



贵州茅台酒股份有限公司  
KWEICHOW MOUTAI CO.,LTD.



2023

Environmental, Social  
and Governance Report  
Kweichow Moutai Co., Ltd.

# About the Report

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## Organization

This Report covers Kweichow Moutai Co., Ltd. and its affiliated organizations. To facilitate presentation, "Kweichow Moutai Co., Ltd." is referred to as "Kweichow Moutai", the "Company", "we" and "us" , and our controlling shareholder, China Kweichow Moutai (Group) Co., Ltd. is referred to as "Moutai Group" in this Report.

## Reporting Period

This Report covers the period from January 1 to December 31, 2023, with part of the content tracing back to previous years as necessary.

## Publication Interval

This Report is an annual report. Kweichow Moutai has issued Corporate Social Responsibility Reports for 12 consecutive years since 2009 and issued Environmental, Social and Governance (ESG) Reports since 2021. This Report is the third ESG Report.

## Statement

All financial data herein are derived from the Annual Report 2023 of Kweichow Moutai Co., Ltd., and all other information and data are derived from our relevant statistics. The bookkeeping base currency of all monetary amounts involved is RMB. Certain amounts and percentage figures herein have been rounded, and therefore, the totals shown in certain tables may not be the sum of the foregoing figures.

## Language

This Report is available in both simplified Chinese and English. In case of any discrepancy in understanding the content, the simplified Chinese version shall prevail.

## Compilatory Basis

This Report is prepared in accordance with the Guidelines of the Shanghai Stock Exchange for the Environmental Information Disclosure of Listed Companies, with reference to the GRI Sustainability Reporting Standards (GRI Standards) by the Global Sustainability Standards Board (GSSB).

## How to Obtain

This Report is published in both print and electronic formats. For more information on Kweichow Moutai's ESG performance or to download the electronic version of this Report, please visit the following websites.

Official website of Kweichow Moutai: <https://www.moutai.com.cn/>

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

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## Message from the Chairman



The year 2023 has witnessed a magnificent chapter of Kweichow Moutai. It is a year for all of us at Kweichow Moutai to work together and forge ahead with enterprise and fortitude. Challenged by the intertwining of the macroeconomic recovery period and the Chinese Baijiu industry adjustment period, weak consumption recovery, and intensified market competition, we have upheld Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and thoroughly implemented the guiding principles from the 20th National Congress of the Communist Party of China (CPC or the "Party"). We have upgraded the "Five-Line" development strategy and practiced ESG concepts in a comprehensive and holistic manner. Moreover, we have explored new pathways and samples of ESG development to promote our sustainable development.

**Oriented by high quality, we have actively explored new paths to green development.** We have thoroughly implemented Xi Jinping Thought on Ecological Civilization, firmly adhered to the "Green Line" development strategy, and constructed a green development system for the harmonious coexistence between humanity and nature. We have implemented the "carbon peak and carbon neutrality" action and formulated a "carbon peak and carbon neutrality" work program. We have intensified our efforts in the Base for Practicing the Concept That Clear Waters and Green Mountains Are Invaluable Assets, continued to implement the "Five Projects" and "Five Actions," and gone all out to promote energy conservation and carbon reduction. With an eye on water management, we have launched water-saving process retrofitting and innovation and enhanced water conservation, drainage, water treatment, and water reuse to increase water-saving benefits and water efficiency. We have advocated the circular economy, improved

resource efficiency, and worked together to build a resource-efficient benchmark enterprise. We have actively integrated into the National Ecological Civilization Pilot Zone of Guizhou and continuously expanded the "green immovable property" in the Chishui River Basin. Focusing on six fronts, including "green culture," "green brewing," "green standards," and "green production areas," we have promoted ecology as a priority, conservation, intensification, and low-carbon development to create a beautiful Moutai for the harmonious coexistence between humanity and nature.

**Built on high standards, we have been striving to create a new sample of ESG practice.** We have launched an intensive management improvement action benchmarked against the world's best, introduced the Performance Excellence Model and the EFQM model, and improved our modernized management with a focus on the management system, management mechanism, and supervision mechanism. We have pushed forward the progress and standardized operation of the Board of Directors, optimized our corporate governance structure, and fully implemented the powers and functions of the Board of Directors. We have promoted the construction of Smart Moutai 2.0 and continuously improved our network security system to ensure data and privacy security and enhance risk control capabilities. We have abode by business ethics, improved the Five-Sphere Integrated supervision system, strengthened our integrity culture, and consolidated the foundation of integrity and compliance. At the same time, we have integrated ESG as an important value concept into our corporate strategy, established an ESG management organizational structure, fully progressed the ESG management system, and continued to improve governance effectiveness.

**Centered on high quality, we have joined forces to create a happier and better life.** Committed to creating sustainable value,

we have built a coherent community with stakeholders, contributing to social development, well-being, and prosperity. Adhering to a people-oriented approach, we have worked together with our employees to create a happy Moutai that features harmonious development, internal excellence, and external aesthetics, with a focus on employees' development, occupational health, rights, and interests. We have also worked together with our partners to foster industrial "Mei" with enterprise, empower each other for common progress, and create a sustainable industrial chain ecosystem. We have worked tirelessly to establish the Moutai Public Welfare Foundation, focusing on the five major areas (education, ecology, culture, science and technology, and health), coordinating more resources to the public welfare cause so that the power of goodness benefits a wider range of areas and people and the world becomes a better place.

The year 2024 is the 75th anniversary of the founding of the People's Republic of China and also a critical year for the targets and tasks of the 14th Five-Year Plan. We will adhere to high-quality development in our overall coordination and focus on the strategic goals of "double world-leading, three breakthroughs, and five leaps." We will firmly uphold the strategy of Mei and gather the power of Mei. In the value pursuit of "endless Mei, endless me," we will work with stakeholders to intensify our ESG practices, forge ahead for a world-leading position and Mei, and create prosperity and a better future.

Chairman of Kweichow Moutai Co., Ltd.



# About Kweichow Moutai

## Company Profile

Kweichow Moutai Co., Ltd. (stock code: 600519) was incorporated on November 1999 and was listed on the Shanghai Stock Exchange in 2001. Headquartered in Moutai Town along the stunning banks of the Chishui River in northern Guizhou Province, Moutai is mainly engaged in the production and sales of Moutai Baijiu and Moutai series baijiu. The leading product, Kweichow Moutai Baijiu, is the originator and indisputable representative of Daqu jiangxiangxing baijiu in China. The product is a National Geographical Indication Products, product with EU-China Landmark Geographical Indication, organic food, and national intangible cultural heritage. Boasting lingering fragrance and a marketing network extending across China and to 64 countries and regions on five continents, it is a Chinese business card that brings the fragrance of baijiu to the world.

In Kweichow Moutai, we **pursue excellent quality at all times**. We uphold the principle that quality is the soul of life, adhere to the Five Craftsmanship quality concept, and inherit the scientific Gongfa of selected materials, excellent processes, and exquisite utensils in an innovative manner. The essence of five years' efforts creates excellent quality integrating senses, perception, feelings, and inspirations of Mei. We **strive to build a first-class brand**. We are constantly making the brand with products with aesthetic feeling, optimized services, real public welfare, refined activity, and outstanding craftsmanship, continuously boosting the kinetic energy of the brand, highlighting the brand tension of China Moutai. We **deeply explore the cultural connotation**. We have perfected and formed a "nine series" culture system, carried out a series of activities of 24 solar terms, and built a communication matrix of "mass response online and offline." We uphold fundamental principles and break new ground in telling stories of Chinese Baijiu culture, making the unique Moutai culture sparkling. We **innovate and inherit traditional Gongfa**. We insist on the brewing of Moutai that keeps in tune with the times and follow the traditional Gongfa of taking a year as one production cycle, making Daqu (saccharification starter for crude baijiu-making) during the Dragon Boat Festival, and proceeding sorghum first added in jiang-flavour baijiu production on the Double Ninth Festival. We continue to enhance the original innovation ability and deeply analyze the scientific connotation of traditional techniques. We have concluded four Gongfa systems and established five core technical systems to keep the vitality of traditional Gongfa forever. We **continue to construct a beautiful ecology**. We have thoroughly implemented the "five special projects," built a life community of "mountains, water, forests, land, the river, and microorganisms," and launched the One Base and One Benchmark initiative. Through these efforts, we fully maintain the ecosystem balance on which Moutai depends. We have even extended the maintenance of natural ecology to commercial ecology, guiding stakeholders to join hands to build a beautiful ecology enabled by the "three communities."

We continue to take the "Five-Line" high-quality development path with Moutai Mei as its value connotation, living up to our commitment to empowering a life of Mei with high-quality products and services. In 2023, Kweichow Moutai reported a total revenue of RMB 150.56 billion, with a net profit attributable to the parent company of RMB 74.734 billion. The Company ranked first in the "Top 50 Global Most Valuable Spirits Brands of Brand Finance" for eight consecutive years, and ranked 3rd in the "Top 100 Most Valuable Chinese Brands" with a brand value of US\$88.427 billion, making it the most valuable alcoholic beverage brand in China.



## Corporate Culture

	<b>Mission</b>	➤ Brewing a high-quality life
	<b>Vision</b>	➤ Fostering a world-class enterprise, Building a world-leading brand
	<b>Core values</b>	➤ Aromatic Product, Persistent Integrity, and Harmonious Community
	<b>Corporate spirit</b>	➤ Devoting to Moutai and winning glory for the motherland
	<b>Quality philosophies</b>	➤ Honor the principles, abide by the rules, stick to the craftsmanship, store enough aged baijiu, and never sell freshly brewed baijiu

## "Five-Line" High Quality Development Strategy

At Kweichow Moutai, our strategy is based on and aimed at continuously satisfying people's aspirations and pursuit of a better life. Taking Mei as the philosophy of corporate development and the guiding principle of strategy, we have formed a "Five-Line" high-quality development strategy with Moutai Mei as the value connotation.



## ESG Performance Highlights

### Conduct of Mei: Optimizing Governance by Upholding Business Principles



- We set up an **ESG Promotion Committee** that is comprised of three sub-committees and working groups.
- The Board of Directors' Risk Management Committee was renamed the **Risk and Compliance Management Committee**, and **risk compliance** was included into the Board of Directors' coordination purview.
- We fully completed all tasks in the **management improvement action benchmarked against the world's best** and progressed the development of **"One System and Six Mechanisms."**
- We incorporated ESG indicators such as safety, environmental protection, and corporate management into the **management's remuneration assessment system**.
- We enhanced information security and privacy protection by setting up a **Leading Group on Network Security and IT** headed by the Chairman and General Manager and established a **closed-loop mechanism for network security management**.
- We revised **more than ten** information security and privacy protection management systems, including the *Network and Information Security Management Measures*.
- We developed the *Management Measures for Letters and Visits* to effectively protect the legitimate rights and interests of whistleblowers.
- We conducted a company-wide survey on material topics and **constructed the materiality matrix**.
- We won the China Quality Award and EGA (EFQM Global Awards), and we introduced **Performance Excellence Model** and **the EFQM model**.
- We hosted special training on compliance management and released the *Compliance Management Measures*.
- We organized **all employees to sign the Letter of Commitment to Integrity**.
- For the **nine areas** of significant integrity risk, we performed a refined management model that featured "area-specific lists;" and we identified **346 risk points** and developed **639 targeted preventive measures**.
- We carried out the "One Warning per Month Education" campaign for a total audience so far of nearly **300,000** and **52** business ethics training sessions for **30,000** participants; and we organized **2,836 employees in 70 groups** to visit the Moutai Integrity Education Hall.
- We maintained **zero** major or above incidents of risk control, major incidents of data leakage, and major accidents of information security.

