theme of "Innovation for Intelligent Future", with its innovative achievement, "Detection Technology for Liquor Impurities and Product Appearance Based on Machine Vision and Convolutional Neural Network" standing out among more than 370 entries and winning the first place in the competition.



Final of the First Employee Innovation Competition in Sichuan Province under the theme of "Innovation for Intelligent Future"

Industry-academia-research cooperation

The cooperation among industry, academia, and research is of great significance for promoting resource sharing, cultivating high-end talents, promoting technology innovation, and boosting industrial development. To further give play to the industry-academia-research cooperation for innovation, the Company has been in collaboration with more than 30 universities and research institutes including Tsinghua University and Shanghai Jiao Tong University, jointly building technology platforms, undertaking major projects, and tackling cutting-edge key technologies in such areas as intelligent brewing and green brewing, thereby promoting technological development in related fields.

Key Performance:

As of the end of the reporting period, the Company has trained more than **60** postdoctors, more than **20** doctoral candidates, and more than **100** postgraduates through school-enterprise cooperation.

Name of Collaborative Innovation Center	Partner	Research Field
Tsinghua University - Luzhou Laojiao Intelligent Detection Joint Research Center	Tsinghua University	Intelligent Detection
Luzhou Laojiao - Nanjing Normal University Culture and Technology Innovation Research Center	Nanjing Normal University	Culture and Technology
Sichuan University - Luzhou Laojiao Culture and Technology Innovation Research Center	Sichuan University	Culture and Technology

Name of Collaborative Innovation Center	Partner	Research Field
Luzhou Laojiao - Beijing Technology and Business University Traditional Brewing Collaborative Innovation Center	Beijing Technology and Business University	Baijiu Flavor
Joint Research Center for Gastrointestinal Health of Drinking Population at Shanghai Jiao Tong University	Shanghai Jiao Tong University	Drinking and Health
Luzhou Laojiao National Treasure Ecological Research Collaborative Innovation Center	Jiangnan University	Brewing Ecology

Case Research on the resource utilization of solid waste from brewing

Luzhou Laojiao has been engaged in the R&D of "thermochemical energization and resource-based coupling utilization technology for waste from brewing" since 2018. Led by Luzhou Laojiao and developed in cooperation with Tsinghua University, Sichuan University, Harbin Institute of Technology, China Agricultural University, Southwest University, Luzhou Laojiao Niangjiu Co., Ltd., and Luzhou Red Sorghum Modern Agricultural Development Co., Ltd., this project is the first national key enterprise-led R&D project in the Baijiu industry. The project points to brewing waste research, taking the R&D of thermochemical energization and recycling as the technical breakthrough, from which a pilot line for distilled grains drying and pyrolysis with a processing capacity of 5 tons/day has been built. At present, the construction of an industrial demonstration line with a processing capacity of 100,000 tons/year is underway, with every effort used to make a systematic breakthrough in the technology and industrialization for the recycling of brewing waste, and make contributions to the green and low-carbon development of Baijiu industry, in China.



Pilot equipment for drying and pyrolysis of brewing waste

Case Research on intelligent detection technology for solid-state brewing

The Company has entered into a school-enterprise cooperation agreement with Tsinghua University whereby to establish the Tsinghua University - Luzhou Laojiao Intelligent Detection Joint Center, mainly for research on intelligent detection technology in the field of solid-state brewing. The center, relying on the Research & Development Affairs Office, Tsinghua University, has achieved multiple technological breakthroughs in intelligent detection and enabled their application to brewing production. Through in-depth research on intelligent brewing technologies with online detection and sensing technology, intelligent brewing technology and system, and big data analysis technology as its core, the project has brought an online spectral system based on fiber optic sensors, an online detection system for physico-chemical indicators of fermentation gases in cellars, and an automated liquor receiving equipment based on multi-parameter deep learning intelligence, which has been well applied in production, helping promote the demonstration application of online detection technology, robot steaming technology, and intelligent liquor receiving technology in the solid-state brewing industry, and boost technological upgrading and process innovation in the industry.



Management Committee Meeting of Tsinghua University - Luzhou Laojiao Intelligent Detection Joint Center in 2023



Intelligent detection equipment jointly developed by Tsinghua University and Luzhou Laojiao

Intellectual property management

With the deepening of innovation R&D and the accumulation of innovation achievements, the importance of intellectual property management is gradually increasing, which is conducive to the protection of innovations, the promotion of technological innovation, the normalization of cooperation and transactions, and the enhancement of enterprise value. As such, the Company has conducted systematic intellectual property management.

In this connection, the Company has formulated the Intellectual Property Management Manual, the Intellectual Property Management Measures, the Patent Management Measures, the Trademark Management Measures, and the Trade Secret Protection Management Measures, along with supporting control procedures, process regulations, and record forms, further refining the Company's intellectual property management work basis and improving the efficiency of intellectual property management.



A valid intellectual property management system certificate of the Company during the reporting period

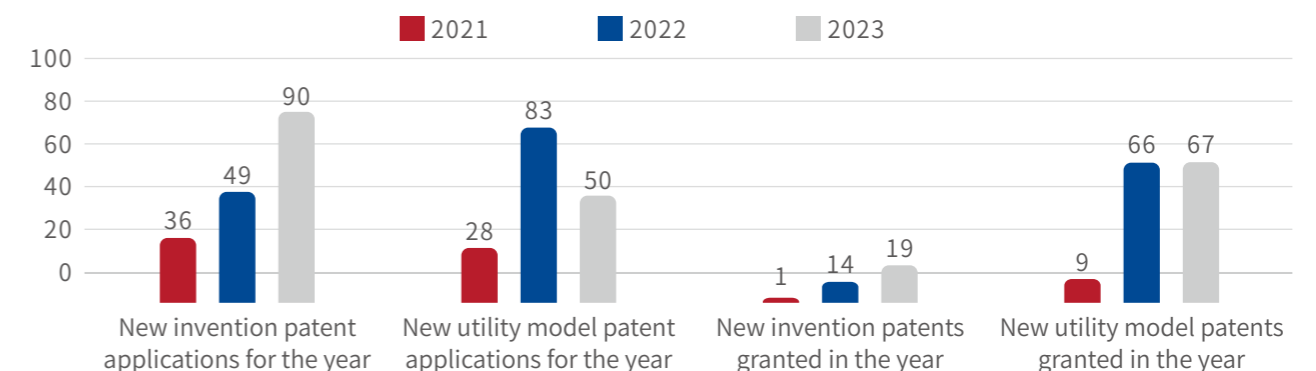
Key Performance:

During the reporting period, the Company had a total of **434** invention patent applications, **366** utility model patent applications, **188** granted invention patents, and **339** granted utility model patents;

The Company held **527** invention patents and utility model patents.

Patents for three consecutive years

Unit: piece



Case Training on the Enterprise Intellectual Property Management Norms under the Happy Learning Plan 

In June 2023, the Company invited external experts to conduct a themed training on the Enterprise Intellectual Property Management Norms in order to better regulate the management of the Company's intellectual property throughout the entire process of R&D, production, procurement, and sales, and ensure that the Company's intellectual property management strictly follows the national norms. During the training, experts provided in-depth interpretation of the Enterprise Intellectual Property Management Norms, shared suggestions for improving and optimizing the operational capabilities of the intellectual property management system, as well as advice on intellectual property risk prevention and mitigation. The training was actively joined by employees from various departments (units) of the Company, enabling employees to effectively enhance their awareness and cognition of intellectual property management.



The site of the training on the Enterprise Intellectual Property Management Norms

DIGITALIZATION AND INTELLIGENCE CONSTRUCTION

The digitalization and intelligence construction is of help for an enterprise to better reduce cost, increase efficiency and realize industrial upgrading and transformation. To achieve the strategic goal of building "a digital and intelligent Luzhou Laojiao" and enable a high-grade digitalization and intelligence transformation, the Company has formulated the 14th Five Year Plan for digital transformation which is under implementation in order, with the overall business digitalization work basically accomplished, effectively assisting the enterprise in fine management, cost reduction, efficiency increase, business model reshaping, and innovation application. During the reporting period, the "Luzhou Laojiao Baijiu Production-Supply-Marketing Digital and Intelligent Transformation Pilot Project" submitted by the Company was included in the list of 2023 demonstration projects on integrated development of new-generation information technology and manufacturing industry for "Digital Pilot" enterprises, becoming the first shortlisted unit in the Baijiu industry.

编号	方向	企业名称	项目名称
17	“数字领航” 企业方向 (28个)	中车唐山机车车辆有限公司	基于数据驱动的轨道车辆产品网络化协同创新应用模式
18		万华化学集团股份有限公司	万华化学化工制造与新技术数字领航应用项目
19		沈鼓集团股份有限公司	沈鼓集团数字化企业管理能力建设
20		重庆长安汽车股份有限公司	长安汽车全价值链数字化转型发展与应用示范
21		北京东方雨虹防水技术股份有限公司	建材行业数字化转型项目
22		江苏亨通光电股份有限公司	基于 5G+人工智能的精益数字化工厂
23		珠海格力电器股份有限公司	格力电器全领域数字化管控示范项目
24		北汽福田汽车股份有限公司	商用车新一代信息技术与制造业融合发展试点示范
25		泸州老窖股份有限公司	泸州老窖白酒产供销数智化转型领航示范项目
26		上海外高桥造船有限公司	面向大型邮轮巨复杂系统工程的数字化船厂创新领航项目
27		中节能太阳能科技(镇江)有限公司	两化融合推动中节能工业互联网光伏云平台建设
28		金风科技股份有限公司	金风科技风电装备数字化领航企业试点示范

List of 2023 demonstration projects on integrated development of new-generation information technology and manufacturing industry for "Digital Pilot" enterprises

Digital transformation planning

Luzhou Laojiao attaches great importance to digital construction. With efforts, a sound digitalization guarantee system led by "top leaders" has been established, under which there are a Digital Transformation Guidance Committee and a Network and Information Security Committee with directors served by the Chairman and the General Manager, as well as a Digital Transformation Execution Office with members from various business fields and IT heads.

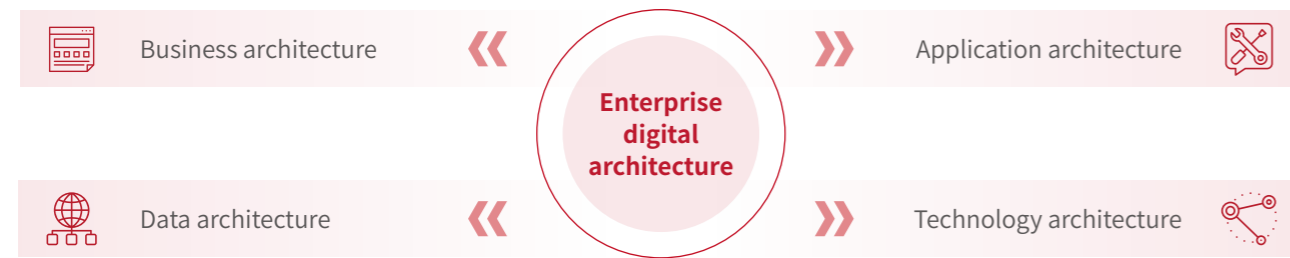
Based on the strategic goal of building a "digital and intelligent Luzhou Laojiao", the Company has worked out a top-level scheme for digital transformation under the 14th Five Year Plan, laying out and designing the Company's business blueprint, enterprise digital architecture, and digital construction guarantee system for digital transformation.

Planning of business blueprint for digital transformation under the 14th Five Year Plan

Core of transformation
The core of the Company's digital transformation under the "14th Five-Year Plan" lies in "increasing value with digitalization on the principle of four simultaneities", i.e. to explore business transformation by mining the value of data, optimizing and empowering traditional business and management decisions driven by digital technology; and to systematically and orderly move the digitalization level of each business domain forward from online and digital to intelligent and ecological in accordance with the status quo and conditions of business in Luzhou.

Target area
Efforts towards the digital transformation goals of the "14th Five-Year Plan" are made focusing on six areas: financial growth, experience enhancement, technology attributes, organizational talents, innovative applications and sustainability.

Planning of enterprise digital architecture



Planning of digital construction guarantee system



Digital construction achievements

After years of development, the Company has basically completed its overall business digitalization, achieving digital transformation in business processes including, among others, R&D design, production and manufacturing, supply chain management, warehousing and logistics, quality control, operation management, operation and maintenance services, work safety, energy conservation and emission reduction, marketing, financial management, and human resource management. In the future, the Company will continue to improve its digital management system, by strengthening its online procurement, upgrading its brewing process, and building a middle office for consumer management, to further optimize and improve production efficiency, product quality, and service level.

Digital management system

Digitalization of the production supply chain

- Open up the vertical management from supply chain operation to on-site execution, with digitalization covering the whole business process of supply chain from demand to delivery, realizing the integration of online procurement and supplier management, visualization of the packaging production process, precision of warehouse management data, and visualization of logistics in-transit monitoring.

Digitalization of production processes

- Build a digital collection of key data for the whole process from raw and auxiliary material handling, brewing production to liquor storage, create a core business hub for brewing production, and explore a pool of efficient and agile innovative applications, to promote the digital construction of the whole chain of brewing production.

Digitalization of R&D management

- In terms of production R&D, use the digital PLM system to shorten the R&D cycle and improve the R&D collaboration, for full life cycle management.

Digitalization of marketing services

- Optimize and reshape the system architecture by building digital middle-office capabilities for marketing business, employee digital application, and consumer management, among others, to realize rapid system iteration and expansion, and effectively support the flexible development of marketing business.

Digitalization of financial affairs

- Build a financial sharing digital platform for synergistic financial sharing services and operations;
- Develop the digitalization capacity on taxation and funds, for whole-process management typified by digital invoices and fund settlement, etc., to improve the efficiency of handling tax-related matters and the management capacity of enterprise treasury.

Case Huangyi Brewing Ecological Park was completed and put into operation

Based on the intelligent brewing of Baijiu, the Company implemented the project of "Application of New Mode on Digital Workshop for Solid-state Baijiu Production" to build a Baijiu brewing workshop that is technologically leading in the industry, under the support of the special fund from the Ministry of Industry and Information Technology for the new mode of intelligent manufacturing in 2018. Huangyi Brewing Ecological Park with industry-leading intelligence invested by the Company, as a core component of intelligent manufacturing in intelligent plants, began construction in 2015 and has been completed and put into operation, realizing an annual production capacity of 100,000 tons of high-quality pure grain solid-state Baijiu, 100,000 tons of Qu Yao, and 380,000 tons of liquor storage, denoting an overall cutting-edge technological level in the industry.



Luzhou Laojiao Huangyi Brewing Ecological Park

Network and information security

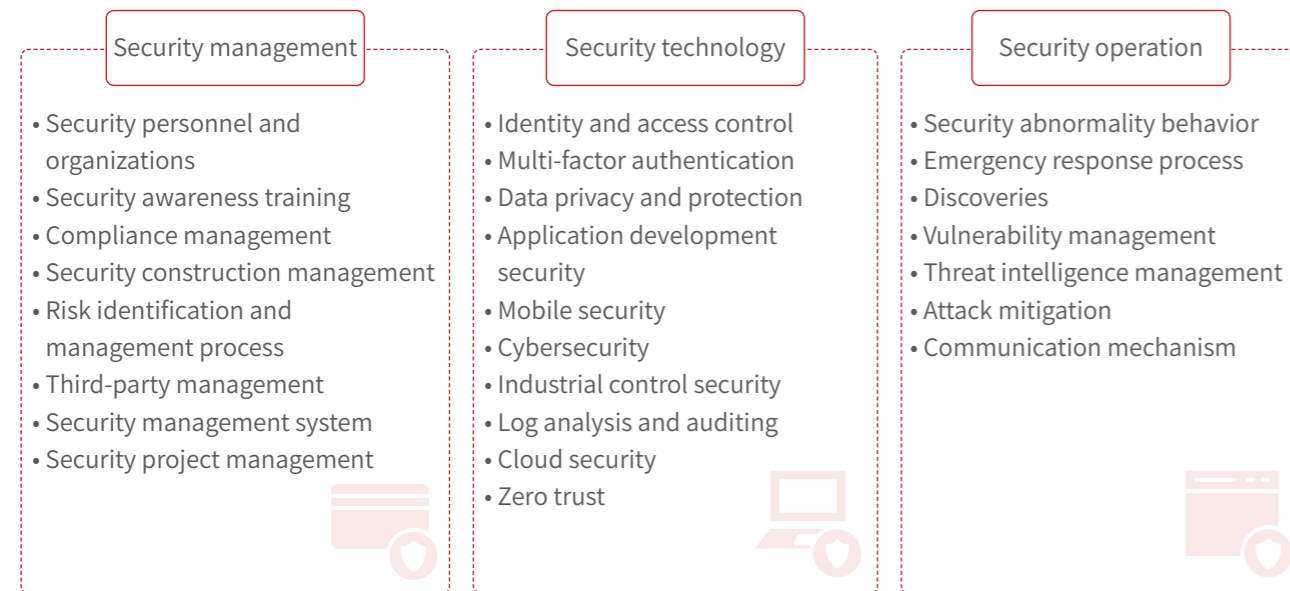
With the continuous deepening of the Company's digital transformation, the importance of network and information security has become increasingly prominent, which can effectively promote privacy protection, data integrity maintenance, network attack prevention, and business continuity assurance, etc. In this context, Luzhou Laojiao has built a network and information security management system, with various measures taken to further improve the awareness and level of network and information security.