### Cause of Mei: Assuring Quality through Inheritance and Innovation



- We have innovatively summarized the **"Time-Space-Gongfa" craftsmanship quality management model**, comprehensively constructed and implemented the **"365" quality management system** and built a **matrix quality control mechanism** with PDCA cycle as the core.
- We have perfected a **food safety control system** technologically driven by four food safety platforms.
- We promote the construction and operation of the five innovation platforms of **"two laboratories, two centers and one station"**.
- We established a customer service center, revised the *Management Measures for Customer Consultation and Complaints*, and formulated the *Kweichow Moutai Standard Service Language for Exclusive Stores*, as well as the *Kweichow Moutai Standardized Services Handbook*.
- We signed the *Consensus on International Cooperation in Global Spirits T3 Dialogue* jointly with Diageo and Pernod Ricard regarding "advocating responsible drinking together" and some other issues.
- We have built a **quality and food safety management platform** connecting all key business systems from the entry of raw materials to products leaving the factory. The platform supports **799** physical and chemical inspection items, and more than **260,000** quality inspections. It has **35.88 million** entries of quality management data assets, forming **111** quality management data models.
- We have independently built **six** national level innovation platforms and **nine** provincial-level or above innovation platforms; we have **nine** strategic partners in scientific research, **33** collaborative teams for scientific research and development and **42** provincial-level and above collaborative innovation platforms.
- In 2023, the maturity of quality management was **906.2 points** (excellent level); the product quality assurance index was **96.8 points** (excellent level). We were also shortlisted as **the national quality benchmark in 2023**.
- The batch inspection coverage rate of the outgoing products, the pass rate of product supervision and spot checks and the pass rate of the outgoing products were all **100%**.
- We submitted **107** applications for intellectual property rights, and obtained **23** authorized invention patents; We published **25 papers**, including the first journal paper with impact factor **higher than 15** in the industry.
- We have **10** proprietary technologies, **44** leading technologies, and **over 8,400** strains of microbial strain resources, as well as **over 100** kinds of wheat and **over 300** kinds of sorghum as germplasm resources of brewing raw materials.
- We have collected nearly **16.83 million** pieces of brewing process data with 5G + Internet of Things + Machine Vision.
- We participated the campaign advocating responsible drinking, covering **32** provinces, municipalities and autonomous regions across China and **1,487** sales stores.
- In 2023, the satisfaction rate of online customer service was **97.65%**; the satisfaction rate of telephone customer service was **99.14%**; and the satisfaction rate of iMoutai was **99.36%**.

### Ecology of Mei: Pursuing Green Development with Harmonious Coexistence



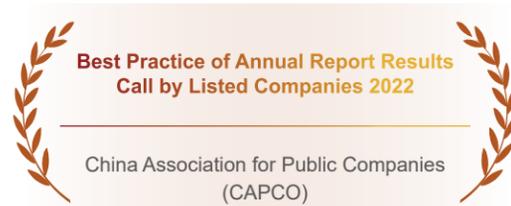
- We established **commissions for green and low-carbon development and for water environment management** to manage environmental protection.
- We responded to the national strategy of carbon peak and carbon neutrality by developing the **Action Plan for Carbon Peak and Carbon Neutrality** that sets **energy-saving and carbon reduction targets**.
- We developed the *Comprehensive Assessment Management Measures*, specifying that environmental protection performance is linked to the remuneration of senior executives and relevant staff.
- We revised the *Regulations for New Product Development Management, Negative List of Packaging Materials for New Product Development*, and *List of Restricted and Prohibited Packaging Materials*, specifying the priority of using recyclable, biodegradable, and environmentally friendly materials for packaging.
- We had a deep **identification of climate change risks and opportunities** based on the Company's production and operations under the ISSB framework.
- We identified seven main requirements for the environment management process with the tool - **Key Success Factors (KSF)** matrix.
- We lead the efforts to draft the *Calculation Method and Reporting Standard for Greenhouse Gas Emissions of Baijiu Enterprises*, and established carbon monitoring and evaluation standards to conduct a **full lifecycle carbon footprint assessment** of Moutai Baijiu.
- We implemented **quota management** for water consumption at various stages of our production and operations, **setting targets and implementation paths** for total subsequent water intake, quota for production water, and water consumption per unit product.
- We conducted an **assessment on the capacity of water ecology** in the Chishui River Basin and established a **SWAT model** for dynamic analysis of water quality and microorganisms.
- We implemented the **green transformation project for the design of external packaging for products**, established a **"blacklist"** for green packaging materials, and supported suppliers in projects such as **cullet recycling and reprocessing** and **water-saving renovations**.
- We received the national honor - **"Base for Practicing the Concept That Clear Waters and Green Mountains Are Invaluable Assets."**
- Our carbon dioxide emissions intensity per unit of industrial output has decreased for **two consecutive years**.
- We achieved an annual water saving of **399,000 cubic meters** and a water recycling rate of **87.07%**.
- We purchased **91,702,000 kilowatt-hours** of green electricity and attained the decarbonization goal of full coverage of green electricity for both the core production area and Heyixing Branch in 2023.
- We achieved **100%** utilization of brewing by-products such as distillers' grains, cellar mud, and straws for daqu.

### Commitment of Mei: Sharing a Better Future towards Wonderful Lives



- We established the **Party Committee Talent Work Leading Group** to coordinate talent development efforts.
- We established the **Employee Health Management Leading Group**, and developed the *Occupational Health Management System*, to coordinate health with safety strategies and performance management.
- We implemented the **"Happiness at Moutai" 2023 Plan for the Pilot Programme of Improving the Workforce's Life**, to deliver the "Happiness at Moutai" project.
- We developed the *Supplier Management Measures, Procurement Management Measures*, and *Supplier Relationship Management Regulations*, etc., to improve sustainable access management, performance management, and relationship management of suppliers.
- We developed regulations such as the *Prohibitive Rules on Integrity in Material Supply Operations* and *Prohibitive Rules on Integrity in Procurement Operations*, and incorporated integrity management-related content into supplier assessments.
- 1,679** sessions on topics including hazardous operations, risk identification and control, safety rectification and construction, and emergency response, as well as secondary and tertiary safety training, were conducted, with **45,000** participants and a coverage rate of **100%** for safety education and training.
- In 2023, we organized seven physical training sessions for channel partners **covering all channel partners**. Also, monthly online training sessions were conducted.
- We increased investment in organic certification for crops, and continuously improved the standards of raw material cultivation. In 2023, **RMB 215 million** was invested in supporting the supplier bases, and 420 square kilometers of sorghum were planted, with a storage of 141,400 tons, driving 120,000 households of farmers to increase income and become prosperous.
- RMB 274 million** was invested in charity in 2023.
- In 2023, the investment in rural revitalization totaled more than **RMB 51.7 million**, benefiting **more than 50,000 people**.
- We have conducted the hope project for fulfilling dreams: "China Moutai – Backbone of the Nation" for **12 consecutive years**, with a cumulative donation worth over **RMB 1.2 billion**.
- RMB 350 million** was invested in safety production, with **zero** major safety incident, **100%** employee safety training, and **100%** timeliness rate of hazard rectification.
- We had a **100%** annual ratio for auditing our suppliers and a **100%** compliance of suppliers with the principle of clean procurement.
- In 2023, we achieved a **score of 87** in employee satisfaction and **91.8** in employee engagement.
- We had a **97.6 score** of supplier satisfaction in 2023, exceeding **95** for three consecutive years.

## Some of Kweichow Moutai's Awards in 2023

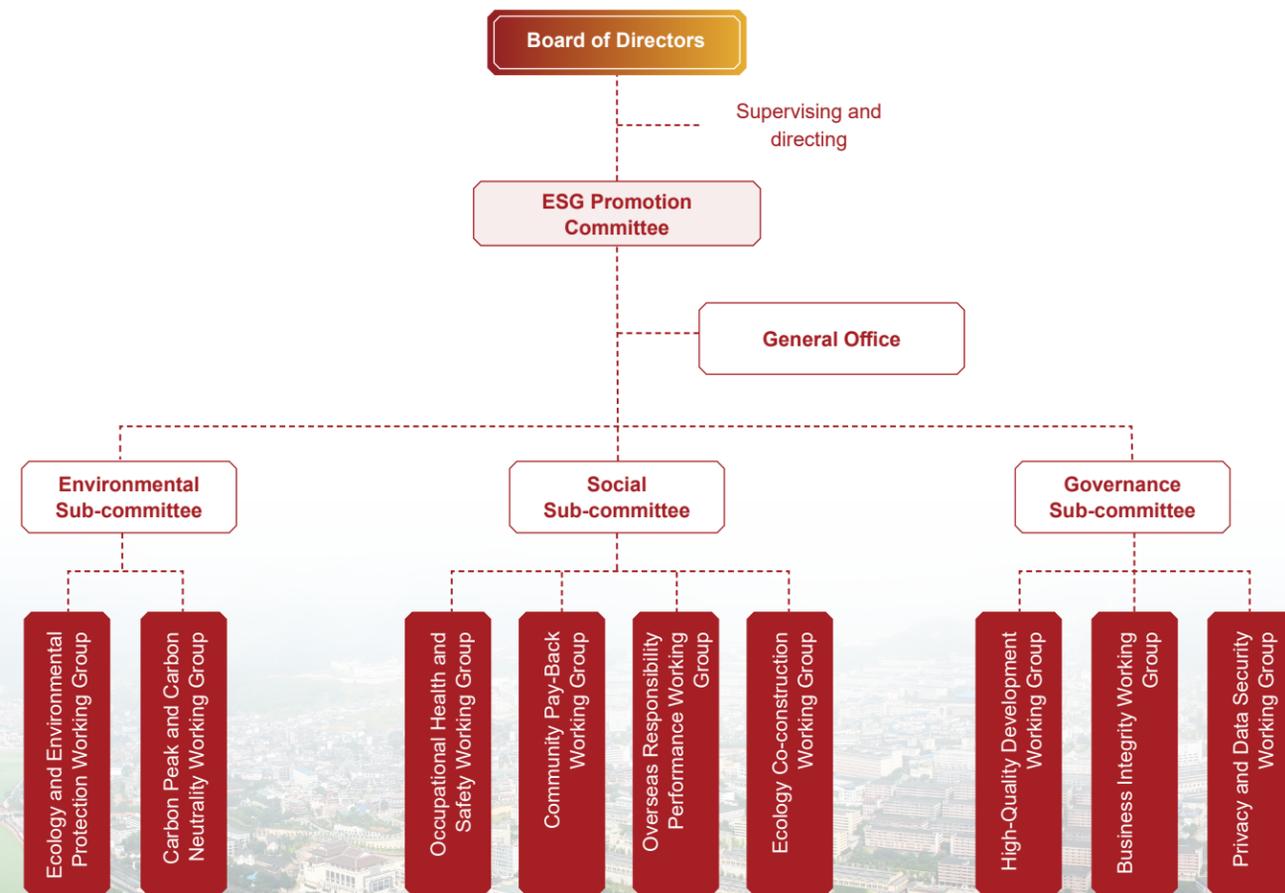


# ESG Management System

At Kweichow Moutai, we practice ESG concepts in a comprehensive and holistic manner, deeply integrating them into all aspects of production, operations, reform, and development. We have improved our ESG governance structure against international standards, national policies, and advanced practices. We have also systematically sorted out core issues and key projects through the four steps of issue identification, overall planning, integration and implementation, and improvement and innovation. We are committed to optimizing the Company's overall ESG management system, giving full play to the management mechanism, continuously empowering ESG to achieve results, and comprehensively enhancing our ESG value creation capability.

## ESG Governance Structure

At Kweichow Moutai, we uphold the Board of Directors as the highest body responsible for ESG matters. We have set up an ESG Promotion Committee, chaired by the General Manager, to coordinate ESG management. It is comprised of three sub-committees, namely, Environment, Society, and Governance, to oversee key issues in their respective fields. Each sub-committee has a committee office and special working groups to execute ESG matters. Together, they constitute a three-level (decision-making, management, and execution) ESG management structure.



Kweichow Moutai's ESG governance system and structure

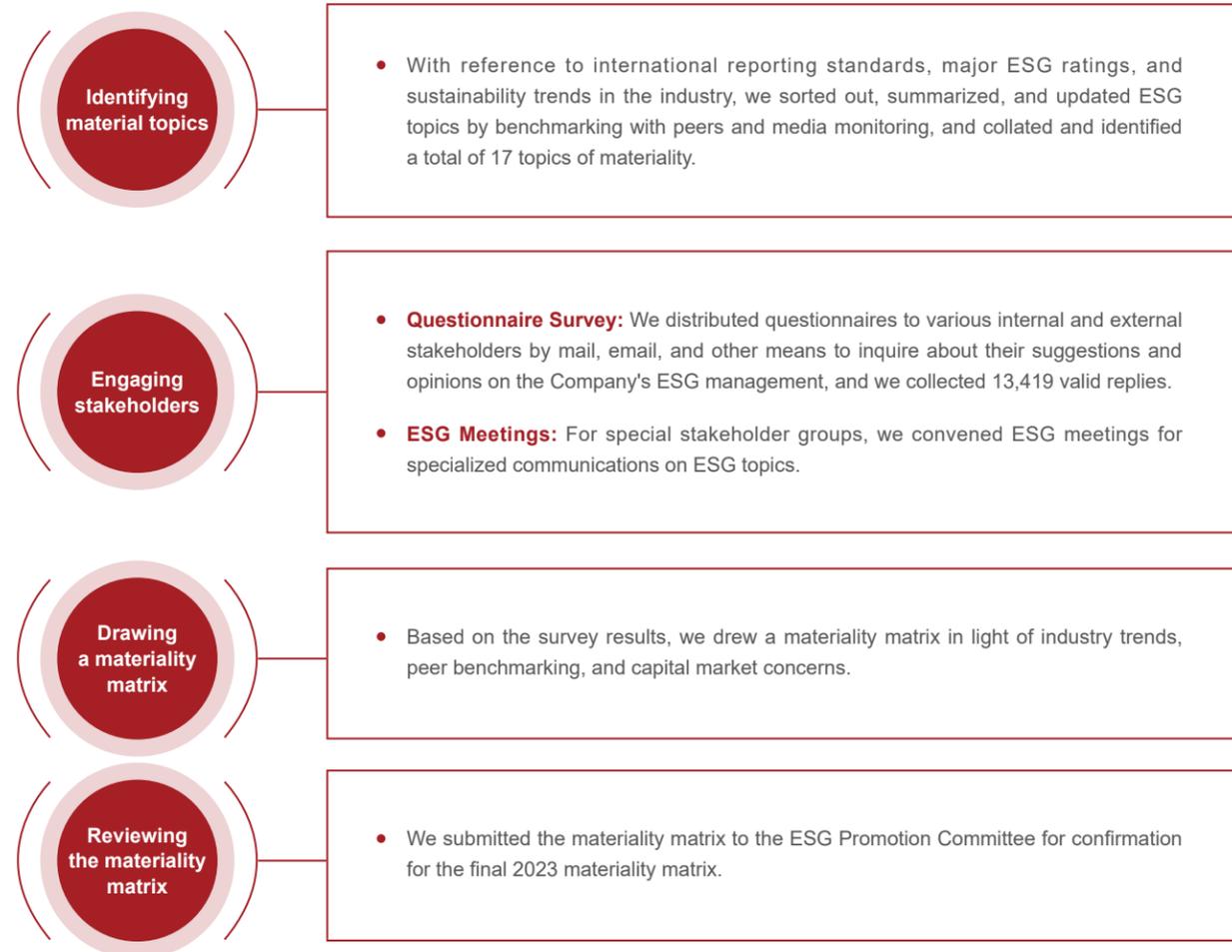
# ESG Strategy and Planning

At Kweichow Moutai, we have deeply integrated the concepts of ESG and sustainable development into our "Five-Line" development strategy with the Moutai Mei as its value connotation. We build ourselves on the conduct of Mei, aspire to the cause of Mei, orient ourselves to the ecology of Mei, and fulfill to the commitment of Mei. In this way, we continue to cater to people's desire for a better life and create sustainable value.

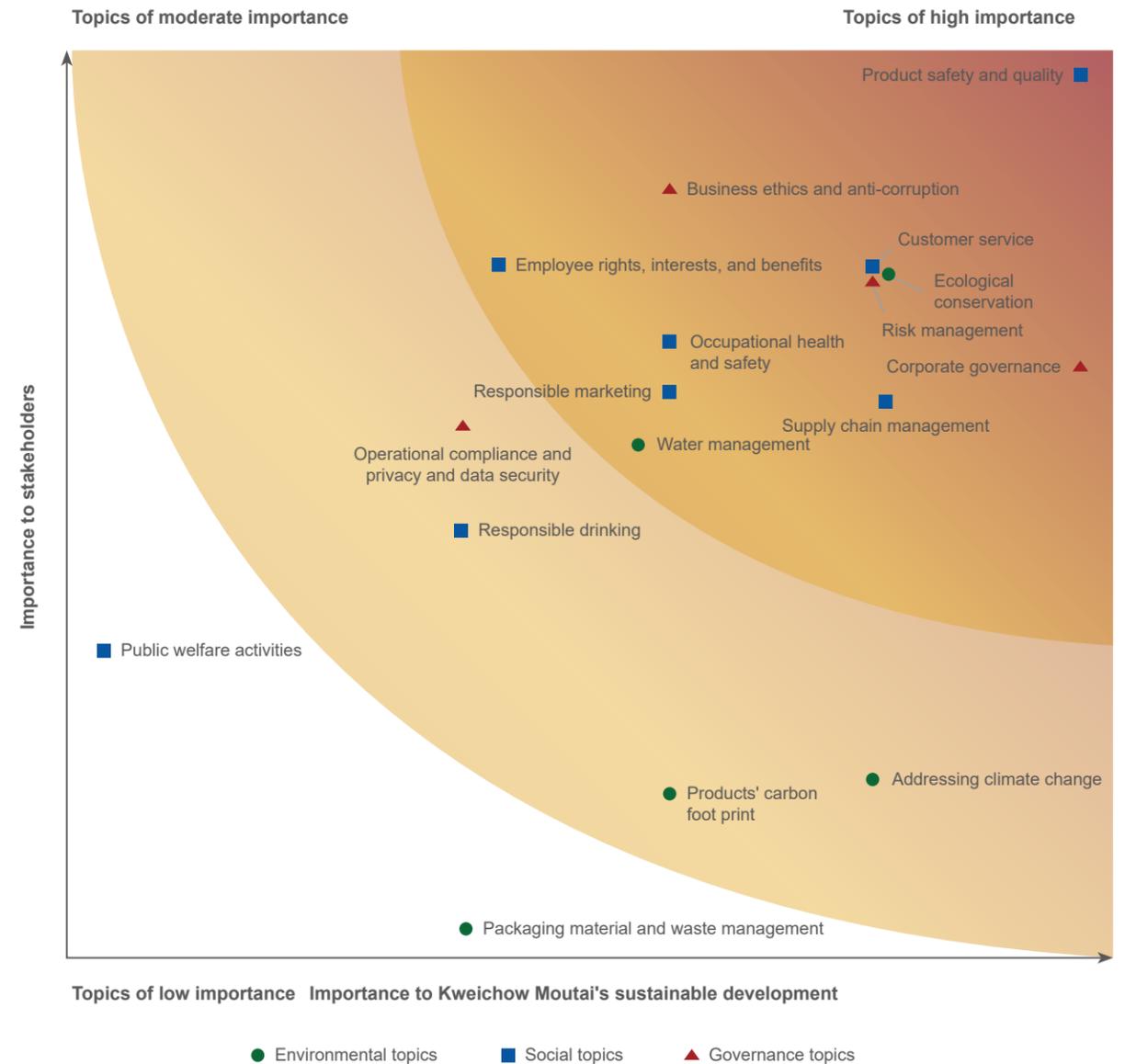
<p><b>Conduct of Mei</b></p>	<p>Committed to fostering a "world-class enterprise," we are constantly improving corporate governance under the framework of the "Three Meetings and One Committee." We abide by business ethics and maintain sound risk management mechanisms to create an honest business environment and ensure the stability and prosperity of Moutai in the long term.</p>
<p><b>Cause of Mei</b></p>	<p>We uphold the principle that quality is the soul of life and adhere to the Five Craftsmanship quality concept. Making the inheritance more traditional and the innovation more modern, we are dedicated to bringing high-quality products and services to consumers and leading the high-quality development of the industry with "Moutai standards."</p>
<p><b>Ecology of Mei</b></p>	<p>Our commitment extends to building a life community of "mountains, water, forests, land, the river, and microorganisms." Focusing on the goals of carbon peak and carbon neutrality, we put efforts into creating "production-living-ecological spaces" and attention to the "four streamlines" to set an ecological development example that echoes "lucid waters and lush mountains are invaluable assets."</p>
<p><b>Commitment of Mei</b></p>	<p>Bearing in mind the tenet of "Big Name, Big Responsibility," we advocate creating value together and developing a "beauty-creating ecosystem" of shared benefits, sentiments, and destiny. We join hands with all stakeholders to embark on the path of sustainable development and create a better life.</p>

## Material Topics Identification

At Kweichow Moutai, we conduct company-wide identification and analysis of material topics at least once a year in light of global sustainability trends as well as the characteristics of the industry in which we operate. Based on the identification and analysis results, we draw an annual materiality matrix, laying a solid foundation for subsequent targeted ESG management planning.



Material topics identification process



Kweichow Moutai's ESG materiality matrix for 2023



## ○ Stakeholder Communication

At Kweichow Moutai, we have incorporated the concept of community into our close development relationship with stakeholders. We respond to stakeholders' concerns and demands with practical actions and maximize the cohesion of stakeholders' forces. In this way, we form a "eco-system of Mei" of shared benefits, sentiments, and destiny, joining hands with all parties to embark on a journey to green and sustainable development.



Stakeholder	Expectations and Demands <sup>1</sup>	Communication and Response
 <b>Customers and consumers</b>	<ul style="list-style-type: none"> <li>Product safety and quality</li> <li>Customer service</li> <li>Responsible marketing</li> <li>Responsible drinking</li> </ul>	<ul style="list-style-type: none"> <li>Matrix-based quality control and quality management throughout the lifecycle</li> <li>Improving the customer service system and enhancing consumer satisfaction</li> <li>Standardizing regular marketing communications and eliminating exaggerated and false promotion</li> <li>Actively advocating responsible and healthy drinking</li> </ul>
 <b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Operational compliance</li> <li>Openness and transparency</li> <li>Good returns</li> </ul>	<ul style="list-style-type: none"> <li>Optimizing governance structure and adhering to the basic principles of compliance</li> <li>Improving information disclosure and maintaining proactive communication</li> <li>Reasonably distributing profits and preserving and increasing the value of assets</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Remuneration and benefits and the protection of rights and interests</li> <li>Employee training and career development</li> </ul>	<ul style="list-style-type: none"> <li>Setting up a Leading Group for Comprehensive Health to coordinate the work on health and safety</li> <li>Improving the remuneration and benefit system and effectively protecting the legitimate rights and interests of employees</li> <li>Improving the promotion channels for employees and the employee training system</li> </ul>

Stakeholder	Expectations and Demands <sup>1</sup>	Communication and Response
 <b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Improving the supplier management system and creating the "six supply chains"</li> <li>Maintaining open and fair procurement and improving the reporting channels</li> </ul>
 <b>Industry</b>	<ul style="list-style-type: none"> <li>Addressing climate change</li> <li>Responsible marketing</li> <li>Ecological conservation</li> </ul>	<ul style="list-style-type: none"> <li>Building a green value chain and promoting the sustainable development of the industry</li> <li>Standardizing regular marketing and communications and strengthening cooperation in the promotion of responsible drinking</li> <li>Creating "production-living-ecological spaces" and gathering efforts into environmental and ecological conservation</li> </ul>
 <b>Government and regulators</b>	<ul style="list-style-type: none"> <li>Operations in compliance with the law</li> <li>Ecological conservation</li> <li>Healthy development of the industry</li> <li>Driving local development</li> </ul>	<ul style="list-style-type: none"> <li>Improving the mechanism for law-based corporate governance</li> <li>Promoting the establishment of a long-term mechanism for the ecological conservation of Chishui River Basin</li> <li>Maintaining a "Mei" competition and cooperation ecology and promoting the sustainable development of the industry</li> <li>Paying taxes in accordance with the law and driving employment to boost local industries</li> </ul>

<sup>1</sup>The key issues of concern are comprehensively identified from the results of the ESG materiality analysis of Kweichow Moutai and regular communication with Kweichow Moutai's stakeholders.

# 01

## Conduct of Mei Optimizing Governance by Upholding Business Principles

At Kweichow Moutai, we strictly abide by state laws, regulations, and pertinent regulatory provisions. We continuously optimize our governance structure, constantly improve our governance, and promote a modern corporate governance system. We implement the digital transition, optimize our business operations, enhance our risk control ability, and strengthen the foundation of integrity and compliance.



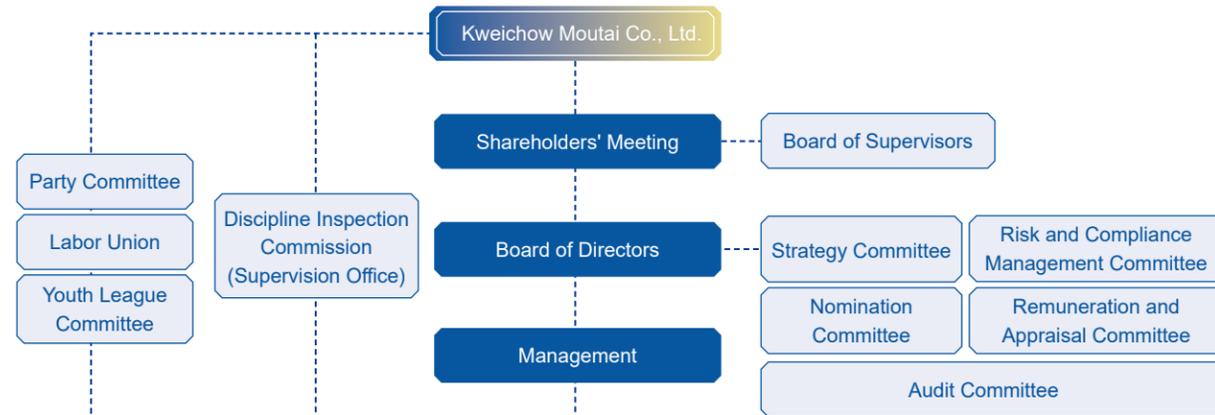
Optimize Corporate Governance 

Regulate Corporate Acts 

Information Security and Privacy Protection 

# Optimize Corporate Governance

We are committed to standardized governance and building a sound modern corporate governance structure and system. We continuously optimize the composition of the Board of Directors to improve Board members' performance effectiveness. We also promote the contract-based term of office for the management to stimulate their motivation. In this way, we effectively ensure our science-based decision-making and robust operations.