Network and information security management system

To strengthen the network and information security management, prevent and resolve operational risks of information systems, and avoid various network and information security accidents and problems, the Company has formulated and implemented a series of management rules including the Network and Information Security Management Rules (Trial Implementation), the Internet Behavior Management Measures, the IT Terminal Equipment Use Management Rules, the Domain Name Management Measures, the Computer Room Management Measures, the System Data Backup Management Measures, and the Information Security Vulnerability Management Rules, among others, effectively ensuring the safe and stable operation of the Company's network and information system.

Security control is key to the implementation of the top-level scheme for digital transformation under the 14th Five Year Plan. For the sake of smooth security control, the Company has formulated a security control blueprint based on the current actual situation, pursuant to which, security control work will orderly proceed in the future to ensure giving effect to top-level scheme.

Security control blueprint

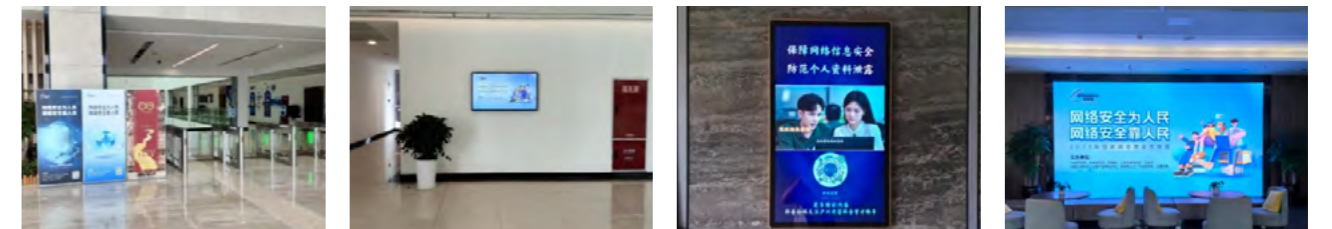


Key Performance:

The Company was active in filing for classified protection of information system security. As of the end of the reporting period, **all core information systems** of the Company have carried a Grade 2 certification.

Measures for network and information security

Under the guidance of the network and information security management system, the Company regularly takes measures to promote the level of network and information security every year, through employee training, cybersecurity attack and defense drills, and cybersecurity culture promotion, etc., vigorously uplifting network and information security awareness and level.



Cybersecurity knowledge promotion by the Company through roll up banner, elevator screen, and electronic large screen

Case Participating in the Seventh Cybersecurity Attack and Defense Drill in Luzhou City

In May 2023, to implement the Cybersecurity Law of the People's Republic of China and improve the construction of enterprise network information security, the Company conducted the 2023 Cybersecurity Emergency Drill. 35 information systems, covering its official website, conference management system, and unified identity authentication platform, were included by the Company in its key protection. Measures such as asset hiding and weak password reinforcement were taken to strengthen security monitoring and emergency response. During the drill, problems were identified and promptly rectified, improving the level of network and information security.

Case Conducting knowledge and skill training on "Network and Information Security Popularization"

As an active response to the call of the National Cybersecurity Propaganda Week, in September 2023, Luzhou Laojiao organized a knowledge and skill training on "Network and Information Security Science Popularization", covering all employees. The training was conducted online through the Luzhou Laojiao Knowledge Management Platform, for which examination sessions were set up. The employees of the Company actively participated in online learning as required and passed exams, effectively improving their cybersecurity awareness and knowledge.



Knowledge and skill training on "Network and Information Security Popularization"

3 Supreme Quality Brands, Laying the Foundation of Quality

Relevant SDGs



Philosophy

Luzhou Laojiao pays attention to food safety, and insists on the quality concept of "making the quality of Chinese Baijiu visible", with safety management for the whole industry chain, sources, and life cycle implemented to fundamentally ensure product safety and outstanding quality. Through customized and professional customer services, the Company has won the trust and good reputation of the market. Meanwhile, the Company actively establishes industry cooperation, sharing resources and innovation achievements, to help better develop the enterprise brand.

Our actions

- Quality assurance
- Responsible procurement
- High quality service
- Industry cooperation

QUALITY ASSURANCE

In strict accordance with national laws and regulations, Luzhou Laojiao has set its quality strategy, constructed a quality coordination mechanism, and established over 400 internal quality and safety assurance rules. Through a digital traceability system, the Company is able to comprehensively monitor product quality and safety information, while achieving a backward-forward intelligent traceability. The Company is committed to improving the quality of Baijiu, constantly improving the food safety level via technological innovation, technical breakthrough, systematic training, etc., to ensure the stability and reliability of product quality, demonstrating a high sense of responsibility for quality and consumers.

Key Performance:

During the reporting period, Luzhou Laojiao recorded a **100%** pass rate in the food safety supervisions and sampling inspections organized by the administrations for market regulation at the national, provincial, and municipal level; Luzhou Laojiao products were exported to more than **70** countries and regions, including the United States, Russia, Japan, and Australia, etc., with a **100%** pass rate by virtue of the quality meeting and exceeding the requirements of relevant countries and regions.

Quality strategy

Under the quality management concept of "making the quality of Chinese Baijiu visible", the Company goes all out to implement the quality strategy of "Luzhou Laojiao Intelligent Brewing 4.0" supported by informatization and digitalization, aiming at "ultimately achieving quality and brand upgrading through equipment, talent, and management improvement, and becoming the leader of overall quality management in the Baijiu industry".

Quality strategy objectives and the associated implementation

Equipment upgrade

- The intelligent production lines for brewing and packaging are running stably;
- The intelligent packaging center construction is progressing well, with the first "lighthouse factory" built in China's Baijiu industry.

Talent upgrade

- The Rules on Chief Quality Officers for Industry Chain Grid and the Rules on Qualification Certification for Employees in Industry Chain, which are industry-first, have been developed;
- Employees responsible for quality of upstream and downstream enterprises in the industry chain have passed the qualification certification of Luzhou Laojiao.

Management upgrade

- Achievements have been made for full business collaboration from R&D and design to after-sales service, quality data collection, and full life cycle integration and analysis to drive decision making;
- The Company presided over or participated in the preparation of more than 20 national and industrial standards for quality.

Product upgrade

- The revenue share from mid-to-high-end liquor recorded an increase.

Brand upgrade

- The brand value ranks among the top three global liquor brands.

Food safety management

Closely following the requirements of the Food Safety Law of the People's Republic of China, the Provisions on the Supervision and Administration of the Implementation of Main Responsibility for Food Safety by Enterprises, the ISO 9001 Quality Management System, and the ISO 22000 Food Safety Management System, etc., the Company has established a grid-based quality coordination mechanism involving both internal (vertical) and industry chain (horizontal) aspects. Over 400 internal quality and safety assurance rules, including the HACCP Plan, the Food Safety Protection Plan, and the Food Safety Risk Assessment Measures, covering 28 production and functional departments encompassing raw and auxiliary material supply, production control, inspection and testing, have been developed to implement main responsibility for food safety, effectively ensure product quality and safety, and safeguard the legitimate rights and interests of consumers.



ISO 9001 quality management system



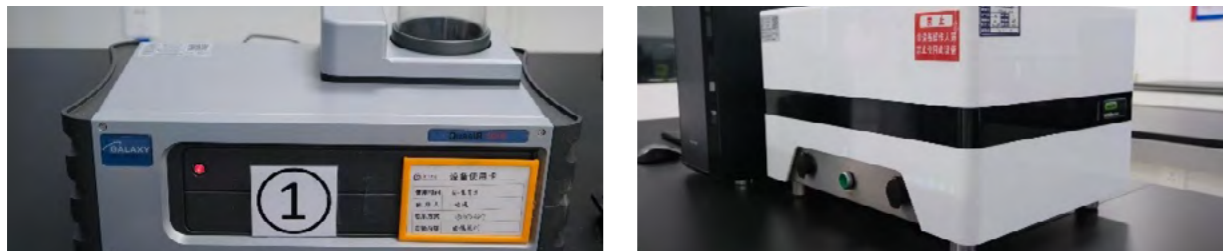
ISO 22000 food safety management system

Food safety testing

Sticking to the HACCP principle, the Company makes risk analysis on the entire industry chain from raw materials to finished products, for determining key control points and their thresholds. To this end, the Company has had advanced inspection equipment, and trained a team of technical talents for raw material inspection, Baijiu tasting and Baijiu quality check to conduct comprehensive supervision, inspection, evaluation and analysis of raw materials, products and packaging materials, so as to ensure the stability and reliability of product quality. On the basis of universal detection methods and equipment throughout the entire production chain, the Company has also developed and introduced special rapid detection technology and equipment to expand the testing scope, improve process monitoring, and thereby reduce food safety risks. In addition, the Company has collaborated with research institutes to enlarge the sources of risk information retrieval and the scope of risk screening in the food industry, aiming to guard against food safety issues in advance and ensure effective control of the production process.

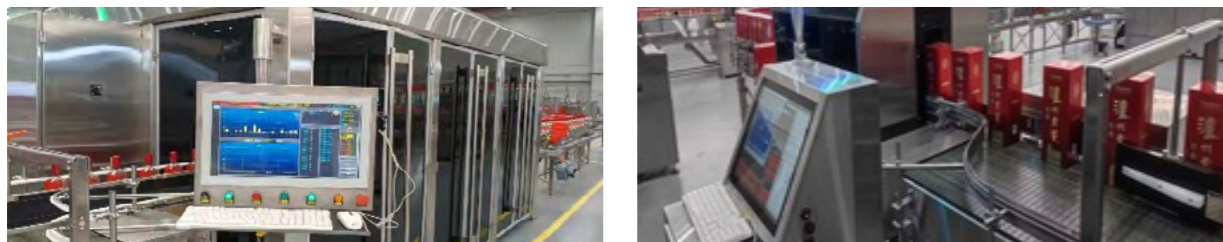
Special rapid detection technology and equipment for Baijiu

Infrared Spectrum Analysis Technology: As a fast, efficient, non-destructive and on-site analysis approach, infrared analysis method is very suitable for the rapid qualitative and quantitative analysis of Baijiu due to its convenient detection, no need for sample pretreatment and online analysis compatibility. At present, the Company mainly uses near-infrared spectrum analysis technology to detect the acidity, moisture and starch of fermented grains, and uses mid-infrared spectrum analysis technology for the total acid, total ester, ethyl caproate, ethyl lactate, ethyl butyrate and ethyl acetate of Baijiu.



Infrared spectrum analysis technology

Machine Vision Technology: The Company currently uses advanced image processing technology based on PC to test the bottle height, bottle mouth, appearance, bottle specification identification, bottle bottom, inner parts of bottle cap, liquid level and sealing, labeling and coding, among others of liquor bottles; and uses sequence image processing and deep learning algorithms to identify, classify, and statistically analyze impurities such as glass shavings, fibers, plastic shavings, hair, mosquitoes, black spots, and color blocks in the liquor body. Through the application of machine vision technology, the demand for in-situ detection under high-speed production conditions has been met, the detection efficiency has been improved, and production costs have been reduced.



Machine vision technology

Case

The Company joined hands with China National Research Institute of Food & Fermentation Industries to conduct cutting-edge research on safety risk factors for alcoholic foods



The Company, together with China National Research Institute of Food & Fermentation Industries, has developed two detection methods, namely high-precision detection method for ethyl carbamate (EC) and its precursors in Baijiu, and mineral oil detection method, which provides good guidance on the control of EC level and mineral oil pollution in products. Meanwhile, the Company has realized periodic monitoring over the level of pesticide residues in the purchased raw grains, effectively controlling the introduction of unintended pesticide residues in the fermented grains, and strengthening the food safety control level in the procurement process.

Case

The Company established project collaboration with Southwest University of Science and Technology



To provide a theoretical basis for screening and storing safe and stable food contact materials, the Company established project cooperation with Southwest University of Science and Technology whereby to compare the commonly-used PC and PET materials for bottle caps in the Baijiu industry, focusing on the study of the factors affecting the stability of the above two materials and the possibility of modification/blending. Through this project, a nano polyethylene terephthalate/polycarbonate composite material and its preparation method have been developed, with the corresponding processing parameters standardized and a production and operation manual prepared, for which an invention patent application has been made.

Case

The Company collaborated with Sichuan Food Inspection and Research Institute jointly in carrying out research on the inspection method for illegal additives in Baijiu



The Company, jointly with Sichuan Food Inspection and Research Institute, has established a high-throughput screening and detection technology suitable for illegal additives in alcohol samples. The illegal addition screening database established by this technology contains 413 compounds. The technical methods include pre-processing methods, quantitative collection techniques, high-resolution mass spectrometry databases for illegal additives, and unknown compound screening techniques, which solve the technical difficulties of low throughput and weak targeting of compound screening.

Food safety traceability

Under the guidance of policies, through digitalization, and with the support of technology, the Company effectively worked to construct a high-quality safety traceability system, having passed the ISO 22000 food safety management system certification and formulated the Product Quality and Safety Traceability Management Regulations to continuously improve and perfect the quality and safety traceability system.

In 2014, a QR code traceability system was introduced by the Company, which covered all product lines in 2016, and was upgraded to a Qianlima code traceability system supporting multiple coding forms in 2020, laying a foundation for the Company to establish a unified data platform and to promote the digitalization of the quality and safety traceability system for the whole industry chain.

The Company's digital traceability system is mainly composed of three modules, i.e. the "Intra-enterprise Management Platform", the "Warehouse and Logistics Management Platform", and the "Consumption Management Platform", which ensures the effective connection of upstream and downstream information in the traceability chain, record the entire product quality and safety information, and achieve a backward-forward intelligent traceability of products.

Three modules of the digital traceability system

The Intra-enterprise Management Platform plays a key role in information traceability at the production end

From procurement and acceptance to brewing production to filling production, it realizes the supervision, verification and traceability of the production process, and improves the production efficiency and quality control ability.

The Warehouse and Logistics Management Platform helps information tracking at the sales end

It realizes the connection between the traceability information at the production end and the tracking information at the sales end by reading the product code information, and records the batch, quantity, and in/out status of the products, in order to reduce human errors, prevent missed shipments and wrong shipments, and optimize the inventory structure.

The Consumption Management Platform supports back-end data mining and analysis

Through big data analysis technology, it helps the market side to formulate marketing strategies, and combines anti-counterfeiting data scanning records for early warning on counterfeit risk areas and trend analysis to realize accurate counterfeiting.

Food quality improvement

The Company has been seeking to improve the quality of Baijiu, which not only represents its dedication to traditional craftsmanship, but also embodies its responsible attitude towards consumer health. By arranging Baijiu risk analysis and control training, industry chain quality improvement activities and "Quality Month" events, etc., the Company provided guidance to build quality awareness throughout the enterprise.

Case Baijiu quality safety risk analysis and control training

In February 2023, the Company provided training for Baijiu quality safety risk analysis and control, through which, the employees were able to raise their awareness and sensitivity to the quality and safety of Baijiu, improve their skill level and professional knowledge, and accurately judge risks and take control measures in response.



The site of the training on Baijiu quality safety risk analysis and control

Case Industry chain quality improvement activities

To improve the quality of the industry chain, the Company collaborated with upstream and downstream enterprises to carry out a series of research projects such as "eliminating the dripping back of lubricant from glass bottles during bottle control", "solving the leakage problem with caps of all-plastic structure products", and "reducing the scrap rate of 1573 caps".

Case "Quality Month" events

In September 2023, the Company conducted basic knowledge training on food quality and safety management, strengthening employees' food safety awareness so that to uphold the concept of "quality first and safety first". In the same month, the Company provided food hazard analysis training to enhance employees' ability to identify and control food safety risks, and to accurately analyze potential food safety hazards, so that they could take timely and effective measures, to ensure product quality and consumer health.



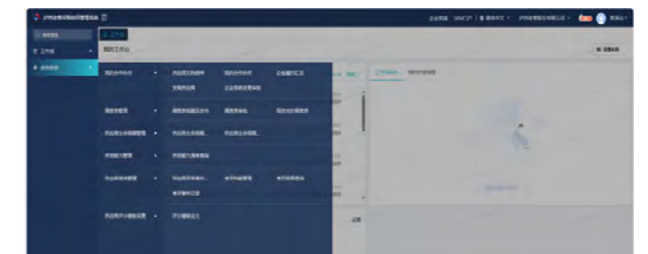
The site of the basic knowledge training on food quality and safety management



The site of the food hazard analysis training

RESPONSIBLE PROCUREMENT

Luzhou Laojiao has laid down relevant supply chain collaboration-oriented procurement management rules, along with developing a range of management measures including, among others, the Regulations on the Management of Statutory Bidding and Procurement, the Regulations on the Management of Supply Chain-Oriented Procurement, the Regulations on the Management of Supplier Pool, the Management Measures for Selection and Assessment of Cost Consulting Suppliers (Trial Implementation), and the Management Measures for Supplier Performance Bonds, seeking to establish a scientific and rational management mechanism for suppliers, strengthen communication with suppliers, and improve procurement quality and efficiency. A supplier collaboration management platform has also been built, enabling sorting out of 2,000 spare parts and 3,000 low-value consumables, and visual procurement.



SRM system

Adhering to win-win cooperation, the Company has worked to create value together with suppliers by improving its supply chain competitiveness while ensuring supply chain security, and involved in training and exchanges with suppliers from time to time to deepen cooperation for mutual benefits.