Governance structure of Kweichow Moutai



## Governance Structure and Mechanism

Shareholders' Meeting	<ul style="list-style-type: none"> <li>It is convened in strict accordance with the <i>Articles of Association</i> and the <i>Rules of Procedure for Shareholders' Meeting</i>.</li> <li>It is responsible for meeting notification, deliberation, and voting and aims to ensure that shareholders enjoy equal status and can exercise their rights such as the right to be informed, participate, question, and vote.</li> </ul>
Board of Directors and Its Specialized Committee	<ul style="list-style-type: none"> <li>As the executive body of the resolutions of the Shareholders' Meeting and the decision-making body of our operations and management, it enjoys sufficient powers of operations and decision-making in accordance with the statutory powers provided in the <i>Company Law</i> and the <i>Articles of Association of the Company</i> and authorized by the Shareholders' Meeting and fully plays the vital role in "developing strategies, making decisions, and preventing risks."</li> <li>It has five specialized committees: the Strategy Committee, the Audit Committee, the Risk and Compliance Management Committee, the Nomination Committee, and the Remuneration and Assessment Committee.</li> </ul>
Board of Supervisors	<ul style="list-style-type: none"> <li>It oversees the financial position and operations of the Company and the fulfillment of duties by directors and the senior management, and promotes the coordinated functioning and effective checks and balances of the corporate governance structure.</li> <li>It consists of three supervisors, including one employee supervisor.</li> </ul>
Management	<ul style="list-style-type: none"> <li>It manages day-to-day production and operation matters in accordance with statutory powers and authorization of the Board of Directors.</li> <li>It organizes and implements the resolutions of the Board of Directors and reports to the Board of Directors, playing the role of "planning business operations, emphasizing implementation, and enhancing management."</li> </ul>

## Composition of the Board of Directors



**Independence**

- The Audit Committee is comprised entirely of independent directors, each recognized as an expert in their respective domains.
- The Nomination Committee and the Remuneration and Assessment Committee are chaired by independent directors, with a majority of members as independent directors, which further enhances independent and impartial decision-making.



**Diversity**

- At the director nomination stage, we carefully assess candidates' educational backgrounds, work experiences, and part-time services.
- The Nomination Committee operating under the Board of Directors evaluates the Board's structure, size, and composition regularly every year to ensure diversity and balance in skills, knowledge, experience, and gender, as well as the efficient functioning of the Board.
- Currently, our Board of Directors consists of 7 members, including 3 independent, 2 female, and 1 employee director. The number of independent directors on the Board of Directors accounts for approximately 42.86%. The Board members are from diversified backgrounds and complementary in expertise, guaranteeing the science-based decision-making of the Board from diversified perspectives.



**Professionalism**

- The Board of Directors includes experts in accounting, finance, law, and food, complementing each other in expertise and providing specialized and robust support for decision-making. These professionals ensure our efficient and science-based governance.

## Remuneration System of the Board of Directors and the Management

We have created a multi-dimensional performance assessment system for members of the Board of Directors. In this system, the performance assessment takes into account our production, operations, and management, the progress of business targets, the implementation of financial budgets, and the performance of duties. Independent directors' remuneration is deliberated and determined by our Shareholders' Meeting. The remuneration of employee directors is assessed under our remuneration management system based on the results of individual performance appraisals.

Our Board of Directors adopts a mechanism that features "positive incentives + negative constraints" to assess the business performance of the management. It uses positive indicators to stimulate the enthusiasm of the management and negative indicators to ensure their operational compliance, thereby strengthening the application of the assessment results and rigid fulfillment. Performance fulfillment is assessed as per the *Measures for Performance Assessment of Members of the Management* and the *Measures for Remuneration Management of Members of the Management* and based on six common indicators (including total profits, incremental profits, and the ratio of profits to cost) as well as specialized indicators of the subdivided areas. Meanwhile, there will be score deductions in the case of negative events in safety, environmental protection, corporate management, and other ESG-related indicators.

## Regulate Corporate Acts

We adhere to the red line development strategy and conscientiously implement the "five adherences"<sup>2</sup> for law-based corporate governance. We continuously strengthen risk management, abide by business ethics, and act meticulously for anti-bribery, anti-corruption, anti-money laundering, and anti-unfair competition. We also provide effective protection for bona fide whistleblowers to improve our systems and mechanisms for law-based corporate governance.

## Management Structure

In 2023, we amended the *Rules of Procedure of the Risk and Compliance Management Committee of the Board of Directors* to incorporate compliance into the Board's management. The Risk and Compliance Management Committee gives full play to the synergistic effect of risk management and compliance management and better coordinates our operational risks and business standards to advise on the Board's decision-making and safeguard our sound development. The Risk and Compliance Management Committee has an Office, with the head of the Legal Compliance Department serving as the director, and comprised of the Audit Department, the Accounting Department, and other departments, which jointly perform risk and compliance management in the Company.



Risk and compliance management structure of Kweichow Moutai

## Compliance and Internal Control

We have formulated the *Compliance Management Measures*, the *Internal Control Management Manual*, and other systems and built a basic framework for our compliance and internal control. In addition, we have created a list of compliance obligations and set guidelines for compliance management in key areas such as the *Work Safety Compliance Guide* and the *Labor and Employment Compliance Guide*. We have also strengthened compliance reviews of major decisions, economic contracts, rules and regulations, and new product development.

We have strengthened the compliance management of related transactions. We have formulated the *Decision-making Policy for Connected Transactions*, explicitly providing the principles, decision-making procedures, and decision-making authority in related transactions, to ensure fair and reasonable pricing, procedures in legal compliance, and adequate disclosure of information for related transactions. We comply with pertinent provisions of the *Guidelines of the Shanghai Stock Exchange on the Self-Regulation of Listed Companies No. 5—Transactions and Related Transactions*. Our related transactions with related parties are all within the limits of the amounts deliberated and approved by the Shareholders' Meeting and the Board of Directors of the Company. Notably, when voting on the motions on related transactions, the related shareholders will abstain from voting. As deliberated by the Board of Directors, the aggregate amount of regular related transactions throughout 2023 did not exceed 5% of our audited net assets as of the end of 2022 (excluding the amount of related transactions incurred that were deliberated and approved by the Shareholder Meeting).

We continuously host compliance management training. In 2023, we invited external experts and lawyers to deliver four training sessions on compliance for 150 compliance management coordinators from various departments, further enhancing their compliance awareness.



In 2023, we invited external experts and lawyers to deliver

4

training sessions



Compliance for

150

compliance management coordinators from various departments

<sup>2</sup> Five adherences: Adherence to law-based corporate governance, adherence to compliance management, adherence to law and business integration, adherence to constructing a well-structured and complete work system of rule of law, and adherence to fostering outstanding and consummate professional capabilities of rule of law.

## Risk Management

We maintain comprehensive risk management. Aiming to "develop policies, build systems, and consolidate the foundation," we have developed the *Comprehensive Risk Management Solutions*, the *Compliance Management Measures*, and other policies, and established a "first responsible person" management system for risk and compliance that is composed of the Chairman of the Board of Directors, the General Manager, and the heads of our units. Focusing on "six major risks",<sup>3</sup> we have established a risk database, optimized the processes of risk identification, assessment, control, and improvement, and strengthened the systematic control of risks in key areas, thereby effectively preventing and resolving various types of risks. In 2023, we maintained zero major or above risk control events.



In 2023, the Company maintained

0

major or above risk control events

## Business Ethics

We uphold business integrity and strictly abide by the *Anti-Monopoly Law*, the *Anti-Unfair Competition Law*, the *Supervision Law*, the *Anti-Money Laundering Law*, and other laws and regulations, as well as codes of business conduct. We adhere to legal compliance in market competition and oppose any form of corruption, bribery, money laundering, monopolization, and unfair competition.

### Anti-bribery and Anti-corruption

Developing an anti-corruption system is one of our priorities. We and our subsidiaries have set up disciplinary inspection agencies or are equipped with disciplinary inspectors. We have developed a Five-Sphere Integrated<sup>4</sup> coordinated supervision working mechanism to further strengthen the collaboration and cooperation among our supervisory bodies. By converging supervision forces and improving the supervision system, we have laid a robust groundwork for anti-corruption. For the nine areas of significant integrity risk, we have identified the risk points of each segment and formulated preventive measures. We perform a refined management model that features "area-specific lists," where we dynamically locate risks and investigate hidden hazards based on problems identified in regular supervision. To date, we have successfully identified 346 risk points and developed 639 targeted preventive measures.



We have successfully identified

346

risk points



Developed

639

targeted preventive measures



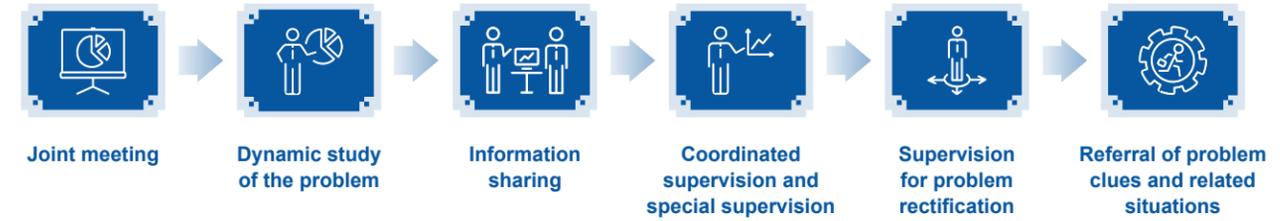
Hosted

52

business ethics training sessions

<sup>3</sup> Six major risks: Strategic risk, market risk, financial risk, operational risk, legal risk, and public opinion risk.

<sup>4</sup> Five-Sphere Integrated: The Five-Sphere Integrated supervision system is composed of supervisory bodies for disciplinary inspection, organization and personnel, audits, finances, and legal affairs.



Operating process of the Five-Sphere Integrated Coordinated Supervision Working Mechanism

### Business ethics training

- We explained to all employees, including the senior and middle management as well as regular employees, the *Implementation Opinions of Moutai Group on Further Strictly Preventing Corruption Risks and Guaranteeing High-Quality Development*. Through this training, we have built a solid ideological line of defense against anti-corruption and consolidated the moral cornerstone for employees to perform their duties correctly and work with integrity.



Explaining the *Implementation Opinions* and business ethics systems to new employees

### Anti-money laundering

#### Anti-money laundering training

- We launched synchronized anti-money laundering and anti-fraud campaigns in light of the actual situation of our production plants and departments through a variety of online and offline methods, such as publishing newsletters and broadcasting promotion videos on the intranet as well as delivering lectures and distributing brochures at the production plants. Throughout the year, we hosted nine training sessions on "anti-money laundering knowledge," "fraud prevention," and other themes to further strengthen employees' anti-money laundering and anti-fraud awareness.



Promoting Anti-fraud and anti-money laundering knowledge among employees

### Anti-monopoly and anti-unfair competition

We implement the *Opinions of the State Council on Establishing a Fair Competition Review System in the Building of a Market System* and other pertinent regulations, and normative documents, as well as rules such as the *Anti-Unfair Competition Compliance Guide* and the *Anti-monopoly Compliance Guide*, and enhances the awareness of fair competition.



During the reporting period, we did **not** receive any complaints or reports on unfair competition



Business ethics systems of the company

### Whistleblower Protection

We always follow the principles of seeking truth from facts, complying with rules, regulations, and the law, protecting legitimate rights and interests, hierarchical responsibility, and division of labor. We have a full-time staff responsible for handling reports and complaints and strictly control the access to reporting letters and visits as well as clues of the reported matter to firmly prevent the leakage of reporting letters and visits and the way they are handled.