Case Training for the chief quality officers of the industry chain

In December 2023, Luzhou Laojiao organized a training program for the chief quality officers of the industry chain, aiming to strengthen cooperation with suppliers, improve the quality management level of the entire industry chain, and jointly develop and implement high-standard quality control measures to ensure the stability and reliability of product quality. The training helped establish closer cooperation and move the development of the entire industry chain towards higher quality.



Training for chief quality officers in the industry chain

HIGH QUALITY SERVICE

Luzhou Laojiao has been customer-centered, with constant efforts made to improve its service levels, and meet the diverse needs of customers. For the sake of the rights and interests of customers, a sound complaint handling mechanism has been built to improve customer satisfaction. Meanwhile, the Company goes further to promote consumer digital construction, providing customers with more convenient and intelligent service experiences, to meet the demands of customers in the digital era.

Customer service concept

Upholding the concept of precise service tailored to local conditions, the Company has established an effective information collection and feedback mechanism to improve service quality, with its business departments closely working with each other under the service guideline of information exchange, co-construction and sharing, so as to continuously optimize the customer experience for a win-win situation.

Customer service concept system

Classification guidance to realize "precise policies"

Put forward specific and clear requirements for customer service work on the front line of the market, and form an operable and implementable approach, according to the characteristics of different regions and different types of problems, taking into account the ideological dynamics and behavioral features of different objects.

Information sharing to explore service standards

Make business departments highly collaborative to explore customer service standards, giving full play to their respective strengths, towards the common service goals of sharing information and data in the back office, optimizing work processes internally, and improving service efficiency externally, based on the concept of "co-construction, co-management, and sharing".

Innovative thinking to optimize the customer experience

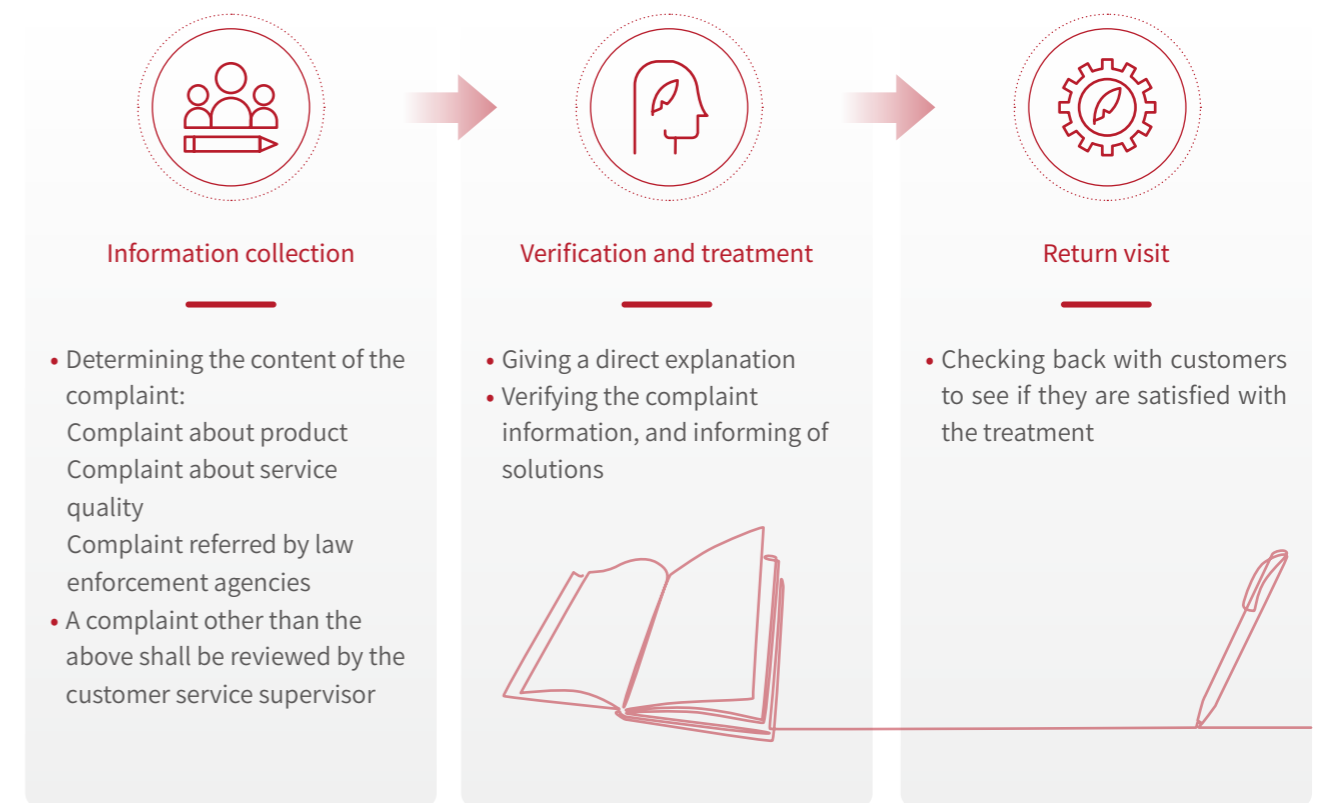
Establish effective information collection and feedback channels, and utilize innovation to drive experience-oriented business growth, tap into customers' real needs, drive product and service quality improvement, enhance customer experience, and maintain customer loyalty.

Safeguarding customer rights and interests

The Company keeps improving the After-sales Service Management Measures to fully embody the service tenet of "Customer First, Reputation First", provides quick and efficient services for customers, and thereby safeguards the legitimate rights and interests of consumers. To accurately identify market demands, the Grade-based Emergency Response Plan for Abnormal Market Information has been developed for definition and differentiate management in response to market abnormal information grading. Besides, in order to keep abreast of consumer feedback, the Company has joined the ODR System of the State Administration for Market Regulation, with dedicated persons assigned to keep a close eye on the information dynamics of the platform, who will provide guidance immediately after receiving important feedback information for relevant departments to make response in a timely and appropriate manner.

A closed loop has been formed by the Company for meeting and following up on customer needs through three steps, being information collection, verification and processing, and return visit, to timely respond to customer demands, properly answer customer questions, and quickly solve customer problems, dedicated to providing best services for customers.

Customer complaint resolution process



Key Performance:

During the reporting period, there were **2,302** customer complaints, with a customer feedback response rate of **100%** and a customer complaint resolution rate of **100%**.

Customer satisfaction enhancement

The Company regularly conducts surveys on products or services for distributor customers and end customers every year, listens carefully to customer suggestions and opinions, collects customer demands, and continuously optimizes products and services to meet customer expectations and ensure customer experience, so as to enhance customer satisfaction.

Key Performance:

During the reporting period,
The Company conducted **2** surveys for core distributor customers, **1** survey for non-core distributor customers, and **1** survey for core end customers;
The customer satisfaction rate reached **100%**.

Adhering to the value of caring and supporting customers, the Company has been taking an active part in assisting distributor customers in solving their difficulties.

Case The Company helped distributor customers overcome difficulties

In August 2023, due to the continuous severe weather such as typhoon and rainstorm in many parts of China, the inventory products of some distributor customers were soaked in water and severely damaged. Under the Company's service concept of "support, protection and prosperity for merchants", the Sales Management Department, the Market Inspection Department, the Intellectual Property Protection Center, and other divisions of the Company joined hands to assist customers in handling the damaged products; while the Customer Service Department conducted field survey in some areas to understand needs and difficulties of the customers, and express concern and support for them.



The Company helped distributor customers handle products suffering wet damage



Consumer digital construction

To better understand market consumption trends, accurately grasp consumer needs, and provide personalized services, the Company has comprehensively strengthened the consumer digital construction by "linking, understanding and operating consumers" to improve operational efficiency and enhance consumer loyalty.

Consumer digital construction direction



Linking consumers to form effective DTC touchpoints

- Promote the launching and promotion of five-code products, with full five-code coverage for core products and digital connection for the whole chain;
- Enhance brand marketing and establish DTC touchpoints from brand to consumer through various promotional activities to realize sales fission and traffic multiplication.



Understanding consumers to create accurate portraits of the consumers

- Graded and gathered consumers through data return analysis;
- Form the "BI - Intelligent Marketing Operation Platform" to further provide BI with data support for consumer analysis reports;
- Improve the overall platform for the member pyramid system of Luzhou Laojiao.



Operating customers to promote BC integration process

- Improve and refine the digital closed-loop system for grade-based distributor authorization;
- Smooth the process chain of banquet scenarios through key business parts such as BC linkage, integrated member marketing campaigns, and construction of catering tasting bases.

Case "Open for Gifts" activity, strengthening consumer digital construction

In 2023, the Company strengthened consumer digital construction on all fronts to achieve sales fission and traffic multiplication through digital scanning marketing, brand marketing, "one more bottle", red packet campaigns, and differentiated activities, etc.



"Open for Gifts" activity

INDUSTRY COOPERATION

Luzhou Laojiao actively participates in and discusses about the formulation and implementation of national and local standards in the industry, providing valuable industry experience and advice to promote the healthy development of the industry, and help bring industry standardization and normalization.

Industry standards participated by the Company

Standard Type	Standard Title	Standard No.
National Standards	General Principle for Inspection, Marking, Packaging, Transportation and Storage of Baijiu	GB/T 10346-2023
	Quality Management - Guidelines for Competence Management and Personnel Development	GB/T 19025-2023
	Market, Opinion, and Social Research - Data Analysis Methods	GB/T 43389-2023
	Market, Opinion, and Social Research - Guidelines for Mobile Research	GB/T 43390-2023
	Market, Opinion, and Social Research - Guidelines for Preparation of Research Reports	GB/T 43391-2023
Local Standards of Luzhou City	Technical Norms for Production of Bio-organic Fertilizers from Brewing By-products	DB5105T61-2023
	Technical Norms for Production of Organic Fertilizers from Brewing By-products	DB5105T62-2023

Case The Company collaborated with renowned liquor enterprises in exploring new developments in the liquor industry

In February 2023, the China Famous Liquor Reboot Forum and Award Ceremony for 70 Persons with Contributions to Famous Liquor of 70 Years, among the series of events with the theme of "70-year Famous Liquor, Join Together Towards the Future" in celebration of the 70th anniversary of Chinese famous liquor brand, was held in Haikou. During the event, with a focus on cultural height, brand popularity, market temperature, digital depth, and industrial strength, the Company provided suggestions and insights for the high-quality development of China's liquor industry in the new era, showcasing the achievements, experiences, and thoughts of Luzhou Laojiao.



The site of the Award Ceremony for 70 Persons with Contributions to Famous Liquor of 70 Years

Case The Company participated in the 2023 China (Baoji) International Alcoholic Beverages Exhibition

In October 2023, the 2023 China (Baoji) International Alcoholic Beverages Exhibition kicked off. Luzhou Laojiao appeared at the exhibition with its strategic key products and innovation-series products, presenting its brand strength, core products and recent development results for the guests both at home and abroad to understand its main initiatives in product creation, intelligent brewing, and brand marketing, etc., which was highly recognized by the guests.



The site of China (Baoji) International Alcoholic Beverages Exhibition

Case The Company appeared at the 27th China International Famous Alcoholic Drinks Exposition

In December 2023, the 27th China International Famous Alcoholic Drinks Exposition, hosted by the China Alcoholic Drinks Association, opened in Yibin, Sichuan. During the Expo, the China Alcoholic Drinks Association, together with representatives of major famous wine-producing regions in China, such as Luzhou, Yibin, Zunyi, Suqian, Luliang, Bozhou and Deyang, jointly issued the Declaration on the High-quality Development of the World's Quality Baijiu Producing Regions, which expressed the idea of gathering the potential energy of all famous wine-producing regions to promote the complementation of the industrial chain, and to build a new pattern of mutual benefit and win-win for such regions.



The 27th China International Famous Alcoholic Drinks Exposition

4

Care for Employees, Growing Together



Relevant SDGs



Philosophy

Luzhou Laojiao values its employees, establishing a comprehensive training system to support their career growth; seeking to create a safe and healthy working environment to ensure that employees are at ease and dedicated to their work; strengthening communication through trade unions and other channels to promote common development between employees and the enterprise, and launching various caring activities, to enhance the sense of well-being of the employees.

Our actions

- Rights and interests protection
- Health and safety
- Caring activities

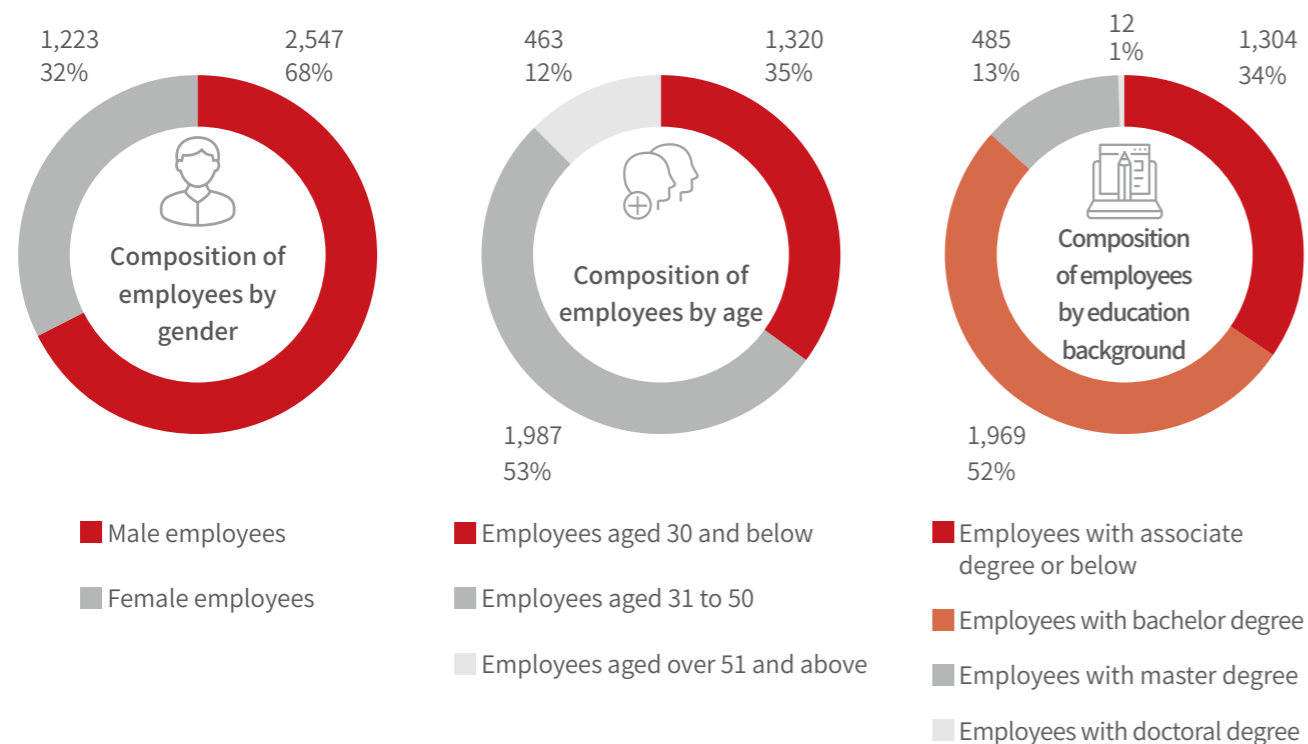
RIGHTS AND INTERESTS PROTECTION

Luzhou Laojiao is committed to establishing a fair and just employee employment mechanism, eliminating all discrimination, and providing equal opportunities for every employee. Through the "Navigation Plans" training system, the Company helps employees continuously improve their professional skills, and realize the positive interaction between personal values and corporate goals. On a market-oriented principle, the Company guarantees the reasonable salary level of the employees, and provides thoughtful welfare benefits to them, to ensure the quality of their life, and allow them to work and live with peace of mind. Taking democratic management as an important way of communication with its employees, the Company has made available open and transparent communication channels, encouraging employees to participate in decision-making, and maintaining close contact with employees, towards common growth.

Employee employment and composition

Pursuant to the Labor Law, the Labor Contract Law, the Social Insurance Law, as well as other relevant national and local laws and regulations and employment rules, the Company has developed a human resource management system based on its situation. Under the system, the Company promises to uphold the principle of legal employment, advocate for an impartial and just employment philosophy, and provide suitable positions and fair career opportunities for people of different races, genders, ages, professions, as well as people with disabilities and other difficulties. Meanwhile, the Company respects talents, tailors positive tasks for them, and allocates human resources rationally, bringing together employees with different backgrounds and perspectives to energize them for creativity and vitality.