We have developed the *Management Measures of Kweichow Moutai Co., Ltd. for Letters and Visits* following the *Regulations on Handling Letters and Visits* and the *Rules for Disciplinary Inspection and Supervision Organs on Handling Reports and Complaints*. The whistleblower's name, organization, home address, telephone, e-mail, and other personal information and reporting information will be kept strictly confidential. With respect to anonymous reporting materials, it is strictly prohibited to verify the whistleblower's handwriting, Internet Protocol (IP) address, and other information without authorization. Through the above initiatives, we effectively protect the legitimate rights and interests of whistleblowers.

If a whistleblower is threatened or victimized due to reporting and accusing and files an application for protection, we will provide timely protection in accordance with the rules and regulations. If a person being reported retaliates (against the whistleblower) by jeopardizing personal safety and damaging property and reputation, he or she will be seriously dealt with in accordance with the rules and disciplines. People suspected of violating the law will be transferred to the judicial organs in accordance with the law.



Process of reporting and accusation handling



**Reporting Channels**

Telephone: 0851-22385896

Website: <http://guizhou.12388.gov.cn>

Mailbox: Elevator entrance, 6/F, Office Building of Kweichow Moutai Co., Ltd.

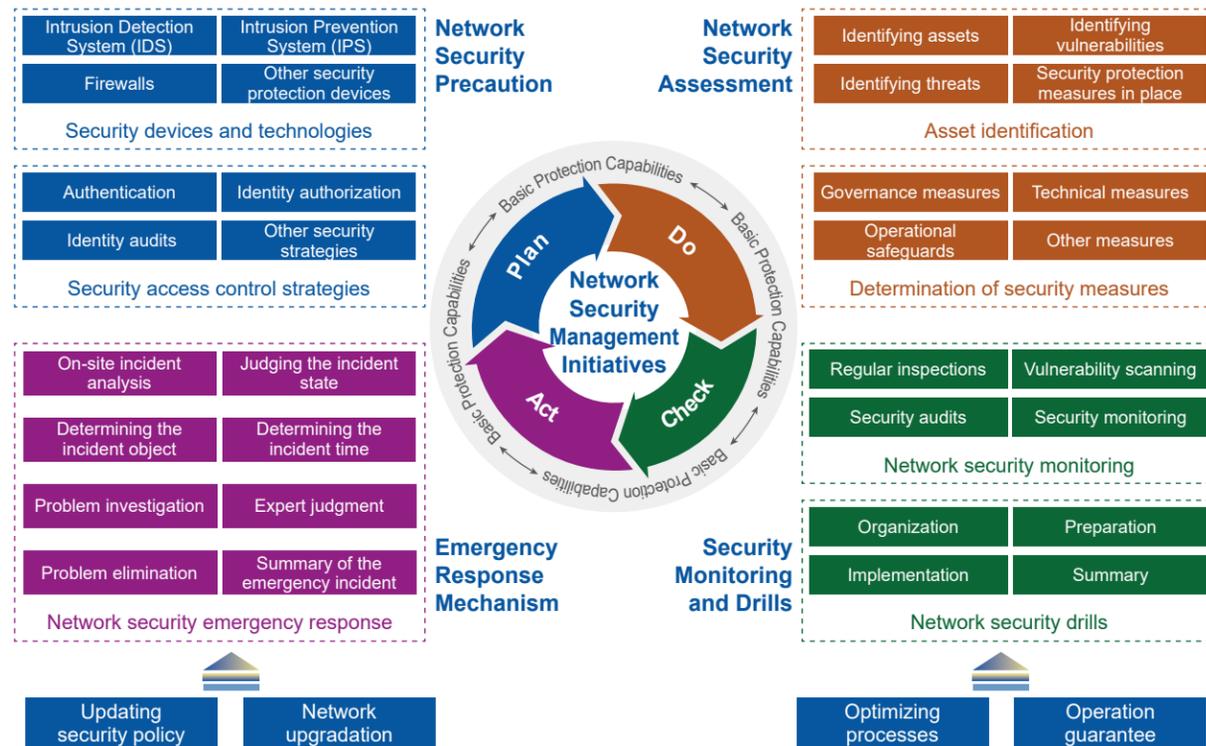
# Information Security and Privacy Protection

We continuously improve our network and information security system and management structure, consistently strengthen our network and information security technical capabilities, and enhance our information security training and assessment to ensure data and privacy security.

## Information Security

We strictly comply with the *Cybersecurity Law*, the *Data Security Law*, and other laws and regulations. We have revised more than ten systems, including the *Management Measures for Network and Information Security* and the *Management Measures for Data Security (for Trial Implementation)*, which apply to our headquarters and subsidiaries (branches) at all levels. An internal audit shall be conducted at least once every two years in accordance with the corresponding requirements for different grades of the graded protection of information technology (IT) systems, and detailed risk assessments shall be conducted for key systems

We have improved our management structure by setting up a Leading Group on Network Security and IT headed by the Chairman and General Manager and building a network security accountability paradigm managed by the Digital and Information Management Center and engaging all production plants, units (departments), and subsidiaries (branches). In 2023, we continued to improve the information security operation capability of our business against the ISO 27001 management system standards. We established a closed-loop mechanism for network security management that encompasses prevention, assessments, monitoring, drills, and emergency response, and we also collated and formulated a list of eight external and 14 internal key data categories. By clarifying the data content, access routes, collection frequency, and responsible departments, we have strengthened the management of multidomain data throughout the lifecycle.



Close-loop network security management system of the company

We have strengthened information security publicity, education, and skill training among employees, and have expanded the training to external partner units and suppliers. In project construction contracts, we set out information confidentiality requirements and sign confidentiality commitment letters with all project members. In 2023, we launched ten network security skill training sessions for IT employees, organized a competition for network and information security standards and skills, and conducted network and information security risk assessments and information system audits. We achieved zero major data leakage incidents and zero major information security accidents throughout the year.



Achieved

0

major data leakage incidents and major information security accidents throughout the year

### "Business-finance integration" project platform

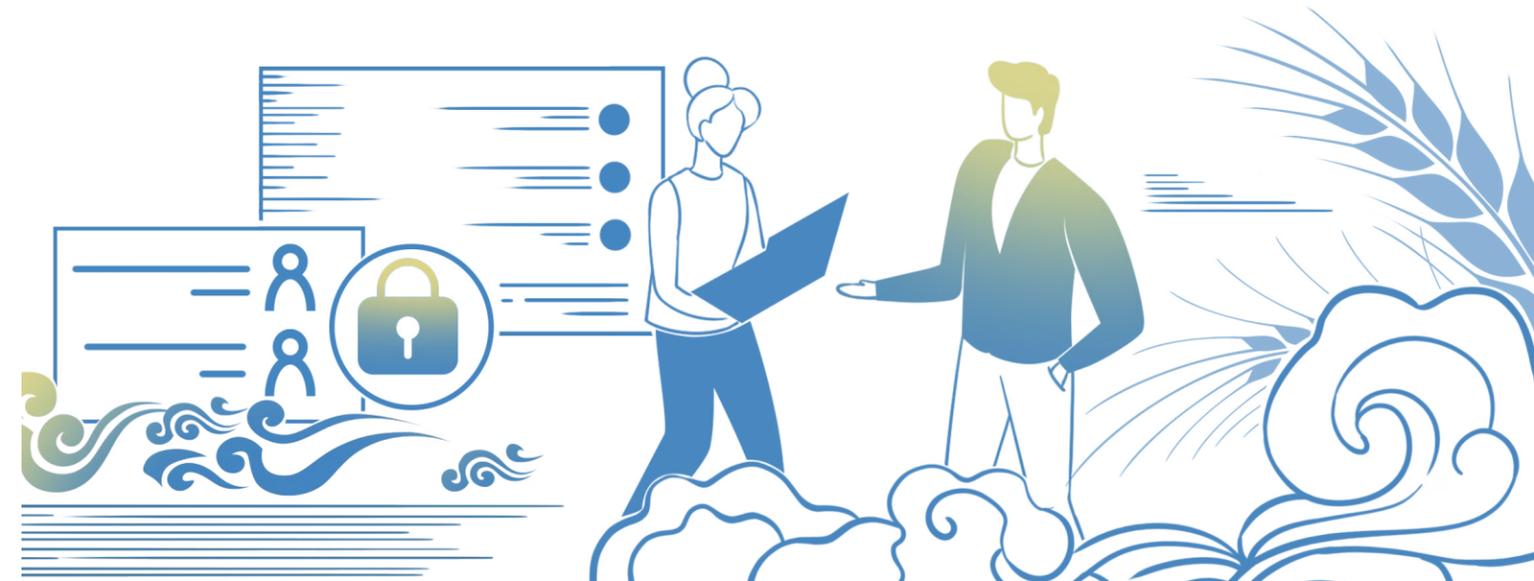
In 2023, we integrated eight financial systems (including budgeting, accounting, funding, reimbursement, and taxation) and built three new business systems (intelligent legal affairs, human resources, and asset management) and a technology platform. We also put online a "business-finance integration" project platform centered on the Corporate Service Bus, the Unified Approval Center, and the Finance Middle Platform. In this way, we have further promoted the integration of business and finance, achieved internal data interoperability, and eliminated information islands.

## Privacy Protection

We strictly comply with the *Personal Information Protection Law of the People's Republic of China* and other applicable laws and regulations. We have formulated the *Moutai's Regulations on the Management of Personal Information Protection (for Trial Implementation)*, the *Guidelines for the Implementation of Classified and Graded Data Security Control*, and other systems and regulations. In these documents, we define users' rights in controlling their data and ensure that users have the right to access, correct, and delete their personal data. In this way, we reinforce the compliance management of data.

### User information management measures of the iMoutai App

In the operation of the iMoutai digital marketing platform, we collect and use customers' personal information in accordance with the principles of legality, legitimacy, and necessity. The collection of supplementary information does not affect the use of basic business functions by customers. We collect user information in accordance with the principle of minimum necessity and provide clear reminders and notifications in user registration, login, and authentication. We define users' rights in controlling their data and ensure that users have the right to access, correct, and delete their personal data. We also protect user information through encrypted storage, desensitized display, DID digital identity, and other technologies.



# 02

## Cause of Mei Assuring Quality through Inheritance and Innovation

Adhering to the belief that "quality is the soul of life" and implementing the quality philosophy of "five craftsmanship", Kweichow Moutai is committed to providing customers with high-quality products and services. We make inheritance more traditional and innovation more modern, facilitating high-quality development of the Company.



- Pursue Superior Quality ○
- Deepen Technological Innovation ○
- Execute Responsible Marketing ○
- Spread Excellent Culture ○

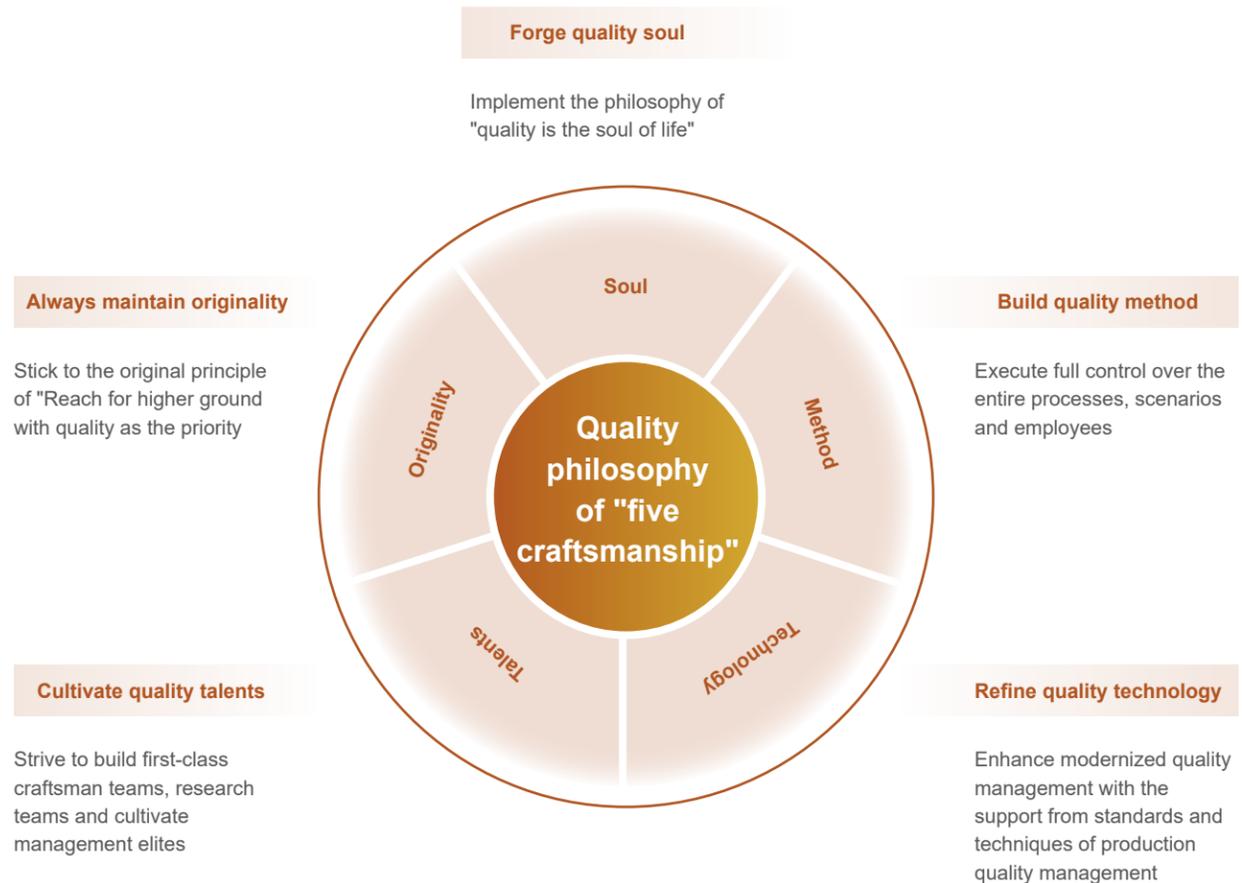


## Pursue Superior Quality

Based on the long farming culture, rich cultural heritage and a wealth of experience in quality management, Kweichow Moutai has proposed a new quality management structure including quality culture, "Time-Space-Gongfa" originality quality management model, "365" quality management system, and new matrix control mechanism from four dimensions- culture, approach, pathway, and measure, so that the philosophy of "quality is the soul of life" is implemented by all employees and applied to all scenarios throughout the whole industry chain.