Employee composition



Key Performance:

During the reporting period, the Company had a total of **3,770** employees, representing an increase of **4.58%** year-on-year compared to 2022, with **345** new employees;

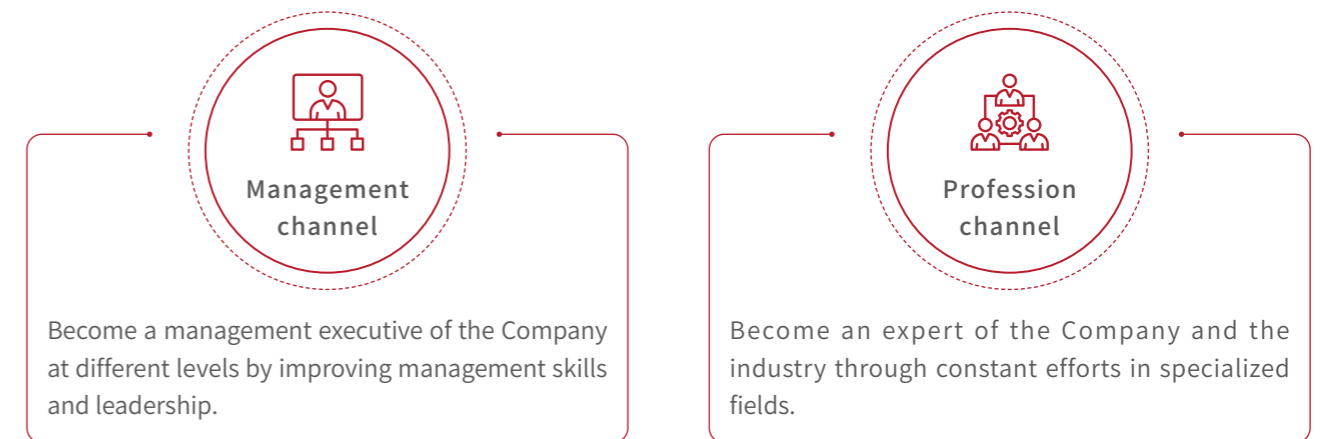
The labor contract signing rate and the social insurance coverage rate both reached **100%**;

The proportion of employees with difficulties¹ in the Company reached **0.48%**.

Employee development and training

The Company has formulated the Promotion Management Measures to continuously deepen the implementation of the "dual channel" career development system and ensure smooth channels for talent promotion.

Career development channels



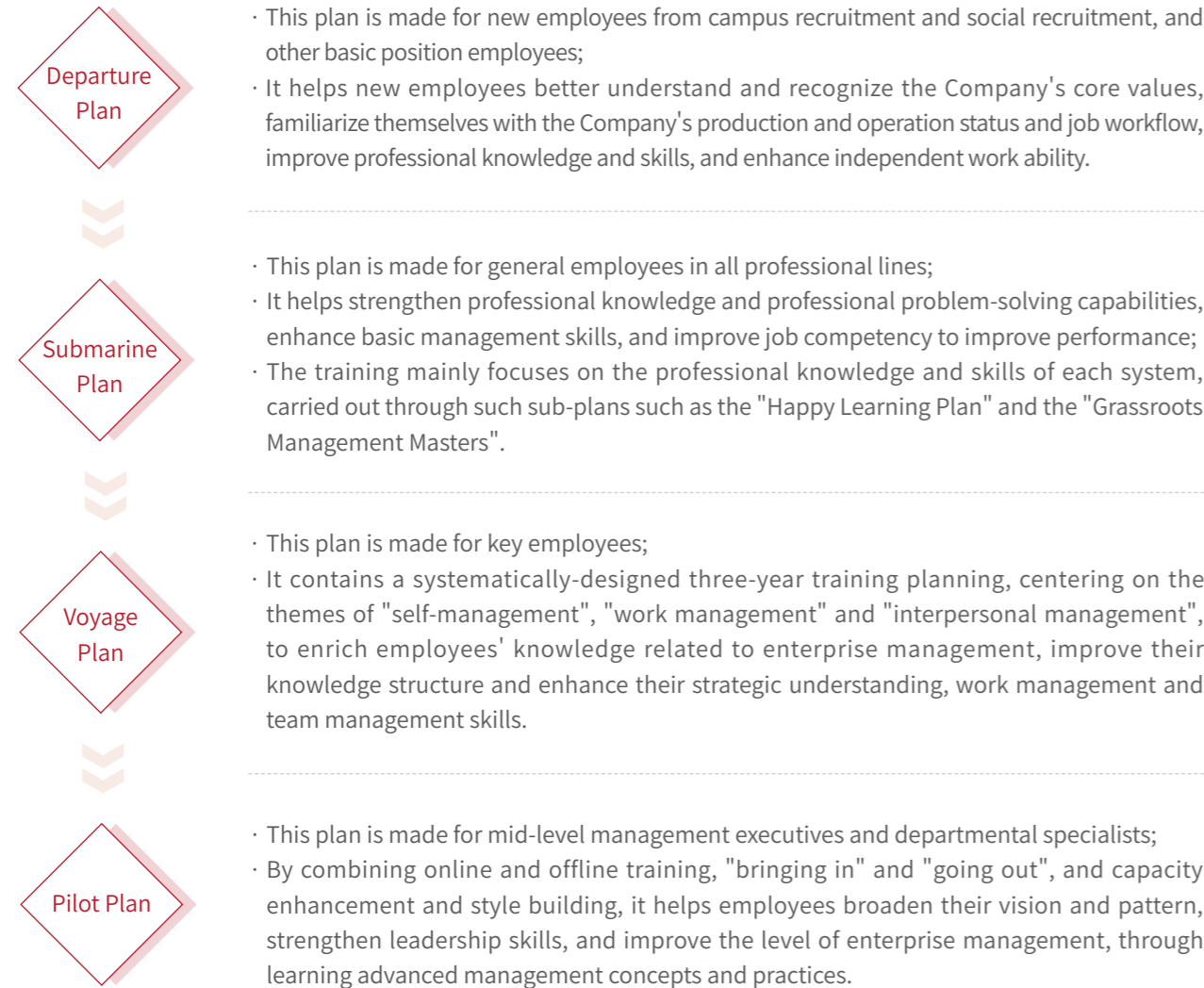
Key Performance:

During the reporting period, the Company had a total of over **600** promotable employees, with **328** employees successfully achieving rank promotion and **57** core backbone retaining their original ranks, truly realizing the "competence-based promotion" pattern.

Highly valuing employees, the Company has established a sound career development system along with relevant qualification standards, and has launched a grade-based "Navigation Plans" training system in response to the needs of employees in different occupational groups and career development stages, aiming to comprehensively enhance employee abilities and achieve mutual growth between employees and the enterprise.

Note 1: Employees with difficulties in Luzhou Laojiao mainly include migrant workers, the disabled, and demobilized soldiers.

"Navigation Plans" training system



Case Departure Plan - Marketing training to new employees from 2023 university graduates in Tianjin Base

The Company arranged marketing training for new employees from 2023 university graduates in Tianjin Base, covering pre-employment preparation, general ability, marketing practice, and business ability enhancement, with a view to cultivating the comprehensive quality and professional ability of the new employees, for them to better integrate into the enterprise and engage in work.



Kick-off meeting of the marketing training for new employees from 2023 university graduates in Tianjin Base

Case Pilot Plan - Comprehensive ability management training

The Company comprehensively enhanced the leadership and management level of mid-level management executives through system planning. Efforts were made to cultivate the cadre team by adopting various forms such as full staff training, targeted training, elective training, and external training. In 2023, the Company conducted three sessions of training for mid-level management executives under the "Pilot Plan" themed on management simulation, comprehensive management ability improvement, and high-performance team building. Additionally, 45 cadres were selected by the Company to participate in the special external training of "Cadre Selection Classroom", and more than 70 cadres were selected to participate in excellent external training both inside and outside the industry, in order to continuously improve the comprehensive quality and professional ability of mid-level management executives.



Comprehensive ability management training

Key Performance:

During the reporting period, the Company invested RMB **13,881,500** in training, for **432** training sessions in total, with employees receiving training for an aggregate of **2,647.5** hours, covering **72,784** person-times of participants.

The average learning time per person for the Company's online platform was **24.85** hours, with a learning coverage rate of **98.2%**.

Employee compensations and benefits

The Company is devoted to establishing a fair, competitive and market-oriented compensation system with "performance co-creation, risk pooling, and achievement sharing", mainly including salaries, subsidies, and benefits, giving full play to the incentive effect of salary leverage. In 2023, the Company implemented an assessment and allocation policy of "effect sharing, loss bearing, classification setting, long-term policy", under which digital assessment is strengthened, and individual performance is linked to organizational performance.

Company benefits



Statutory benefits

- Pension insurance, medical insurance, unemployment insurance, maternity insurance, work injury insurance, housing provident fund



Company benefits

- Holiday condolences, employee health examination and other inclusive benefits;
- Enterprise annuities, multiple supplemental medical insurance, multi-level supplemental benefits

Case Health retreat project for outstanding employees

In August 2023, the Company organized health retreat for outstanding technicians, aiming to enhance their sense of achievement, pride and honor, and further mobilize them for work.



2023 health retreat project of Luzhou Laojiao for technicians

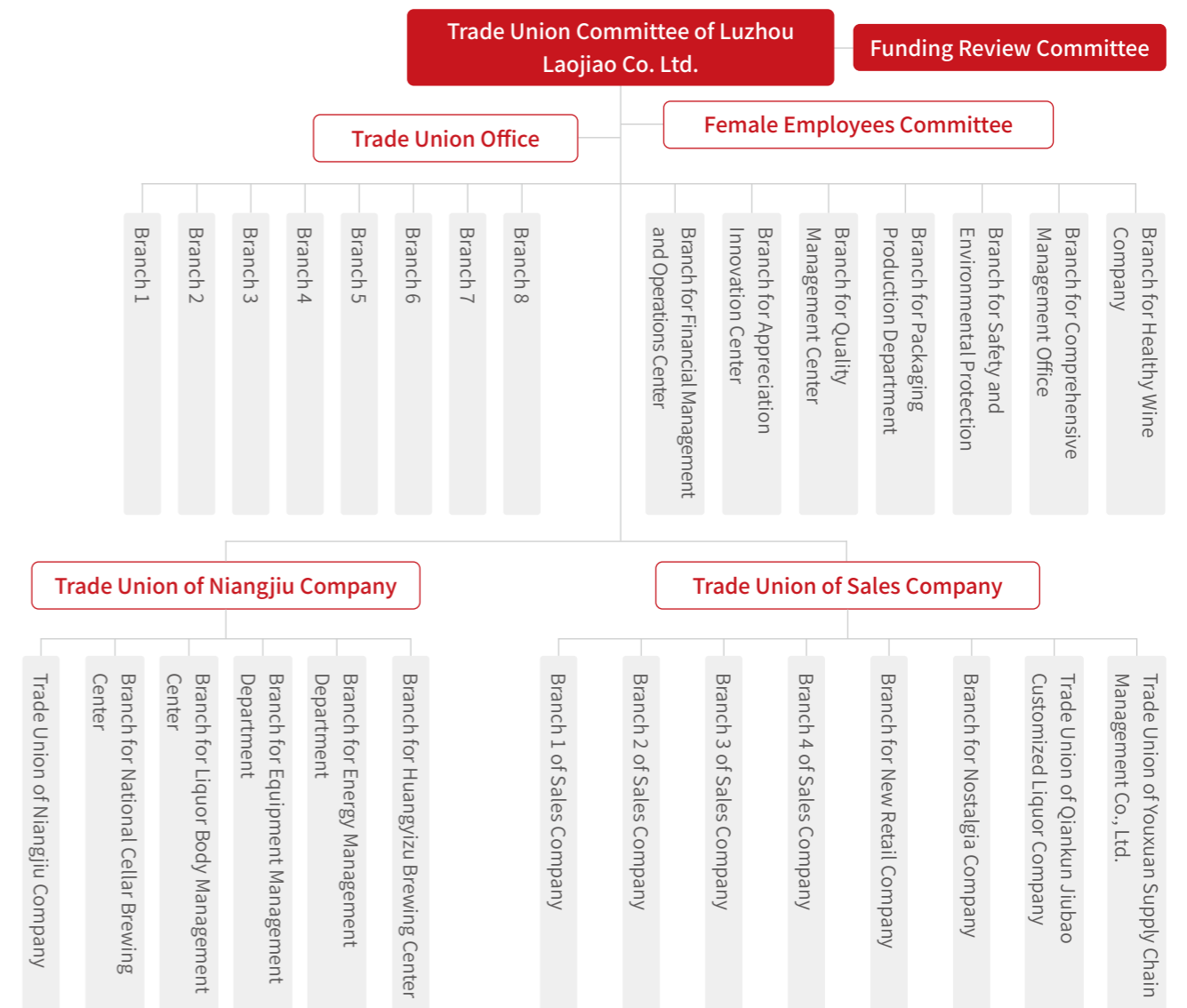


Model workers of the Company visited the Second Craftsman Conference

Democratic management and communication

An organizational structure of trade union has been established by the Company to represent the interests of employees, safeguard their rights and interests, and promote labor-capital harmony, which is of great significance to build a harmonious and stable labor relationship, establish a good labor relationship environment, and enhance employee enthusiasm and team cohesion, thereby propelling the healthy and sustainable development of the enterprise.

Organizational structure of the Company's trade union



For the purposes of improving democratic management within the Company, promoting communication and cooperation among employees, and jointly facilitating the achievement of the enterprise development goals, the Company organized an Employee Representatives Meeting. Through the meeting, the Company timely understood the thoughts and needs of employees, based on which, more practical policies and measures have been developed, to promote employees' trust and sense of belonging to the enterprise, while enhancing the overall cohesion and competitiveness of the enterprise.

Case The 20th Third Employee Representatives Meeting



In December 2023, the Company held the 20th Third Employee Representatives Meeting and the 18th Third Member Representatives Meeting of the Trade Union, with a total of 115 representatives participating at the meeting. During the meeting, the Company's General Manager presented the work results for 2023 and the work plan for 2024. The representatives unanimously approved the 2024 Collective Agreement on Salaries, the Compensation and Benefits Assessment and Distribution Plan, and the Draft Norms of Conduct for Employees, under which new regulations on employee compensation, benefits, and conduct norms are made, helping to maintain company order, motivate employees, and improve work efficiency.



The 20th Third Employee Representatives Meeting

HEALTH AND SAFETY

Luzhou Laojiao adheres to the safety concept of "life first, brewing based on well-being", regarding safety as the premise and foundation of production and operation. Strictly abiding by work safety management regulations, the Company strengthened supervision and management of work safety in all aspects, to ensure the safety and stability of the production process. Meanwhile, the Company also regularly organized emergency drills to improve the ability and self-protection awareness of employees in response to emergencies, and to best protect the life and property of employees.

Safety culture construction

The Company insists on the work safety policy of "safety first, emphasis on prevention, and holistic treatment". Based on safety concepts, safety systems, safety behaviors, and safety environment, the Company conducted "Five-Focus" safety culture construction with education and innovation as a driving force, forming a unique safety building model with the characteristics of Luzhou Laojiao. Besides, activities such as safety culture promotion and occupational disease control popularization were carried out to enhance the safety and health awareness of employees, and promote the safety culture construction of the Company.

Driving forces of safety construction



"Five-Focus" safety culture construction of the Company



Case Safety culture promotion and training on "life first, brewing based on well-being"



In May 2023, the Company organized a safety culture promotion and training activity on "life first, brewing based on well-being" for safety managers and frontline operators to improve their management level and safety awareness by sharing safety stories around us, conducting safety co-creation theater, and developing safety quality. Through this activity, employees were encouraged to play a positive role in ensuring work safety by actively conveying safety concepts and knowledge, and taking on more safety responsibilities.

Case Training on "Occupational Safety and Harmonious Labor"



In June 2023, the Company organized training on "Occupational Safety and Harmonious Labor", during which, cases of common occupational hazard accidents in liquor enterprises were shown, and corresponding preventive measures and emergency response methods were presented together with relevant provisions on protecting the rights and interests of employees in labor laws and occupational disease prevention and control laws. Through the training, participants could better master the methods of preventing occupational hazards, providing first aid, and safeguarding the legitimate rights and interests to occupational health.

Work safety management

Luzhou Laojiao adheres to people-oriented principles and implements work safety management responsibilities. According to relevant laws and regulations, and in light of the actual situation of the Company, constant efforts are made by, among others, taking safety hazard investigation and rectification actions, to improve its safety management system and maintain work safety.

Case Special investigation and rectification action for major accident hazards in 2023

In order to fully resolve latent hazards, reduce accident risks, ensure personnel and property safety, and create a safer and more stable environment for high-quality economic and social development, the Company launched a one-year special investigation and rectification action for major accident hazards. Directed by a dedicated work leadership group, all departments conducted self-inspection and self-improvement through proceeding with 17 tasks such as mobilization and deployment, risk identification, investigation and treatment, defining 38 responsible departments, refining 18 work requirements, and preparing 6 types of special investigation lists. The identified hazards were included in the unified management ledger for closed-loop management.



On-site inspection by the responsible persons

Health and safety drills

Health and safety drills are important measures for the Company to strengthen employee safety awareness and improve emergency response capabilities. Through drills, employees can become familiar with the procedures for responding to emergencies, effectively control accident risks, and ensure personal and property safety. The drills can also help the Company identify deficiencies in systems and processes, and further improve the safety management system, to ensure the smooth production and operation of the Company, and achieve the goal of health and safe work.

Case Integrated emergency drills for disaster prevention and damage reduction in 2023

In April 2023, the Company conducted a range of emergency drills for disaster prevention and damage reduction, such as flood control drills and geological disaster drills, in order to respond to unexpected events during the flood season, ensure personal and property safety of the Company, mitigate losses caused by accidents, improve the reaction and emergency response capabilities of flood control and rescue, implement rescue work in a quick, efficient and orderly manner, verify the operability and practicality of flood control and emergency response plans for further modification and improvement, and thereby effectively enhance the ability of flood control and rescue.