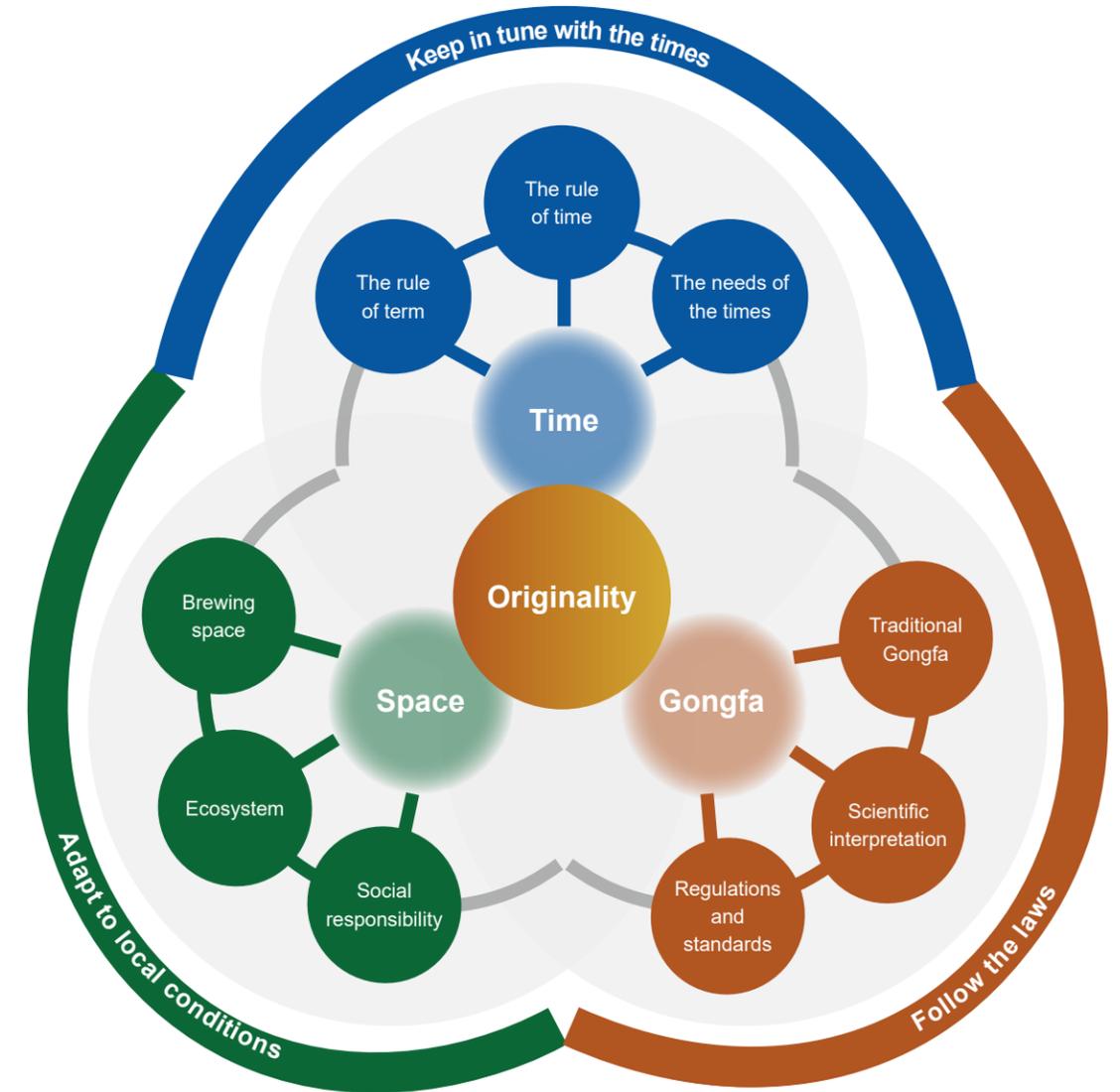
### Quality Culture

Taking the philosophy of "quality is the soul of life" as its belief in quality, we care for our soul of life with "Originality, Soul, Method, Technology, Talents". It adheres to the quality concept of "honoring the principles, abiding by the rules, sticking to the craftsmanship, cellaring enough baijiu to age, and not selling freshly brewed baijiu" throughout the entire lifecycle, and strictly implements the work requirements of "Three Prohibitions, Four Compliances, and Twelve Perseverance" in the production process, making quality culture a consensus among all employees, and resulting in excellent products and first-class services.



### Quality Management Model

We have innovatively summarized the "Time-Space-Gongfa" originality quality management model rich in natural and cultural characteristics, based on years of production practice. We coordinate and balance the natural, human, and ecological elements contained in the "Time-Space-Law" model to maintain the quality and characteristics of Moutai.



"Time-Space-Gongfa" Craftsmanship Quality Management Model



## Quality Management System

Guided by the "Time-Space-Gongfa" originality quality management model, we actively promote quality improvement. It comprehensively constructs and implements the "365" quality management system that clarifies three objectives, six tasks, and five guarantees. With that, it advocates every employee is a quality officer, and every day is a quality day.



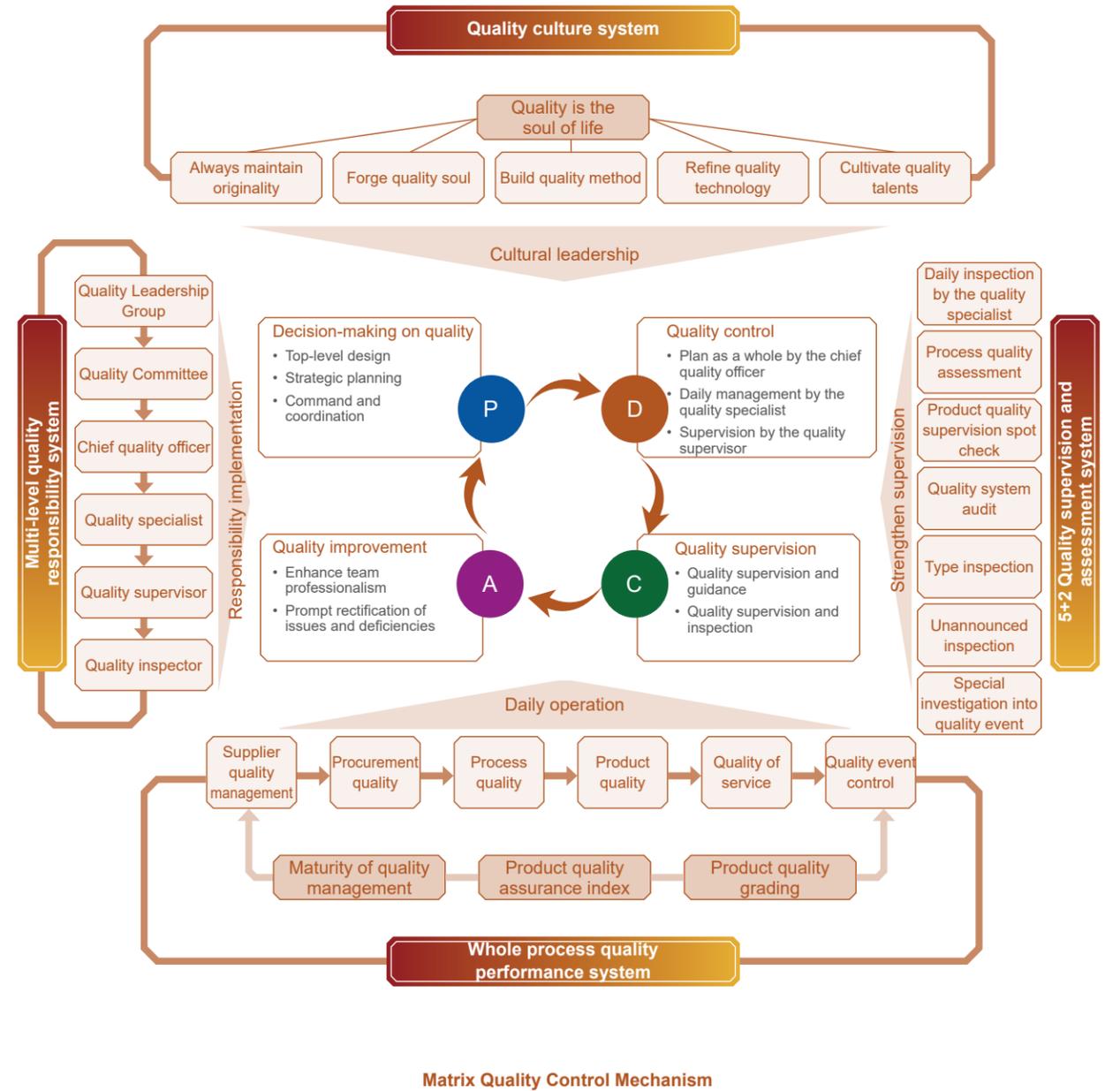
<p>» The quality management maturity<sup>5</sup> of 2023</p> <p><b>906.2</b> points (Excellent level)</p>	<p>» The batch inspection coverage rate of the outgoing products, the pass rate of product supervision spot checks and the pass rate of the outgoing products were</p> <p><b>100%</b></p>
<p>» Product quality assurance index</p> <p><b>96.8</b> points (Excellent level)</p>	<p>» The promptness of product exchange reached</p> <p><b>97.1%</b></p>
<p>» The product quality score of Moutai baijiu Flying Fairy (Feitian)</p> <p><b>98.5</b> points (Excellent level)</p>	<p>» Shortlisted as the national quality benchmark in 2023</p> <p>» Four QC achievements won gold awards at the ICQCC<sup>6</sup></p> <p>» Won the first prize of 2022-2023 National Outstanding Corporate Culture Achievement Award</p>

<sup>5</sup> Quality Management Maturity: Indicates the overall quality management level, which is evaluated through a comprehensive score.

<sup>6</sup> ICQCC, International Convention on Quality Control Circles.