The site of the integrated emergency drills for disaster prevention and damage reduction

Case On-site disposal drill for poisoning and suffocation accidents

An on-site disposal drill for poisoning and suffocation accidents was conducted by the Company, to prevent sudden poisoning and suffocation accidents in the workshop, test the familiarity and practical skills of employees with on-site disposal plans and execution procedures, and improve their on-site disposal ability for such accidents to effectively control and dispose of the same.



The site of the drill for poisoning and suffocation accidents

Case Emergency response drill for fire in liquor cellar



In order to prevent fire accidents in the liquor cellar, deepen employees' understanding of the on-site disposal process, and improve their emergency response capabilities, the Company conducted a fire emergency response drill. This drill aimed to effectively control and treat potential fire risks, safeguard employees, and further strengthen their safety awareness to ensure the normal production order of the Company and the health and safety of employees.



The site of the emergency response drill for fire in the liquor cellar

Occupational health examination

Viewing occupational health examinations as an important measure for enterprises to pay attention to the health of employees, the Company organizes regular health examinations for all employees every year to timely detect their health problems and prevent occupational diseases.

Key Performance:

During the reporting period, the Company provided occupational health examinations for all employees, with a coverage rate of **100%**. No employees were found to have suspected occupational diseases.

CARING ACTIVITIES

Keeping a close eye on the physical and mental health of its employees, the Company seeks to meet the employees' spare time needs and strengthen the relationships between them by organizing various caring activities, fully demonstrating the Company's sustained attention to and support for employees.

Case Festivals and cultural events of the Company



Luzhou Laojiao carried out the May Day Commendation Conference and Employee Innovation Achievement Exchange Meeting with the theme of "Innovation with Craftsmanship". By recognizing model workers and skilled craftsmen, and creating an innovation studio alliance, the Company fully shown its trust and support in the innovative abilities of its employees.



The site of the May Day Commendation Conference and Employee Innovation Achievement Exchange Meeting organized by the Trade Union of Luzhou Laojiao

A parent-child film viewing activity was arranged to bring warmth and happiness to children, and promote communication between parents and children, thereby guiding employees to love their family, life and work, while helping children grow up strong to lay the foundation for a better tomorrow.

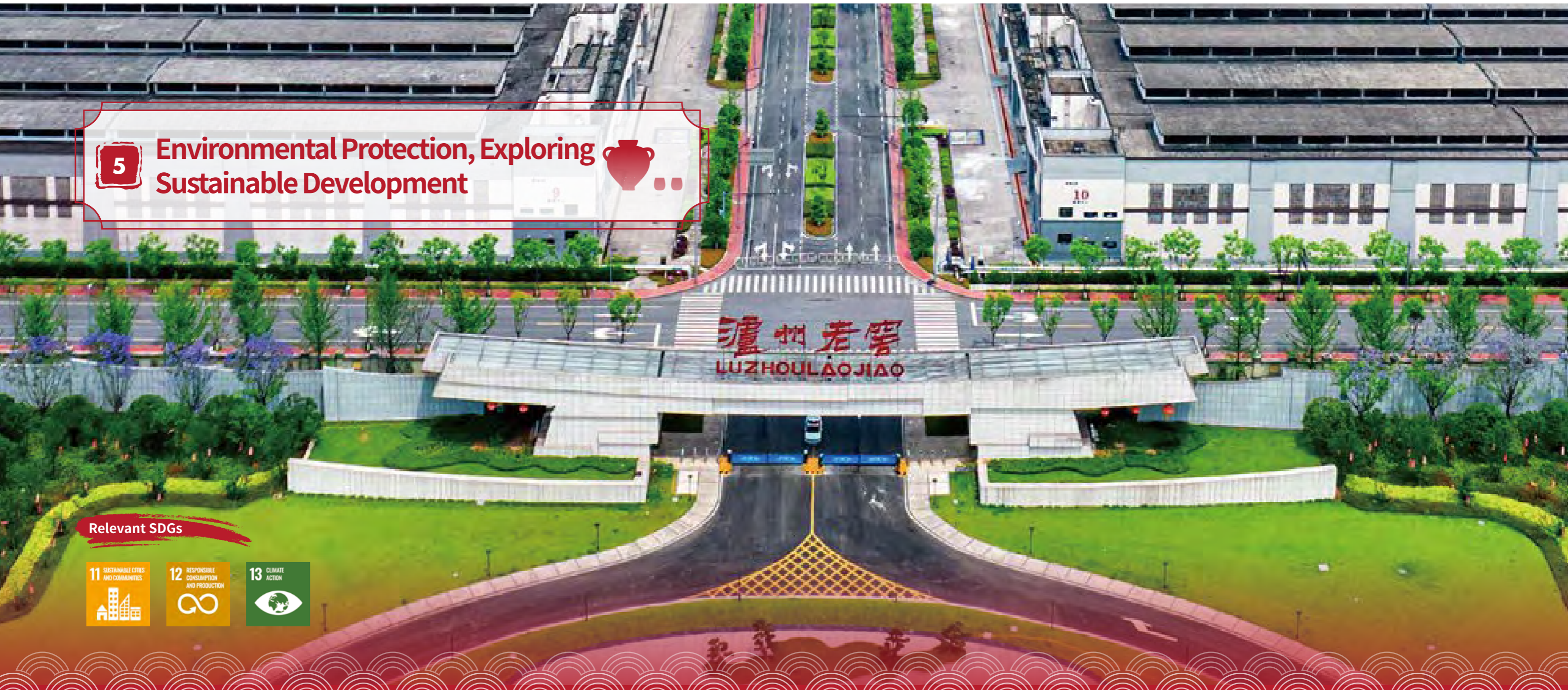


Film viewing activity on International Children's Day

The Company held an event themed on "Everyone Talks about Corporate Culture" at Luzhou Laojiao, which was broadcast live on the "Skills for a Strong Country" platform, with a total of 29,000 views. This event showcased the corporate culture of Luzhou Laojiao in various forms, emphasizing the close combination of corporate responsibility, cultural inheritance, and development, and encouraging employees to contribute to the Company's development.



"Everyone Talks about Corporate Culture" event



5 Environmental Protection, Exploring Sustainable Development

Relevant SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Philosophy

Luzhou Laojiao has established an environmental management system and risk prevention and control mechanism, endeavoring to achieve the "dual carbon" goal by strictly controlling the discharge of three wastes and implementing special training; to reduce environmental burden and promote sustainable development through energy and water resource management, as well as green packaging; and to improve corporate environmental culture via active environmental training and promotion.

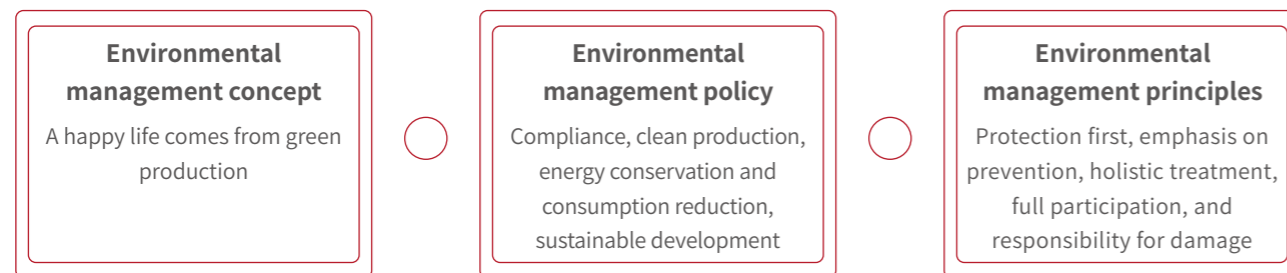
Our actions

- Environmental management
- Green and low carbon
- Environmental action

ENVIRONMENTAL MANAGEMENT

Luzhou Laojiao pays great attention to the impact of its operation on the environment, and actively enhances the level of environmental governance, working to reduce environmental risks, and establish a good corporate image. In accordance with environmental management concepts, principles and policies, the Company will continue to improve the environmental management system while strengthening the environmental risk prevention through active measures, with unremitting efforts for long-term development. In 2023, the Company did not engage in any activity in violation of laws or regulations on environment.

The Company's environmental management concepts, policies, and principles



Key Performance:

During the reporting period, the Company invested a total of **RMB44,290,185.20** in environmental management, of which **RMB15,025,000** was made for energy conservation and consumption reduction renovation measures, and **RMB29,265,185.2** for environmental protection-related measures.

Environmental management system

Certified by ISO 14001 environmental management system and other laws and regulations, the Company keeps improving its Environmental Management Manual multiple times, and has developed the Compilation of Environmental Protection Management Regulations, which covers a total of 19 aspects, including environmental responsibility, environmental factors identification and evaluation, hidden dangers investigation and control, environmental risks emergency management, project environmental management, pollution discharge permit management, pollution prevention and control management, clean production, and carbon emission management, etc.

Architecture of environmental responsibility system

The Company has set up the Ecology and Environment Protection Committee as the highest decision-making body for environmental management, with the Chairman assuming the highest leadership responsibility, and the Office of the Ecology and Environment Protection Committee, also known as the Ecology and Environment Protection Center, serving as a specialized department therefor. All departments (units) of the Company are members of the Committee, each of which has its designated-person for environmental management.



ISO 14001 environmental management system certificate



Environmental risk prevention

Based on the environmental management principles of "protection first, emphasis on prevention, holistic treatment, full participation, and responsibility for damage", and in strict accordance with environmental laws and regulations, the Company has established a sound environmental management system, with various measures taken to improve the environmental risk prevention and control mechanism, strengthen pollution prevention and control, and further enhance environmental management capabilities.

Environmental risk prevention mechanism

Environmental responsibility and assessment management measures

- In accordance with the Law of the People's Republic of China on Environmental Protection, the Regulations of Sichuan Province on Environmental Protection and other laws and regulations, the Company has formulated the Ecological and Environmental Protection Accountability System and Assessment Management Measures in order to fulfil its main responsibility in the field of ecological and environmental protection.

Environmental risk monitoring mechanism

- The Company has constructed a dual preventive working mechanism of risk classification and control on one hand, and hidden hazards investigation and management on the other hand;
- Through integration of "comprehensive inspection - special inspection - daily inspection", normal activities are conducted for investigation of environmental hazards, to constantly improve the sensitivity of discovering environmental hazards and the efficiency of hazard management;
- Efforts are made to further improve the monitoring and early-warning mechanism by automatic monitoring, entrusted manual monitoring and self-manual monitoring to guarantee that pollutants are discharged in accordance with the standards and to ensure a 100% compliance rate for emissions.

Environmental risk assessment mechanism

- In order to assess its compliance with applicable environmental protection laws and regulations, the Company has systematically established the Eco-environmental Protection Compliance Identification and Evaluation Checklist, guided relevant departments (units) to carry out compliance evaluation and conducted on-site verification to complete its Eco-environmental Protection Compliance Evaluation Report for a full command of its eco-environmental protection compliance situation, based on which, targeted measures will be taken to improve the local eco-environmental protection management capability and thereby to further optimize its environmental management mechanism.

Environmental risk assessment mechanism

- The Company carries out risk assessment of environmental emergencies and determines the risk level in accordance with the Administrative Measures for Filing of Emergency Response Plans for Environmental Emergencies by Enterprises and Institutions (for Trial Implementation, the Industry Directory for Filing of Emergency Response Plans for Environmental Emergencies in Sichuan Province and other laws and regulations);
- A risk assessment report on environmental emergencies and an investigation report on environmental emergency response resources have been prepared by the Company and filed with the competent authorities as required.

Key Performance:

During the reporting period,
 The Company conducted **129** offline environmental hazard inspections, of which **4** were pre-holiday comprehensive inspections, **10** special inspections, and **115** daily inspections, identifying **192** general environmental hazards, all of which have been rectified.
 The Company conducted **4,329** self-inspections using the information platform, identifying **56** general environmental hazards, all of which have been rectified;
 The Company developed **2** sets of emergency plans for environmental emergencies in different regions, and conducted **1** company-level emergency drill for such accidents, with a total of **211** participants.

Case Integrated emergency drill for environmental emergency in Luzhou Laojiao for 2023

In October 2023, the Company conducted an integrated emergency drill for environmental emergency (accident wastewater disposal) for 2023. This drill, by which the scientificity, pertinence and practicality of the Environmental Emergencies Response Plan revised this year were tested, further improved the employees' environmental emergency response capability, providing a solid environmental protection guarantee for the Company's green and high-quality development.



The site of the integrated emergency drill for environmental emergency

Pollution prevention

As an active response to the national environmental protection policies, and in strict accordance with the emission standards, the Company reinforces the treatment of wastewater, exhaust gas, and solid waste to ensure effective control of pollutants during production, laying a solid foundation for the Company's sustainable development.

Key Performance:

During the reporting period,
 The Company submitted **13** quarterly and **5** annual implementation reports on pollution discharge permits to the environmental protection and other government authorities;
 The Company conducted **609** self-monitoring activities annually and obtained **151** reports thereon, with a **100%** compliance rate for monitoring results;
 The Company's pollution prevention and control facilities operated normally throughout the year, with a **100%** compliance rate for pollutant discharges.

Wastewater

The Company has built a Wastewater Treatment Station of Huangyi Brewing Ecological Park and a Wastewater Treatment Station of Luohan Brewing Ecological Park to fully guarantee up-to-standard discharge of wastewater. The Wastewater Treatment Station of Luohan Brewing Ecological Park adopted the process of "pretreatment + UASB + improved AAO + secondary biochemistry + chemical phosphorus removal + advanced treatment", with the wastewater treatment meeting the Direct Discharge Standard in Table 3 of the Water Pollutants Discharge Standards for Fermented Alcohol and Baijiu Industry.



Wastewater Treatment Station in Luohan Brewing Ecological Park

The Wastewater Treatment Station of Huangyi Brewing Ecological Park adopted the process of "pretreatment + anaerobic biological treatment + aerobic biological treatment + advanced treatment", after which, the wastewater treatment met the Indirect Discharge Standard in Table 2 of the Water Pollutants Discharge Standards for Fermented Alcohol and Baijiu Industry, and was discharged into the sewage treatment plant of Baijiu Industry Park.



Wastewater Treatment Station of Huangyi Brewing Ecological Park

Summary of water pollutants from discharge outlets of the Company in 2023

Distribution of Discharge Outlet	Names of Main Pollutants and Characteristic Pollutants	Discharge Mode	Number of Discharge Outlets	Discharge Concentration (mg/L)	Pollutant Discharge Limits(mg/L)	Pollutant Discharge Standards
Luohan Brewing Ecological Park	Chemical oxygen demand	Direct discharge	1	20.84	50	Direct Discharge Standard in Table 3 of the Water Pollutants Discharge Standards for Fermented Alcohol and Baijiu industry (GB27931-2011)
	Ammonia nitrogen	Direct discharge	1	0.19	5	
	Total nitrogen	Direct discharge	1	6.14	15	
	Total phosphorus	Direct discharge	1	0.06	0.5	
Huangyi Brewing Ecological Park	Chemical oxygen demand	Indirect discharge	1	30.68	400	Indirect Discharge Standard in Table 2 of the Water Pollutants Discharge Standards for Fermented Alcohol and Baijiu industry (GB27931-2011)
	Ammonia nitrogen	Indirect discharge	1	0.42	30	
	Total nitrogen	Indirect discharge	1	18.38	50	
	Total phosphorus	Indirect discharge	1	0.84	3	

Key Performance:

During the reporting period, the Company's suspended solids discharge decreased by **48.45%**, chemical oxygen demand discharge decreased by **8.85%**, and five-day biochemical oxygen demand discharge decreased by **7.58%** compared to 2022.

Exhaust gas

In terms of air pollutants emission, the Company abides by standards such as the Emission Standard of Air Pollutants for Boilers, the Emission Standard of Air Pollutants for Thermal Power Plants, the Comprehensive Emission Standard of Air Pollutants, and the Emission Standard of Air Volatile Organic Compounds for Stationary Pollution Sources in Sichuan Province. The Company's facilities for preventing and controlling exhaust gas pollution are in normal operation, with up-to-standard emission from the exhaust gas outlets. Low nitrogen combustion technology is adopted for natural gas boilers.

Key Performance:

During the reporting period, the Company's PM emissions decreased by **13.04%** and nitrogen oxide emissions decreased by **9.51%** compared to 2022.

Summary of air pollutants from emission outlets of the Company in 2023

Distribution of Emission Outlets	Names of Main Pollutants and Characteristic Pollutants	Emission Mode	Number of Emission Outlets	Emission Concentration (mg/m ³)	Emission Concentration (mg/m ³)	Pollutant Emission Standards
Luohan Brewing Ecological Park	PM	Organized emission	3	0.69	20	Emission Standard of Air Pollutants for Boilers (GB13271-2014)
	Sulfur dioxide		3	0.20	50	
	Nitrogen oxide		3	30.08	150	
Energy Center of Luzhou Baijiu Industrial Park in Sichuan	Smoke		2	0.902	5	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011)
	Sulfur dioxide		2	0.307	35	
	Nitrogen oxide		2	34.65	100	
	PM	1	1.752	20	Emission Standard of Air Pollutants for Boilers (GB13271-2014)	
	Sulfur dioxide	1	0.233	50		
Nitrogen oxide	1	38.66	150			

Waste

The Company closely follows the Management Regulations for Hazardous Waste Transfer Reports, the Standard of Pollution Control for Hazardous Waste Storage, the Regulations on Prevention and Control of Solid Waste Pollution in Sichuan Province, the Notice on the Use of Electronic Management Ledger for General Industrial Solid Waste and other relevant regulations to normalize the collection, temporary storage, transfer, and disposal of its solid waste and hazardous waste.

Key Performance:

During the reporting period, the Company generated **365,200** tons of general solid waste; disposed of **28.88** tons of hazardous waste throughout the year according to norms; had a comprehensive utilization volume of **357,800** tons for general solid waste, an increase of **12.84%** compared to 2022; and had an entrusted resource utilization rate of **97.99%** for solid waste.

Various forms of waste disposal

Category	Disposal Form
Mud	It was handed over to the power generating company for comprehensive disposal.
Waste lees ²	It was handed over to qualified third-party companies for disposal and utilization.
Activated carbon	
Diatomite	
Food and medicinal residue	
Waste packaging materials	
Waste glass	They were handed over to a qualified third-party company for professional disposal.
Waste activated carbon, gear lubricating oil, waste contaminants, hydraulic oil, waste oily gloves, rags, cotton yarn, waste liquid, waste chemicals, waste engine oil	
Waste acid, waste liquid from laboratory and online monitor	It was handed over to the renewable resources development company for disposal and utilization.
Lead-containing waste (waste lead-acid battery)	

Other pollution

Attaching great importance to the prevention and control of other pollution such as noise and odor, the Company took effective measures in accordance with national environmental regulations to reduce noise emission, so as to ensure a quiet and pleasant production environment. In response to pollution issues such as odor, the Company actively introduced advanced treatment technologies to optimize production processes, reducing the generation of odors from the source. Through unremitting efforts, the Company has achieved stable and up-to-standard emissions of noise, odor and other pollutants, creating a more livable environment for surrounding residents and demonstrating a high sense of social responsibility of the enterprise.

Noise and odor emissions from various production bases

Indicator	National Cellar Brewing Base			Zaojiaoxiang Brewing Base			Xiaoshi Brewing Base			Luohan Brewing Ecological Park			Huangyi Brewing Ecological Park		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Noise (dB)	Daytime 55.78	Daytime 56.67	Daytime 58.19	Daytime 53.67	Daytime 53.50	Daytime 52.25	Daytime 52.38	Daytime 51.43	Daytime 54.25	Daytime 53.25	Daytime 53.75	Daytime 54.81	Daytime 54.00	Daytime 51.50	Daytime 56.63
	Nighttime No production	Nighttime No production	Nighttime No production	Nighttime No production	Nighttime No production	Nighttime No production	Nighttime No production	Nighttime No production	Nighttime No production	Nighttime 46.58	Nighttime 46.5	Nighttime 46.38	Nighttime 45.25	Nighttime 46.63	Nighttime 49.38
Emission standard	Emission Standard for Industrial Enterprises Noise at Boundary														
	Daytime 70(south)/60dB Nighttime 55(south)/50dB			Daytime 60dB Nighttime 50dB			Daytime 60dB Nighttime 50dB			Daytime 60dB Nighttime 50dB			Daytime 65dB Nighttime 55dB		
Odor Concentration	14.72	13.56	11.75	16.22	14.79	11.25	15.56	13.75	11.36	15.96	14.79	11.53	15.32	11.92	10.36
Emission standard	Emission Standard for Odor Pollutants 20 (dimensionless)														

Note 2: The waste lees were a kind of solid waste produced during Baijiu brewing, which contain starch, protein, cellulose, amino acids, vitamins, etc. that were not fully utilized and could be used as resources.

GREEN AND LOW CARBON

Sticking to the green and low-carbon strategy, Luzhou Laojiao has taken actions and built a three-level carbon emission management framework in response to the national call for ecological civilization construction. The Company vigorously promotes the utilization of clean energy, optimizing energy structure and greatly emphasizing carbon emission management to reduce carbon emissions. Moreover, the Company also focuses on resource recycling, improving resource utilization as well as reducing energy consumption and emissions during production through technological innovation and process improvement, towards creating a green and low-carbon brewing industry chain.

Three-level carbon emission management architecture



Key Performance:

During the reporting period, the renewable energy used by the Company accounted for **2.91%**, an increase of **1.99%** compared to 2022;

The Company's water resource reuse rate was **72.36%**, an increase of **8.77%** compared to 2022;

The Company saved **2.37 million** tons of water directly through water-saving measures throughout the year, an increase of **11.85%** compared to 2022;

The Company's greenhouse gas emissions amounted to **133,430** tons of CO₂ equivalent³, with the CO₂ emissions per unit revenue reduced by **16.82%** compared to 2022;

The Company conducted full life-cycle carbon footprint certification for two liquor products, the National Cellar 1573 (2010 Edition) and the time-honored brand Luzhou Laojiao Tequ (2018 Edition).

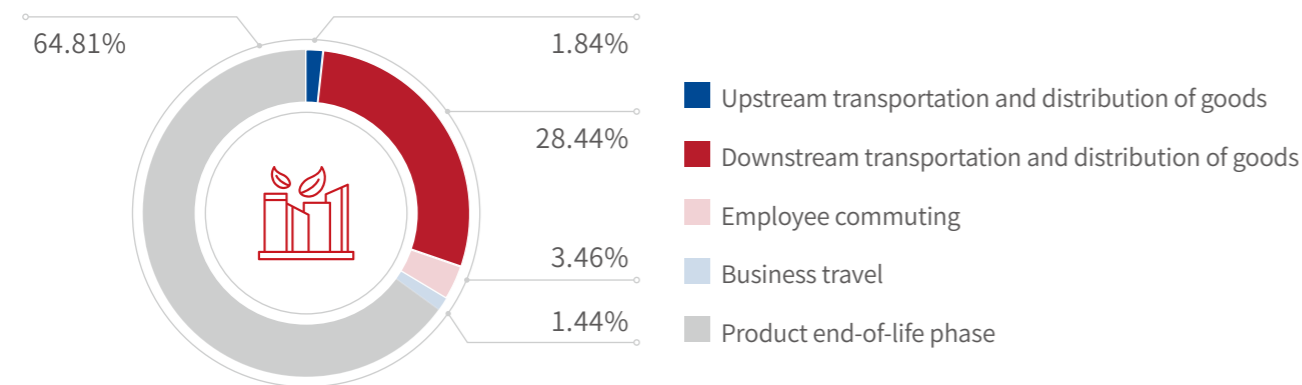


Note 3: According to the ISO14064 standard, the annual greenhouse gas emissions of Scope 1 and Scope 2 within the organization are checked.

Scope 1 and Scope 2 carbon emissions in 2023

Category	Unit	2023	Year-on-year change
Direct greenhouse gas emissions (Scope 1)	ton of CO ₂ equivalent	117,800.73	7.43%
Indirect greenhouse gas (Scope 2)	ton of CO ₂ equivalent	15,629.51	-52.40%
Total greenhouse gas emissions (Scope 1 and Scope 2)	ton of CO ₂ equivalent	133,430.24	-6.36%
Greenhouse gas emission intensity (Scope 1 and Scope 2)	ton of CO ₂ equivalent	3.98	-16.82%

Scope 3 carbon emissions in 2023



Calculation Basis: ISO14064, IPCC Guidelines, Notice on Proper Management of Greenhouse Gas Emission Reporting by Enterprises in the Power Generation Industry from 2023 to 2025, and other relevant standards and guidelines

Green and low-carbon practices in 2023

Awarded as a "Leading Enterprise" for industrial carbon peak in China

In accordance with the application requirements of the China Federation of Industrial Economics, a joint organization of the national industrial associations, on "Leading Enterprise" for 2023 industrial carbon peak in China, Luzhou Laojiao collected information on energy conservation and consumption reduction throughout the entire process of raw material procurement, production, packaging, sales, and supply chain to highly summarize its green and low-carbon experience, practices, and achievements. After three rounds of selection, the Company ultimately stood out from 86 enterprises and was approved by eight ministries including the National Development and Reform Commission, successfully earning the title of "Leading Enterprise" for industrial carbon peak in China.

Building a benchmark for green operation

Luzhou Laojiao actively pushes forward green office, endeavoring to find a balance between office efficiency and resource consumption. A comparison method based on relative intensity data summary for annual consumption covering water, electricity, natural gas, office vehicle fuel, printing paper, and office stationery in the office area was used to work out energy conservation and consumption reduction measures. Green and low-carbon actions were taken by the Company, with new energy shuttle buses introduced in Huangyi Brewing Ecological Park, to ensure green travel for official business, and demonstrate the Company's environmental responsibility.

Carbon peak path planning

Luzhou Laojiao actively makes carbon peak path planning for the Company to realize high-quality development, and has drawn up a practical and feasible carbon reduction scheme based on a deep study of the national carbon peak policy, and in light of its own actual situation. During the cargo peak work, the Company takes into account the integration with technological innovation and industrial upgrading, continuously improving product quality and market competitiveness, which not only helps address the challenges of climate change, but also injects new impetus for the Company's high-quality development.

The Company's carbon peak path planning

Establishment of a sound carbon emissions management system

Establish a management system of the Company that fully covers the whole process of carbon emission by building a carbon emission management organization structure, formulating carbon emission management rules, and preparing carbon emission management manual and procedural documents, to lay the foundation for the future management of its carbon emission.

Ongoing checking of carbon emissions

Run a full check of carbon emissions in Scope 1, Scope 2 and Scope 3 of the Company in 2022 according to the international standard ISO14064, to find out the carbon emissions of the Company in production, operation, supply chain transportation and other links, provide important basic data for future inclusion in the carbon emissions permit trading and acquiring quota, and better promote the Company's green and low-carbon transformation and development.

Carbon footprint certification for products

Conduct full life-cycle carbon footprint certification for two liquor products, i.e. the National Cellar 1573 (2010 Edition) and the time-honored brand Luzhou Laojiao Tequ (2018 Edition) as per the international standard ISO14067 to determine the status of carbon emissions in each segment of the products, complete four copies of the Product Carbon Footprint Evaluation Report, and obtain the certification and the product carbon footprint label, empowering the marketing of the products.

Preparation of the action program for carbon peak

From such perspectives as management system construction, infrastructure construction, green supply, resource utilization, energy structure adjustment, and digital and intelligent development, fully sort out the Company's green and low-carbon development foundations conduct research on air source heat pump, horizontal fluidized-bed boiler, photovoltaic and other advanced technologies applicable to the sustainable development of the Baijiu industry, and delve into analysis of the carbon reduction benefits and economic benefits, to explore the Company's action path and specific actions for carbon peak.

Carrying out specialized training on carbon emissions management

Carry out the Product Carbon Footprint Inventory Training and the Green and Low-Carbon Transformation Path Training for Baijiu Enterprises in the Dual-Carbon Context in light of the verification of the carbon footprint of the Company's products and the program for carbon peak, to go into detail about the challenges and opportunities of the green and low-carbon transformation in the Baijiu industry, publicize the awareness of green and low carbon, cultivate the carbon management talents, and effectively enhanced the Company's carbon management capability.

Case The Company conducted special training on carbon emission management



A team of green and low-carbon management talents has been built by the Company to further improve its carbon emission management capabilities, as a talent support towards the carbon peak and carbon neutral goals. Since 2022, the Company has conducted multiple rounds of expertise training to build a "dual carbon" knowledge system for grassroots environmental managers, covering interpretation of green and low-carbon standards, data monitoring and accounting, etc. In 2023, the Company intensified product carbon footprint training to help carbon managers identify key emission sectors, improve accounting abilities, and enhance professional skills.



Carbon management and product carbon footprint training conducted by the Company

Formulation of carbon emission standards

Luzhou Laojiao actively participates in the formulation of carbon emission standards, taking leading the low-carbon development of the industry as its responsibility. Whilst keeping abreast of carbon emission policy trends at home and abroad, the Company cooperated with industry associations, and scientific research institutions, etc. to jointly study and work out carbon emission standards applicable to the Baijiu industry. In addition to integrating its own emission reduction practices into standard formulation, the Company readily shared its experiences to facilitate a consensus on low-carbon development in the industry, thereby contributing to the green transformation and sustainable development of the industry.

Industry standard review

In March 2023, the Company, as a key reviewer, participated in the technical review meeting of the Accounting Report and Disclosure Norms for Greenhouse Gas Emissions of Enterprises in the Baijiu industry (draft for comments) organized by the Department of Ecology and Environment, focusing on reviewing the integrity and accuracy of the standards, the scientificity, applicability and technical and economic feasibility of the normative technical content, the scope of application, the coordination with relevant standards, and the standardization of the standard text preparation. During the meeting, the Company put forward its opinions and suggestions, playing an important role in leading enterprises, and guiding the industry to better proceed with carbon emissions accounting and disclosure.

Group standards formulation

In 2023, the Company participated in the formulation of two group standards, namely, the Accounting Methods and Reporting Standards for Greenhouse Gases in Baijiu Enterprises and the Carbon Footprint Evaluation Standards for Baijiu Products, issued by the China Alcoholic Drinks Association, providing detailed suggestions on the selection of accounting boundaries, functional units and emission factors in the standards, as well as quantitative and data-based expression methods, making available a feasible path for the low-carbon construction of Baijiu industry, and contributing to the low-carbon development of this industry.

Energy management

The Company has developed measures for energy management assessment, and set energy-using management and energy consumption assessment goals, based on which energy management assessment is conducted on a quarterly basis. Given the development of mechanization and intelligence in the Company, the electricity consumption of the brewing center was included in the comprehensive energy consumption assessment in the form of standard coal quantity, while the electricity consumption of other auxiliary production units was included in energy conservation supervision in the form of electricity consumption indicators for a local production unit.

Key Performance:

During the reporting period, the total electricity consumption of the Company was **80,021.20** MWh, of which **55,769.57** MWh was purchased electricity and the remaining **24,251.63** MWh was self-generated and self-consumed renewable electricity.

The biogas consumption in Luohan and Huangyi Brewing Parks throughout the year was **3,355,000** m³, with natural gas usage reduced by **1,677,500** m³, saving **2,037.02** tce standard coal.

Case Cases of energy conservation



CHP project in Huangyi Brewing Ecological Park

A new 7MW steam turbine generator unit was built in the project for waste heat power generation along with the existing 2×75t/h+1×20t/h gas boiler, to achieve CHP in Huangyi Brewing Ecological Park, by virtue of which, the off-grid electricity consumption was reduced, with a power generation of 24.25 million KWh in 2023.



WSR energy-conserving technology upgrading project for chaff steamer in Huangyi Brewing Ecological Park

The chaff steamer was renovated by adding a waste heat steam purification and pressurized recovery device (WSR) and a smokeless exhaust gas discharge device (SDC), to achieve fully automatic centralized control using a complete control system and in turn realize heat recovery of waste heat steam from steaming, with the support of heat exchangers, wastewater pumps and other facilities. The exhaust gas was then treated by SDC for standard discharge, and the condensed wastewater was discharged into the sewage station for centralized treatment. Through this project, in 2023, the steam consumption in the steaming process was reduced by approximately 40%, saving 785 tons of standard coal.



Water resources management

To better manage and utilize water resources, the Company has established an energy-conserving work leadership group responsible for major decision-making in water-saving management, and has included a dedicated chapter on water supply and consumption management in the Energy Management Measures issued by the Company.

Structure of the energy-conserving work leadership group



Fresh water usage

The Company always adheres to the principles of conservation and efficiency, taking strict measures to control the use of fresh water, and adopting advanced water-saving technologies and equipment to optimize production processes, thereby effectively reducing the consumption of fresh water.

Key Performance:

During the reporting period, The Company drew **3,275,500** tons of fresh water from various sources, deducting **3,158,200** tons of fresh water and **615,200** tons of steam from external sources. For fresh water provided, **476,400** tons was consumed in the brewing process, **21,100** tons in the blending process, and **415,700** tons as water markup in cleaning equipment and cooling circulating water system.


Water saving management

The Company always adheres to the principles of conservation and efficiency, taking strict measures to control the use of fresh water, and adopting advanced water-saving technologies and equipment to optimize production processes, thereby effectively reducing the consumption of fresh water.

Key Performance:


During the reporting period, The cooling circulating water systems of Luohan, Huangyi and Guojiao Brewing Parks helped save **2.37** million tons of water;
The concentrated water reuse project of Luohan Brewing Ecological Park helped saved **29,000** tons of concentrated water;
The water production rate of water production systems in Luohan and Huangyi increased, saving **17,700** tons of water.

Water saving practices:




Water Production

The Company currently uses the full membrane water treatment system to produce demineralized water (for boiler and circulating water makeup). The system had an ex-factory design water yield of about 63%, which has been raised by the Company to 70% ~ 75% after technical improvements, representing a leading level in the Baijiu industry.



Circulating Water

At present, the Company uses a hot water lithium bromide absorption refrigeration system to pump the cooling water (about 75 °C ~85 °C) for heat exchange in the brewing process through closed pipes to the cooling system for cooling and then reuse, with a water makeup rate of about 10%~15%, representing a leading level in the Baijiu industry. The water-saving rate of the circulating water system reaches 83.24%.



Steaming

Through the implementation of WSR energy-conserving technology upgrading for chaff steamer, the Company has achieved the heat recovery of waste heat steam (exhaust steam) from steaming, saving about 40% of steam.