## Matrix Quality Control Mechanism

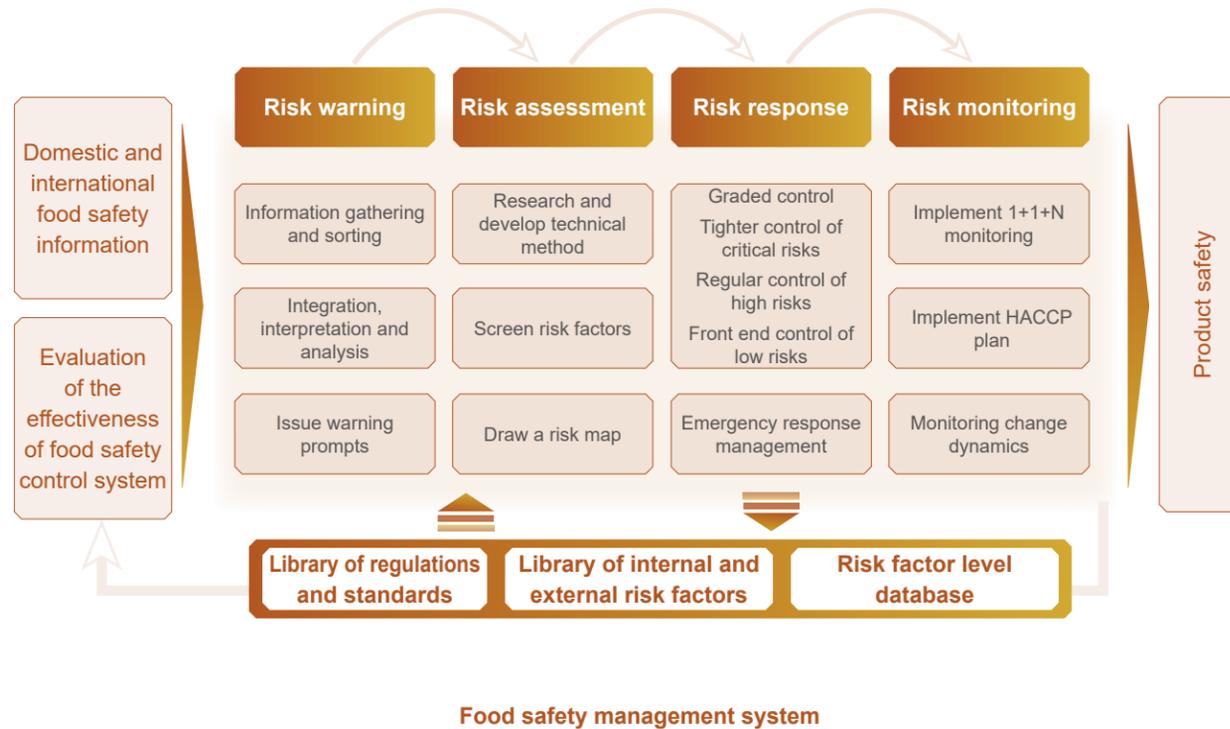
Focusing on the quality responsibility system, quality performance system and quality supervision and assessment system, we have built a matrix quality control mechanism with PDCA cycle as the core, and continues to improve its quality control capacities for all scenarios in the entire industry chain throughout the entire lifecycle from "improved seed varieties" to "fine products".



Matrix Quality Control Mechanism

## Food Safety Management

Strictly implementing the "four strictest" requirements for food safety, we have set up a food safety director, as well as food safety officers in key production links, and built a full scenario food safety responsibility system. By introducing various advanced detection technologies and management methods, we have established a food safety control system institutionally driven by risk prevention and control processes and technologically driven by four food safety platforms.



Moutai has established an industry-leading database on domestic and international regulations and technical standards related to alcoholic foods. It has covered the entire industry chain. We also regularly identify and update domestic laws, regulations, and standards related to quality and safety. Every year, we release *A List of Applicable Laws, Regulations, and Other Requirements for Quality and Food Safety*, covering 365 laws, regulations and standards. We have collected more than 1,100 international standards related to alcoholic foods, based on which we regularly conduct quality and safety compliance assessments and analyses of alcoholic foods in key export countries and regions.

Based on the development of science and technology and the requirements of laws, regulations and standards, we have formulated quality risk assessment methods and management regulations taking into account the characteristics of the baijiu industry chain. Using the risk matrix method, we regularly identify and update the quality and safety risks throughout the entire industry chain. And we have developed targeted and differentiated control measures to control these risks by levels and categories.



**Prevention and control mechanism**

<b>Establish a list of risks</b>	Identify and evaluate exogenous and endogenous food safety risks involved in the entire industry chain, and update them regularly.
<b>Strictly control the entry of exogenous risks</b>	Implement such services as food safety risk assessment access for procurement materials, procurement acceptance quality control, and production process quality and safety evaluation.
<b>Implement food safety risk monitoring throughout the entire industry chain</b>	Establish and continuously improve the rapid screening method system for food safety risk factors, establish emergency systems such as the <i>Food Safety Emergency Response Plan</i> and the <i>Product Recall Control Procedures</i> , and regularly conduct emergency drills.
<b>Establish a working mechanism of "daily control, weekly inspection, and monthly scheduling"</b>	Conduct daily inspections based on the risk control checklist, take measures to address identified issues and report them in a timely manner. If no issues are identified, it still needs to be kept in record and reported as a "zero report". Every week, each production plant (unit) conducts risks and hidden dangers inspection, studies and proposes solutions, and forms a <i>Weekly Food Safety Inspection and Governance Report</i> . Organize scheduling meetings to analyze and summarize the food safety control situation, and report to the leader in charge, and deploy food safety control work with focused goals for the next month.

We have built a quality and food safety management platform, covering all business scenarios throughout the entire process, and connecting all key business systems from the entry of raw materials to products leaving the factory. It supports 799 physical and chemical inspection items, and more than 260,000 quality inspections. It has 35.88 million entries of quality management data assets, forming 111 quality management data models, which makes it possible to conduct real-time supervision and analysis of quality and safety process data.

Moutai has completed the certification of seven major systems, including the quality management system and HACCP system, which have been integrated for operation. Moutai has established 128 quality assurance systems covering the entire industry chain, 133 quality and safety technical standards, and 1,123 control indicators.



System certifications

# Deepen Technological Innovation

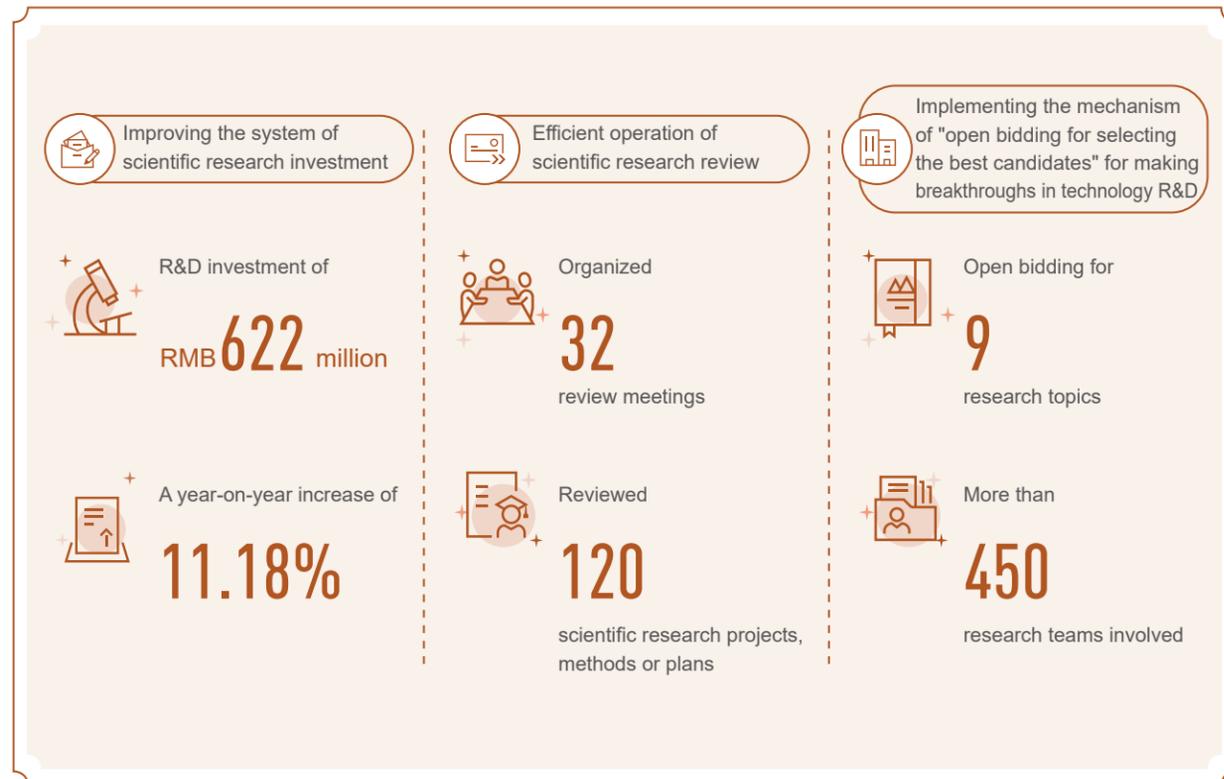
Moutai seeks to balance inheritance and innovation, making inheritance more traditional and innovation more modern. We lay out our innovation chain around the industrial chain. Empowered by digital technology, we continue to develop relying on technological innovation and enhances our comprehensive strength in technological innovation.

## Technological Innovation System

Adhering to the "four orientations", we build a scientific and technological innovation system supported by projects, platforms, and talents, and continuously improves systems and mechanisms. We draw upon basic theoretical innovation to further discover and understand the brewing mechanism, use modern scientific and technological achievements to continuously improve our modernization level, and promote high-quality development of our scientific and technological innovation work, writing a new chapter for Moutai Era of Mei in scientific and technological innovation.

## Improve the Innovation System and Mechanism

We keep improving our innovation mechanism and management system to continuously enhance our capacity to control scientific and technological innovation. We adjusted the members of the Science and Technology Committee and its subordinate professional committees to efficiently plan and coordinate the operation of the innovation system. We implemented the mechanism of "open bidding for selecting the best candidates" for making breakthroughs in technology R&D, gathering innovative wisdom and resources, and stimulating innovation vitality.



## Build Technological Innovation Platforms

We use the "1+M+N" technology innovation mechanism to gather internal and external innovation forces, maximize the utility of advantageous resources, and orderly promote the construction and operation of the five innovation platforms of "two laboratories, two centers and one station", making every effort to build the best platforms for scientific and technological innovation and achieving new breakthroughs in the construction of traditional brewing science and technology innovation platforms.

**Guizhou Provincial Key Laboratory of Industrial Microbiology**

Having ten approved scientific research projects; having systematically identified 8.37 million non-redundant genes in brewing strains, of which 29.37% were new genes.

**Key Laboratory of Specialty Sorghum Innovation**

Having completed institutional construction and promoted 12 scientific research projects; Having six new varieties been granted plant variety rights by the Ministry of Agriculture and Rural Affairs of the People's Republic of China.

**Guizhou Brewing Engineering Technology Research Center**

Entering the efficient operation stage, carrying out 30 scientific research projects; Having built a digital packaging production line and achieved online automatic detection of key processes.

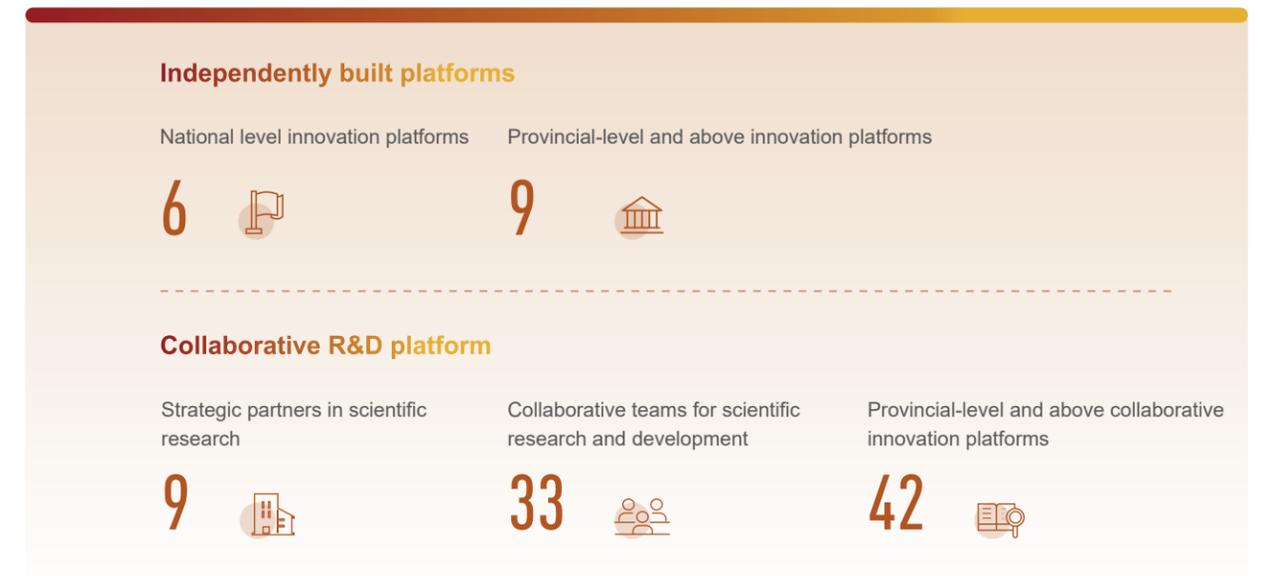


**Guizhou Baijiu Manufacturing Innovation Center**

Entering the trial operation stage; Having admitted one new member unit, and orderly advancing 35 scientific research projects; Having developed two testing prototypes to raise the level of inspection and monitoring.