Green packaging design

Under the concept of environmental protection in the process of liquor product packaging design, the Company has developed the Non-woven Handbag Design Standards, defining requirements for packaging materials inspection items, acceptance criteria, and material selection, etc., to ensure that the packaging in the design and production process in line with the call of low carbon environmental protection. The supplier of handbags for Guojiao 1573 of 500ml (2010 Edition) has proceeded with the carbon footprint certification for the products and obtained the corresponding certificate.

The Company has been awarded ISO/TS22002-4 food packaging material certification, and collaborated with third-party evaluation agencies to evaluate the production process, raw material usage, environmental risks, and other aspects of packaging material suppliers, forming a Report of Suggestions on Environmentally Benign Production of Packaging Materials. Meanwhile, the Company has established 11 safety and environmental management evaluation indicators to assess the performance of packaging material suppliers, and drive them to fulfill social responsibility.

Packaging material recycling of the Company in recent years

	2023	2022	2021
Recycling volume of packaging materials (ton)	212	723.81	609.29

Green packaging material practices in 2023

The Company seeks to promote the environmental protection of packaging materials, and insists on the use of biodegradable and recyclable environmentally friendly materials, to reduce the use of disposable plastics and the generation of packaging waste. To this end, the Company continuously optimizes packaging design to improve packaging material utilization and lower resource consumption. While demonstrating the Company's taking of responsibility to protect environment, these measures also help catalyze green development of the industry, bringing consumers a more environmentally friendly and healthy product experience.

1. Promote the application of QR code redemption to reduce the consumption of paper product resources, decreasing the annual use of traditional paper award card labels by about 60 million sheets.
2. Adopt environmentally friendly direct printing technology for liquor bottles, replacing traditional decal and baking techniques with relatively high pollution, which is expected to reduce the consumption of decal paper by 20 million sheets annually for the Company.
3. Popularize packaging material recycling carriers, by using standard recycling carriers provided by third-party professional companies for packaging and transportation during the process from packaging material going off the line of suppliers to the filling production line of the Company, in which the recycling carriers can, in case of damage, be uniformly recycled and reused to reduce resource consumption, with an expected reduction in the consumption of 3.5 million turnover cardboard boxes annually for the Company.
4. Promote the upgrade of gift box packaging for the National Cellar 1573-Classic, Tequ 60s, Tequ 80s, 30-year-old Cellar and 60-year-old Cellar, with cancellation of the plastic bag for the gift box outer, which is expected to reduce the use of 20 million plastic bags in the promotion phase of 2024, and 40 million annually since 2025.



ENVIRONMENTAL PROTECTION ACTION

Luzhou Laojiao has taken active measures to fulfill its environmental protection responsibilities, by conducting environmental training both online and offline, as well as themed and rich environmental promotion, to strengthen employees' awareness of environmental protection and convey the Company's positive energy of caring for the environment and society to the community.

Environmental training

Luzhou Laojiao has been active in carrying out training on low carbon and environmental protection, vigorously built an environmental protection culture, and worked together with all employees to promote and practice the concept of "green mountains are gold mountains".

Offline training

In 2023, the Company organized a total of 12 sessions of various environmental protection training for all employees from environmental protection knowledge to environmental protection management expertise, covering 12,947 person-times, enhancing the employees' awareness of environmental protection and business knowledge.



Environmental protection training activities of the Company

Online courses

In light of the actual ecology and environment protection work, the Company launched online courses on ecology and environment protection, interpreting the Ten Norms of Eco-Environmental Behavior of Citizens and the Response Plan for Environmental Emergencies (2023). The courses covered over a thousand of participants, and all employees were encouraged to share and learn the same, enhancing the awareness of ecology and environment protection among all employees for them to take the initiative to protect the environment.



Online courses of Luzhou Laojiao

Publicity for environmental protection

The Company actively carried out environmental protection publicity activities, and popularized environmental protection knowledge to employees through various forms, to enhance their environmental awareness. Meanwhile, guidance was given to the public for them to pay attention to environmental issues and participate in environmental protection actions together.

Case Promotional activities for "World Water Day" and "China Water Week"

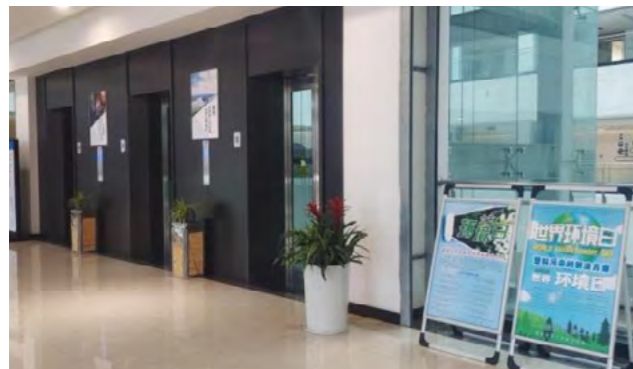
In March 2023, using a total of 25 LED screens, the Company played water-saving promotion videos in locations with large population moving to create a strong water-saving atmosphere, and call on all employees to actively participate in the "Knowledge of Water" Prize Quiz and the third National Water Conservation Knowledge Competition in Luzhou City.



Multi-screen broadcasting for water-saving promotion

Case Promotional activity for "June 5 Environment Day"

In June 2023, the Company carried out a promotional activity for "June 5 Environment Day", widely utilizing bulletin boards, display boards, and LED screens, among others to play promotional videos and post environmental themed posters. On June 5, the Environment Day, the Company sent 4,046 themed text messages to its employees, calling on everyone to actively disseminate and practice the concept of ecological civilization, and jointly protect our green earth.



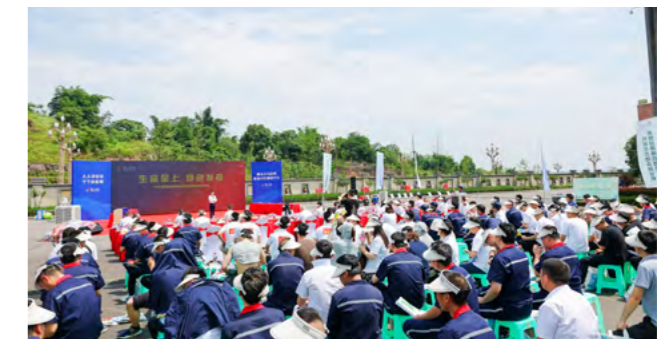
"June 5 Environmental Day" promotion site

The Company conducted the "2023 Ecology and Environment Protection Learning Competition" both online and offline, with 64 participants in offline training, and more than 11,000 participants in online training and competition through its knowledge management platform, combining training with competition, and assessment with incentive, to enhance training effect and validly consolidate learning outcomes.



Offline knowledge competition site

An offline experience activity of "Green Sprout Points" was held by Luzhou City, during which, employees actively participated in such environmental protection tasks as low-carbon team building, green walking, Clean Your Plate Campaign, and "Meta Universe" clock-in, contributing to green and low carbon with actions. Moreover, The Company held "Environmental Protection Culture Activity" to showcase the environmental management work and achievements of Luzhou Laojiao through various forms such as scene plays and recitations.



"Green Sprout Points" offline experience activity

"Environmental Protection Culture Activity"

6 Cultural Construction, Revitalizing Brand



Relevant SDGs



Philosophy

Luzhou Laojiao seeks to protect cultural heritages and create a brand system of "dual brands, three series, and hero products", endeavoring to shape the brand image through the construction of Luzhou Laojiao Museum and the promotion of Chinese liquor brand culture of strong aroma. Besides, the Company actively responds to national call and participates in the Belt and Road Initiative to spur international exchanges and market expansion, while upholding a responsible attitude towards consumers and promoting responsible drinking to establish a healthy drinking culture. Moreover, the Company devotes itself to poverty alleviation, public welfare and voluntary services, to give back to society.

Our actions

- Rooting in culture
- Expanding overseas markets
- Bearing in mind social responsibility

ROOTING IN CULTURE

Luzhou Laojiao is rooted in the Chinese liquor culture, and has successfully shaped a distinctive Chinese liquor brand culture of strong aroma after years of efforts and improvement. In the inheritance and innovation, the Company keeps moving forward, to help pass on and develop Chinese liquor culture.

Building the Chinese liquor brand culture of strong aroma

Adhering to the corporate philosophy of "liquor brewed with the universe, spirit generated by the world", with the vision of "being a giant in the Chinese Baijiu industry, and a flagbearer of Chinese Baijiu culture", and based on the Chinese liquor market, Luzhou Laojiao insists on the shaping of the strong aroma liquor brand culture for "dual living national treasures". By continuously expanding its scale and influence both inside and outside the industry, the Company works to build it into a messenger for inheriting and spreading Chinese liquor culture, with leading brand and supreme quality.



1573 treasure-class national cellars

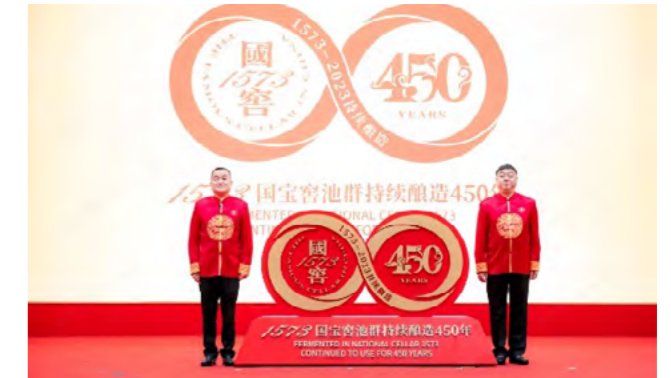
Cultural connotation of Luzhou Laojiao brand

- Corporate Philosophy:** Liquor brewed with the universe, spirit generated by the world
- Enterprise Spirit:** Respect others and work hard, innovation and excellence
- Enterprise Mission:** Where the Chinese go, taste Luzhou Laojiao
- Enterprise Vision:** Be a giant in the Chinese Baijiu industry, be a flagbearer of Chinese Baijiu culture
- Core Values:** Inherit culture and continuously innovate, focus on customers and create wealth

Case Sealing Ceremony-Series events



On March 22, 2023, the 2023 Luzhou Laojiao Sealing Ceremony for National Cellar 1573 was held with the theme of "A History You Can Taste, 450-Year National Cellar". This year's sealing ceremony coincided with the 450th anniversary of the continuous brewing of the Treasure-Class National Cellars built in 1573, attracting more than a thousand of participants on site, and millions of viewers in interactions online.



The site of the Sealing Ceremony event

Case 2023 "Cellar Festival" activity of Luzhou Laojiao



In 2023, the "Cellar Festival" of Luzhou Laojiao was held in Chengdu, Qinhuangdao, Hangzhou, and Shenzhen, which was created under the guidance of the Company's "Consumer-based 124" strategic goal as an innovative consumer building IP activity aimed at consumer-end users. Centered around "festival making activities" for consumers, the Festival cleverly combined consumer interaction and brand culture communication to effectively convey the brand concept in ways attractable, acceptable and perceivable to consumers. Meanwhile, in the course of the Company's digital transformation, the Festival took the lead in fully integrating the online membership points system into offline activities, allowing consumers to understand the Luzhou Laojiao points system and experience the corresponding rights during the activities.



2023 "Cellar Festival" activity of Luzhou Laojiao

Case The 7th International Festival of Poetry and Liquor-Series activities

In October 2023, the International Festival of Poetry and Liquor and Baijiu City of China - the 7th Art and Cultural Week of Luzhou Laojiao was grandly opened in Luzhou, the Baijiu City. Guests from various fields such as writers, artists, translators and cultural scholars, and poets from more than ten countries including Argentina, Chile and Colombia gathered together to celebrate the annual poetry and liquor culture carnival. This event continued the journey of poetry from the source to the sea, with the theme of "A Cup of Liquor to the Yellow River", to trace the origin of Chinese poetry and liquor culture, and promote the exchange of global poetry and liquor culture through the poetry essay activity of "Warm Everyone with Poetry and Liquor".



1573 International Poetry Award Ceremony

Cultural heritage inheritance

Luzhou Laojiao has a unique cultural heritage, with the "1573 treasure-class national cellars" that have been continuously used for 450 years and the "traditional liquor-making techniques of Luzhou Laojiao" that have been passed down for 700 years constituting the "dual living national treasures" of Luzhou Laojiao.

Intangible cultural heritages

The traditional liquor-making techniques of Luzhou Laojiao originated in Qin and Han dynasties, and were created, finalized, and matured during the Yuan, Ming, and Qing dynasties. It has been passed down for 24 generations and 700 years. In May 2006, as the representative of strong aroma Baijiu, the technique was included as the first batch into the List of National Intangible Cultural Heritage.



Traditional liquor-making techniques of Luzhou Laojiao

Partial honors obtained from the Company's efforts on intangible cultural heritages in 2023:

- The Luzhou Laojiao Sealing Ceremony was listed in the Sixth Group of Provincial Representative Projects of Intangible Cultural Heritages;
- The Luzhou Laojiao Scenic Area was successfully included as one of the "Selected Projects for the Integration of Intangible Cultural Heritage and Tourism Development";
- "The Unique City of Baijiu", the Company's core resources-themed film, won the "Best Production Film Award under the Sustainable Corporate Culture Film Awards" at Odyssey's 2023 Film Festival in the UK;
- The intangible cultural heritage workshop for the traditional liquor-making techniques of Luzhou Laojiao was successfully filed for the "Jiangyang Intangible Cultural Heritage Workshops" project.



Case Bringing Traditional Culture to "Life" - National Cellar 1573 × The Road for the national intangible cultural heritage skills in China to cross border

In order to carry forward the excellent Chinese traditional culture, realize cultural empathy, and fulfill corporate social responsibility, with the aim of expanding brand awareness, strengthening brand positioning, and spreading China's splendid traditional intangible cultural heritage skills, the Company invited Ms. Yan Hong, a Chinese traditional craftsman, to jointly create the National Cellar 1573 × Chinese Filigree Technique "Tasting Chinese New Year" Series palace lanterns (for Spring Festival), the National Cellar 1573 × Chinese Velvet Flower Making Technique "Yunlong Chushui" works (for Dragon Boat Festival), and the National Cellar 1573 × Chinese Cloisonne Enamel Technique "Fugui Manzhi" works (for Mid-Autumn Festival) during the three traditional festivals of Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival. This cooperation not only enhanced the cultural value of the brand, but also allowed consumers to deeply experience the charm of China's splendid traditional intangible cultural heritage skills, firmly promoting cultural innovation and inheritance, and bringing traditional culture to "life".



"Filigree" Palace Lantern

Tangible cultural heritage

The tangible cultural heritage of Luzhou Laojiao mainly included four parts:

- Well-preserved 1573 treasure-class national cellars that have been in continuous use for more than 100 years since Ming and Qing dynasties
- 16 ancient brewery complexes
- Liquor storage space represented by Chunyang Cave, Longquan Cave, and Zuizeng Cave
- Other brewing equipment and important historical objects and documentary materials

Case The scientific foundation of "good liquor comes from old cellar"

In May 2023, the latest research by the teams led by Zhao Qiuwei and Shen Caihong from the National Engineering Research Center of Solid-state Brewing and the Institute of Microbiology, Chinese Academy of Sciences, provided new evidence for understanding the long-term existence and function of lactobacillus in Luzhou Laojiao's cellars, the related research results of which have been published online in the international journal FoodBioscience.

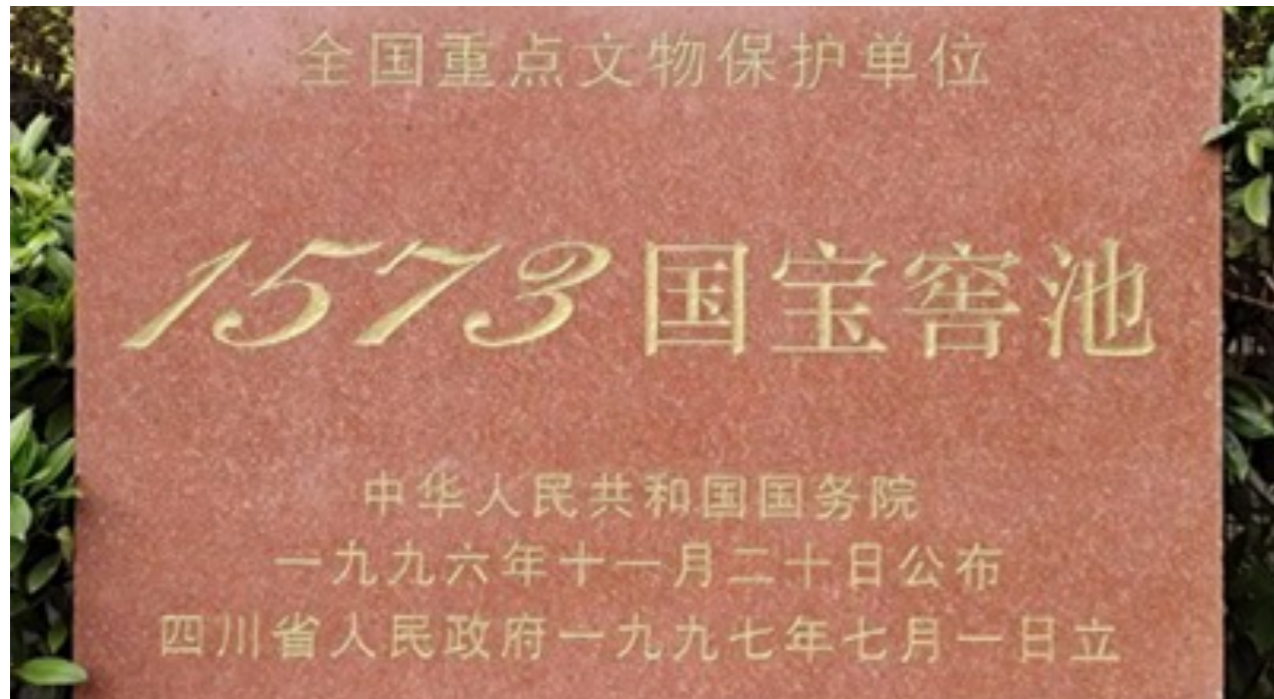
In September 2023, the team led by Professor Xu Zhenghong from Jiangnan University (now a professor from Sichuan University) and the team led by Shen Caihong from the National Engineering Research Center of Solid-state Brewing jointly published a paper titled "Microbial biogeography of pit mud from an artificial brewing ecosystem on a large time scale" in the journal mSystems under the American Society for Microbiology, further elaborating on the scientific foundation of "good liquor comes from old cellar".



Case Luzhou Laojiao Museum, a popular site for strong aroma check-in



Luzhou Laojiao Museum, founded in 1996, is the first museum in China's Baijiu industry, which has been registered with the Sichuan Provincial Cultural Heritage Administration, and joined the Chinese Museums Association in 2019. This Museum is composed of national key cultural relics protection units encompassing the "Luzhou Laojiao Cellars and Brewing Workshop" (1,619 over a century-old brewing cellars since Ming and Qing dynasties, 16 ancient brewing workshop buildings, and 3 natural liquor storage caves), a historical and cultural museum, and a customized liquor art museum, among others, having a total construction area of more than 60,000 square meters, an exhibition area of more than 17,000 square meters and a collection of more than 10,000 items.



Luzhou Laojiao Museum

Around the "Land of Luzhou Flavor", the museum systematically displays the history of Luzhou's liquor culture and Luzhou Laojiao's liquor making, reflecting the long history of liquor culture in Luzhou and the position of Luzhou Laojiao as the birthplace of strong aroma Baijiu in China's Baijiu industry. The exhibition is arranged according to the three major sections of "Brewing History of the Baijiu City", "Brewing History of Luzhou Laojiao Daqu", and "Development History of Enterprise" in nine parts, showcasing over 300 exquisite collections of historical drinking vessels, literature, and aged wine.



Exhibition of collections in the museum

The Company has established the first professional team of cultural relics and museology dedicated to the Baijiu industry in China:

Work achievements of the professional team of cultural relics and museology at Luzhou Laojiao

- Continuously conducting comprehensive and systematic research on the connotation of the liquor culture in the world, China and Luzhou Laojiao, and publishing the National Cellar Archives - Appreciation of Painting and Calligraphy Art, the National Cellar Archives - Appreciation of Old Liquor Collection, and the National Cellar Archives - Luzhou Laojiao Customized Art, and other monographs;
- Through the national archaeological institute, participating in field archaeological excavations to recreate the ruins of the Dragon Kiln during Tang and Five Dynasties, the stone carving ruins of tombs during Southern Song dynasty, the ruins of the tombs during Han dynasty, and the ruins of tombs during Ming dynasty, among others;
- Strengthening the protection of cultural heritage, and preserving and displaying the construction of museums and their supporting facilities as key national cultural relics protection units.



As the only member unit of the Chinese Museums Association in the industry, Luzhou Laojiao has deeply explored the history and culture of Chinese liquor and strengthened the protection of the diversity of liquor culture by building museums and establishing professional team for cultural relics and museology. In this cultural environment, Luzhou Laojiao Museum actively undertakes the responsibility of preserving traditional values and inheriting historical culture, providing a platform for the public to understand traditional liquor culture.

EXPANDING OVERSEAS MARKETS

Taking "let the world taste China" as its mission, Luzhou Laojiao has established a sales network across more than 70 countries and regions around the world, and moved Chinese national industry and excellent traditional culture further to the world with the help of international events such as the World Cup in Russia, the World Cup in Qatar, the Australian Tennis Open, the Winter Olympics in Beijing, and the cooperation with international art masters such as Tan Dun and CAI Guoqiang.

case National Cellar 1573 - 2023 Australian Open China Challenge 

The Australian Open China Challenge, jointly created by the Company and the Australian Open, was a benchmark event for Chinese amateur tennis and has become the best platform for top-notch tennis players in China to gather together. In 2023, the Company successfully entered into a strategic cooperation agreement with the Australian Open again, whereupon both sides are about to embark on the next five-year strategic cooperation to push the competition specifications and participation experience to new heights.




New season of the 2023 Australian Open China Challenge

BEARING IN MIND SOCIAL RESPONSIBILITY

Luzhou Laojiao has adhered to public welfare and fulfilled its corporate responsibility through actions. With a constantly growing scale, the Company has always been giving back to society by actively participating in public welfare activities such as rural revitalization, earthquake relief, donations for education, and volunteer services, as well as advocating scientific, healthy, and rational drinking methods to the society, to serve the national strategy and the people's well-being.

Responsible drinking 

Based on the concept of responsible marketing, the Company maintains a sense of responsibility for product quality and service. Offline experience courses were arranged to promote responsible drinking, guide the public to establish correct drinking notion, and passes on healthy drinking skills. Besides, short videos were also used for publicity, effectively conveying knowledge of rational drinking in a fun and attractiveness manner.

case "National Cellar 1573 - Aroma Classroom" offline experience course 

The Company carried out an offline experience course- "National Cellar 1573 - Aroma Classroom" in the form of Baijiu culture sharing and innovative tasting interaction, which not only allowed Baijiu enthusiasts to have a better picture of the inheritance and value of Baijiu culture, but also guided participants to establish correct drinking concepts and develop healthy drinking habits.



"National Cellar 1573 - Aroma Classroom" activity

Case Short video of healthy and responsible drinking

The Company launched short video programs "Intangible Cultural Heritage Guardians" and "Liquor Research Institute" through new media channels for science popularization on topics including, among others, glow after drinking, culture of drinking, identification after drinking, and driving under the influence of alcohol, guiding viewers to form correct drinking concepts and a lifestyle of moderate and civilized drinking, and enhancing public awareness of healthy drinking.

Rural revitalization

Luzhou Laojiao resolutely implements the national strategic plan and actively participates in rural revitalization. In 2023, the Company rendered targeted rural revitalization assistance for Guntang Village, Hongyuan County and Xiangtian Village, Gulin County, and gave full support to Hongyuan County.



Donations to improve production and living conditions of the areas in need

Key Performance:

During the reporting period, the Company invested **RMB2,922,700** in rural revitalization, and donated materials for an equivalent of **RMB64,260**.

Case Giving "baby chicks of love" to support farmers in Xiangtian Village

In May 2023, the Company launched a donation activity for the covered villages, giving 2,510 baby chicks for free to 158 farmer households to help them increase their income for prosperity.



The site of the baby chicks donation activity

Public welfare and charity

The Company has been involving in donation and education support projects including "Small Backpack, Big Love", "Provincial Poverty Relief Fund", "Luzhou Laojiao Scholarship", and "Luzhou Laojiao Golden Teaching Award".

Case Public welfare activity on "Small backpack, Big Love"

Heeding the call of the public welfare activity on "Small backpack, Big Love" in Luzhou City, in March 2023, the Company donated RMB100,000 through the Luzhou Branch of the Sichuan Poverty Alleviation Foundation, a legally established public welfare social organization, to support education for children who were eager to learn in poor families.

Case Education Development Fund jointly established by Luzhou Laojiao and University of Electronic Science and Technology of China

In April 2023, an Education Development Fund was established by Luzhou Laojiao jointly with the University of Electronic Science and Technology of China for the latter to achieve more outstanding results in teaching and scientific research, etc. By establishing the education development fund, the Company conveyed the corporate spirit of promoting social progress and contributed to China's technological and social development.



Signing ceremony for the Education Development Fund jointly established by the Company and the University of Electronic Science and Technology of China

Case Provincial Poverty Relief Fund

The Provincial Poverty Relief Fund is a large-scale public welfare project initiated nationwide in July 2001 by the Sichuan Poverty Alleviation Foundation and pertinent units, with the care and support of relevant leaders of the Sichuan Provincial Party Committee and Government, at the aim of rendering assistance and training to college and university students with excellent academic performance in poor families.

In August 2023, Luzhou Laojiao developed the Provincial Poverty Relief Fund in the covered areas Xiangtian Village and Guntang Village, providing financial aid to impoverished local college and university students admitted in 2023, in order to reduce the burden of tuition fees on them, and stop the intergenerational transmission of poverty, thereby helping cultivate grassroots talents and procure sustainable development.



2023 Financial Aids Granting Ceremony for College and University Students in Guntang Village

Case Luzhou Laojiao Red Camphor Award Education Fund

The Company made donations to establish the "Red Camphor Award Education Fund" for Luzhou Senior High School in Sichuan Province, under which the "Luzhou Laojiao Red Camphor Cultivator Award" scholarship and the "Luzhou Laojiao Red Camphor Teaching Master Award" were set, with the former aimed at providing assistance to honor-roll poor students, inspiring them to work hard for their dreams, and the latter providing assistance to outstanding teachers in terms of professional ethics, performance and scientific research, helping the teaching team better fulfill the mission of cultivating and educating students.



Red Camphor Award Education Fund Donation Ceremony

Volunteer services

In 2023, the Company actively carried out social service activities including blood donation, voluntary tree planting, teaching support, community service, and social condolences, among others.

Key Performance:

During the reporting period, The Company organized a total of **134** volunteer activities for employees, covering a total of over **1,000** volunteers serving for over **1,200** hours, with an average service time of **16** hours per person.

Case Voluntary tree planting activity on "Spreading the Spirit of Lei Feng and Jointly Building a Green Baijiu City"

In March 2023, with the coming of the 45th National Arbor Day, the Volunteer Service Team of Luzhou Laojiao organized a voluntary tree planting activity on "Spreading the Spirit of Lei Feng and Jointly Building a Green Baijiu City". More than 50 volunteers of the Company participated in this event, bringing "fresh green" to the beautiful Luzhou together.



Tree planting site

Case Service of the Volunteer Maintenance Team of Luzhou Laojiao for nursing home to ensure the safety of the elderly during summer

In July 2023, the Company organized a Volunteer Maintenance Team consisting of more than ten maintenance technical backbone members to visit the nursing home in Huangyi Town. With their professional advantages, the volunteers rendered free services to the nursing home by inspecting the power lines, replacing damaged switches, sockets and other facilities, and repairing more than 10 faulty equipment such as disinfection cabinets, water heaters, and smoke alarms. Additionally, the volunteers distributed electrical safety promotion flyers to the elderly to promote their common knowledge on safe, scientific and energy-saving electricity use, and effectively ensure their safety during the peak electricity use period in hot weather, demonstrating the Company's undertaking of its social responsibility as a large state-owned enterprise.



Volunteer Maintenance Team

Case "One Hour Per Week" volunteer service activities

The Company insists on the "One Hour Per Week" volunteer service activities, allowing employees to walk out of the office into the community, schools, and nursing homes, etc., to pass on love and care with actions. Employees cleaned up for the widows and orphans, chatted with them and made them relaxed; provided national defence education in the community to enhance the public's concept of national defence; and participated in environmental protection and public welfare activities to help protect the environment of the city.



"One Hour Per Week" volunteer service activities

TABLE OF KEY PERFORMANCE

Environmental performance

Indicator	Unit	2021	2022	2023
Total investment in environmental management	RMB	46,793,692.47	59,103,999	44,290,185.20
Total electricity consumption	MWh	60,121.75	69,401.35	80,021.20
Total amount of purchased electricity	MWh	60,121.75	55,822.26	55,769.60
Renewable energy proportion	%	0.70%	0.92%	2.91%
Annual electricity savings realized directly from energy-conserving and efficiency enhancing measures	KWh	4,118,709	2,551,396	476,993
Comprehensive energy-conserving rate	%	28.47%	13.40%	8.83%
Recycling/Reusing water volume	m ³	2,028,202	2,337,042	2,624,477
Water reuse rate	%	59.98%	63.58%	72.36%
Annual water savings realized directly from water-saving measures	ton	1,763,765	2,119,012	2,370,052
Total solid waste discharge per unit revenue	ton/ RMB100mn	1,271.94	1,284.14	1,207.90
Total hazardous solid waste per unit revenue	ton/ RMB100mn	0.20	0.10	0.11
Compliance disposal rate of hazardous solid waste	%	100	100	100
Recycling/Reusing water volume	ton	255,831.37	317,111.87	357,844.83
Water reuse rate	%	97.44	98.83	97.99
Annual water savings realized directly from water-saving measures	ton	609.29	723.81	212

Social performance

Indicator	Unit	2021	2022	2023
Total number of employees	person	3,434	3,605	3,770
Employment ratio of employees with difficulties	%	0.58%	0.47%	0.48%
Number of male employees	person	2,230	2,474	2,547
Number of female employees	person	1,204	1,131	1,223
Number of employees aged 30 and below	person	1,189	1,256	1,320
Number of employees aged 31 to 50	person	1,897	1,937	1,987
Number of employees aged 51 and above	person	348	412	463
Number of employees with associate degree or below	person	1,617	1,466	1,304
Number of employees with bachelor degree	person	1,489	1,759	1,969
Number of employees with master degree	person	319	369	485
Number of employees with doctoral degree (those from the Postdoctoral Workstation)	person	23	27	30
R&D personnel	person	494	480	468
R&D investment	RMB10,000	16,912.55	20,624.85	26,747.46
Proportion of R&D investment to operating income	%	0.82	0.82	0.88
Number of quality training activities	time	19	14	22
Total number of participants in quality training activities	person	303	425	1,000
Number of employees receiving training	person-time	89,037	64,255	72,784
Employee training investment	RMB10,000	906.34	956.77	1,388.15
Average training hours per employee	hour	47.84	30.89	24.85
Assistance to employees with difficulties	RMB10,000	79.07	72.29	65.86
Work safety investment	RMB10,000	1,542.30	1,330.30	2,366.39
Work safety training rate	%	100	100	100

Indicator	Unit	2021	2022	2023
Number of safety/emergency drills	time	60	174	210
Number of participants in safety drills	person-time	3,000	4,600	4,100
Number of employee casualties	person	0	0	0
Work-related serious injury rate	%	0	0	0
Work-related mortality rate	%	0	0	0
Work-related injury rate	%	0	0	0
Serious fire accidents	time	0	0	0
Serious work safety accidents	time	0	0	0
Rectification rate of safety hazards	%	100	100	100
Number of safety and fire drills	time	10	10	16




Governance performance

Indicator	Unit	2021	2022	2023
General Meetings of	time	2	2	1
Meetings of the Board of Directors	time	18	14	11
Meetings of the Board of Supervisors	time	8	9	4

Operational performance

Indicator	Unit	2021	2022	2023
Total operating income	RMB100mn	206.42	251.24	302.33
Total profit	RMB100mn	105.51	138.55	178.06

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Primary title	Secondary title	CASS-ESG5.0	UN SDGs
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About Luzhou Laojiao		P3、 P4	
ESG Management	Communication with stakeholders	G3.5、 G3.6	
	Material topics matrix		
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	Compliance and internal control	G1.3、 G1.5	
	Anti-corruption and integrity	G1.6、 G1.7、 G1.8	
II. Technological Innovation, Activating Development Potential	Innovation management	V2.1、 V2.2、 V2.3、 V2.4、 V2.8	
	Digitalization and intelligence construction	V2.2、 V2.4	
III. Supreme Quality Brands, Laying the Foundation of Quality	Quality assurance	S4.1	   
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Primary title	Secondary title	CASS-ESG5.0	UN SDGs
IV. Care for Employees, Growing Together	Rights and interests protection	S1.1、 S1.2、 S1.3、 S1.4、 S1.6、 S1.7、 S1.8 S2.1、 S2.2、 S2.3、 S2.4	 
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READER FEEDBACK

Dear readers,

Thank you very much for taking the time to read the 2023 Environmental, Social and Governance Report of Luzhou Laojiao Co., Ltd.. In order to provide you and other stakeholders with more valuable information and effectively improve the Company's ability and level of fulfilling corporate social responsibility, we sincerely look forward to your opinions and suggestions.

Multiple Choice Questions (Please tick ✓ as appropriate)

- How do you think of this Report generally?
 Very good Good Medium Poor Very poor
- How do you think of the response to and disclosure of issues concerned by stakeholders in this Report?
 Very good Good Medium Poor Very poor
- How do you think Luzhou Laojiao has done in terms of economic responsibility?
 Very good Good Medium Poor Very poor
- How do you think Luzhou Laojiao has done in terms of environmental responsibility?
 Very good Good Medium Poor Very poor
- How do you think Luzhou Laojiao has done in terms of safety management?
 Very good Good Medium Poor Very poor
- How do you think Luzhou Laojiao has done in terms of employee responsibility?
 Very good Good Medium Poor Very poor
- How do you think Luzhou Laojiao has done in terms of community responsibility?
 Very good Good Medium Poor Very poor
- How do you think of the clarity, accuracy and completeness of the information, indicators and data disclosed in this Report?
 Very good Good Medium Poor Very poor
- Do you think the content arrangement and design of this Report are easy for reference?
 Yes No

Open Questions

Do you have any comments or suggestions on the performance of social responsibilities by Luzhou Laojiao and this Report?