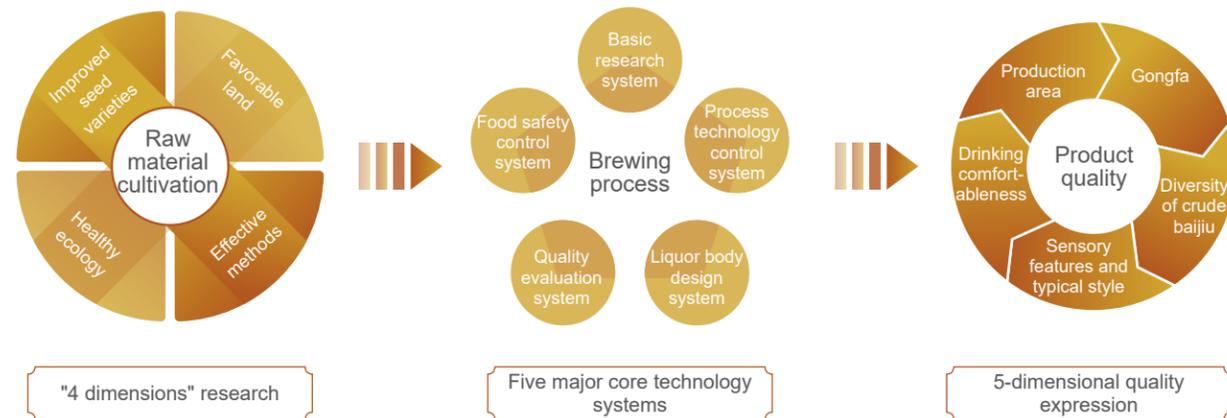
**Chishui River Maotai Ecosystem Field Scientific Observation and Research Station**

Having promoted the construction of observation stations and carried out seven R&D projects; having introduced Nine new atmospheric automatic monitoring devices and built two hydrological and water quality automatic monitoring stations; having preliminarily constructed the basic database of Moutai Ecological Environment Big Data Platform.



### Promote the Specialization of the Industry Chain

We lay out innovation chains around the industry chain, and deeply promotes the "4 dimensions" research system on raw material cultivation, the "five major core technology systems" in the brewing process, and the "5-dimensional quality expression" technology systems, enhancing Kweichow Moutai's driving force for high-quality development through comprehensive and deep innovation and creation.



Construction of industry chain projects

<p>Scientific research projects carried out around the "455" R&amp;D system</p> <p><b>158</b></p>	<p>Developed or introduced applicable advanced technologies</p> <p><b>41</b></p>	<p>Technology research value chain coverage</p> <p><b>93.1%</b></p>
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### Accelerate the Application and Transformation of Scientific and Technological Achievements

We are gradually strengthening the transformation and application of scientific research achievements. We promote basic research by focusing on such areas as brewing raw materials, brewing microorganisms, process equipment and technology, brewing environment and ecology, flavor, and food safety, and actively promote the transformation and application of scientific research achievements.

Transformation and application of scientific research achievements by Kweichow Moutai in 2023

	<p><b>Research achievements in brewing raw materials are promoted to growers</b></p> <ul style="list-style-type: none"> <li>The local standard for Henan Province <i>Technical Regulations for the Production of Baijiu-Brewing Wheat in Southern Henan</i> has been formulated and released, applied to the planting of organic wheat and over 1,533,333 m<sup>2</sup> of new wheat varies in the planting base in Southern Henan;</li> <li>Two new sorghum varieties, Nuomao 2301 and Nuomao 2302, were bred and registered. The Hongyingzi and Hongzhenzhu sorghum varieties were shortlisted as one of the leading varieties in agriculture in Guizhou Province.</li> </ul>
	<p><b>Continuous strengthening of brewing process control capabilities</b></p> <ul style="list-style-type: none"> <li>A convolutional neural network model for rapid detection of sorghum indicators was established, improving detection efficiency by 60 times, increasing the number of detection indicators by 4 times, and improving detection accuracy to 99.6%;</li> <li>We constructed a technology system for rapid identification and detection of the group of a key yeast, achieving rapid detection of key yeasts, and enhancing the capacity to control the brewing process;</li> <li>A near-infrared spectroscopy detection model for the physical and chemical indicators of the materials during brewing process was established, improving the detection efficiency by 20 times.</li> </ul>
	<p><b>Achieving new breakthroughs in equipment research and development</b></p> <ul style="list-style-type: none"> <li>We promoted the application of the concentrated grinding and rotation system for brewing sorghum, increasing the grinding speed by 9.7%, effectively reducing labor costs for transportation, and improving the utilization of space;</li> <li>Four detecting prototypes were developed, the first ones of detecting equipment developed by us; And one prototype was put into extensive application, effectively improving detection efficiency and effectiveness;</li> <li>We established a digital packaging demonstration line, comprehensively improving the productivity for product packaging, increasing production capacity by 1.57 times, and reducing product exchange rate by 6 times.</li> </ul>



Science and technology innovation awards granted to Kweichow Moutai in 2023 (partially listed)



● Award ● Project name ● Awarder

<p><b>First Prize of Professional Competition for State-owned Enterprises in Digital Scenario Innovation</b></p> <p>S2B2C Full chain digital control and collaboration for marketing services</p> <p>The State-owned Assets Supervision and Administration Commission of the State Council (SASAC)</p>	<p><b>Gold Award at the ICQCC</b></p> <p>Development of a new method for evaluating the quality of pit mud</p> <p>China Association for Quality</p>
<p><b>First Prize of Science and Technology Award</b></p> <p>Evaluation of key environmental factors in the main production areas of Jiang-flavor baijiu and the research on their carrying capacity</p> <p>China National Food Industry Association</p>	<p><b>First Prize of Science and Technology Progress Award</b></p> <p>Exploitation, feature analysis and application of yeast resources for Jiang-flavor baijiu based on multi-omics technology</p> <p>China Alcoholic Drinks Association</p>
<p><b>Second Prize of China Quality Technical Award</b></p> <p>Research and application of key technology for 5-dimensional quality expression of Moutai Jiang-flavor baijiu based on consumer perception</p> <p>China Association for Quality</p>	<p><b>Second Prize of IPv6 Technology Application and Innovation Competition</b></p> <p>Moutai industrial Internet and the evolution, application and construction practice of IPv6</p> <p>China Academy of Information and Communications Technology</p>

Published **25** papers

Including **15** papers indexed by SCI and the first journal paper with impact factor higher than **15** in the industry

Applications for intellectual property rights **107**

Including **50** invention patents and **23** Authorized invention patents

Proprietary technologies **10**

Leading technologies **44**

Preserve microbial strain resources over **8,400** strains has increased **6.67%**

Germplasm resources of brewing raw materials over **100** kinds of wheat and **300** kinds of sorghum

## Lead Industry Development

We have established a corporate standard system with Moutai characteristics that covers the entire industry chain, including 160 technical standards in 13 categories and 1,123 control indicators, to implement strict quality control throughout the entire product lifecycle. Giving full play to its leading role in technology in the industry, we promote scientific and technological innovation in the baijiu industry. We participate in industry associations, actively respond to initiatives, and preside over and revise various standards of alcoholic drinks, making continuous efforts to contribute "Moutai Standards" to raising the technical level of the industry and improving the standardization system, and thus promoting high-quality development of the industry.

<p><b>Presided over the revision of the national standard Quality Requirements for Baijiu Part 4: Jiang-flavor Baijiu</b></p>	<p>We scientifically summarized the characteristics of the traditional production process of Jiang-flavor baijiu, created sensory terms for its aroma characteristics that are easy for consumers to understand, and established a visual expression system for its quality to meet the needs of different groups.</p>
<p><b>Participated in the formulation and revision of three standards, namely, the Terms of Daqu for Baijiu Brewing, the Guidelines for Water Footprint Assessment in Food and Fermentation Industry, and the Daqu for Baijiu Brewing</b></p>	<p>We promote our standardization achievements, and fully leverage the leading role of "Moutai Standards" to drive the collaborative improvement and enhancement of industrial and supply chain quality.</p>
<p><b>Drafted two group standards, namely GHGs Accounting Methods and Reporting Standards for Baijiu Enterprises and Carbon Footprint Evaluation Standard of Baijiu Products</b></p>	<p>We take scientific and reasonable carbon accounting and life cycle assessment of baijiu products with carbon label as the way to contribute to the achievement of carbon peaking and carbon neutrality of the baijiu industry, and provide strong support for the green and low-carbon development of the industry.</p>

## Construction of Smart Moutai



Eagerly embracing digital change and ushering in the era of building Smart Moutai 2.0, we have enhanced the construction of digital base and business system from seven aspects, namely "terminal, network, cloud, data, application, intelligence, and security", and have been building basic platforms such as Moutai Cloud, big data, master data, industrial Internet, and blockchain, to support safe and efficient operation of digital applications.

## Promote Industrial Innovation and Development

In 2023, in terms of management and control, we launched a business and finance integrated platform, with the "Human Resources, Financial Management, Warehousing and Logistics, and Legal Compliance" as the core, to promote the integration of business and finance. In the supply chain, we have built platforms for procurement and supply, as well as warehousing and logistics to integrate procurement and supply processes. In addition, we have achieved online collaborative transportation with 1,884 suppliers, effectively improving the operational capabilities of both supply and demand sides. We have integrated the information on Moutai baijiu during the entire process from rolling off the production lines to reaching the end consumers, built our capabilities for end-to-end services that integrated warehousing, transportation and distribution in China, and improved the efficiency of warehousing, distribution and logistics. In terms of marketing, we promote the standardized operation of iMoutai, the digital marketing platform. Focusing on strengthening platform construction, expanding user scale, and enhancing service experience, we continuously enrich product matrix and user rights. In April 2023, iMoutai won the first prize during the Professional Competition for State-owned Enterprises in Digital Scenario Innovation; As of December 31, 2023, iMoutai has a total of 53.863 million registered users, among whom 38.783 million are identity verified users, and average monthly active users of 11.683 million.



## Innovative Application of New Technologies

We promote the construction of industrial Internet, and the application of 5G and AI, as well as blockchain for different scenarios, to improve its capacity to link upstream and downstream industries.

- In terms of industrial Internet, Kweichow Moutai has obtained the operation license for secondary node of industrial Internet identification and resolution in the alcoholic drinks industry, and access to the national industrial Internet identification and resolution system. It has completed the transformation of a new standard production line of Moutai baijiu and the upgrading of storage infrastructure. It has issued nearly 16.32 million industrial Internet identifiers for Moutai baijiu and Moutai-flavored series products, and nearly 17.44 million industrial Internet identifiers for 12 types of packaging materials from 69 packaging material suppliers.;
- We have carried out scenario-based collection of baijiu-making and brewing process parameters through the combination of 5G, Internet of Things, and machine vision. Visual algorithms, digital models, and other technologies have been introduced to facilitate the visualization of knowledge. Nearly 16.83 million pieces of brewing process data were collected. Based on the brewing process data, we have established the evaluation algorithm model for five major processes, namely sorghum soaking (incorporate water into sorghum, one of the brewing materials), steaming and boiling in a steamer, grains cooling and mixing with daqu, stacking fermentation, and anaerobic fermentation. Therefore, quantitative evaluation indicators are extracted to digitally interpret traditional brewing processes;
- We have built Moutai Tiangong Chain and Jiangpin Chain. We use "Tiangong Chain" to make iMoutai's lottery trustworthy and ensure the compliance, legality, fairness, and impartiality of the subscriptions, providing users with privacy protection and preventing tampering. The "Jiangpin Chain" makes it available for us to collect data efficiently and securely during packaging production, warehousing and logistics, terminal sales and other links of Moutai baijiu products, and also enables the connection and integration of multi-layer information, and the storage of trustable digital evidence onto the chain, forming a complete trustworthy traceability information data chain. The two chains have achieved data pulling and consensus through cross chain bridges, supporting cross chain operations. As of December 31, 2023, "Tiangong Chain" has generated a total of 1.7 million certificates, with a cumulative transaction volume of 51.6 million on the chain. The total number of transactions on the Jiangpin Chain is 53.79 million, the total number of traceability certificates it generated is 51.56 million, and the total number of cross-chain certificate transactions is 2.22 million. It has responded to 58.89 million inquiries of the public about traceability information of the products.



## Execute Responsible Marketing

Keeping a strong sense of social responsibility in mind, and taking the "five-integration marketing approach" as the guide, we are committed to protecting the legitimate rights and interests of consumers in an all-round way, vigorously advocating the concept of responsible drinking, and promoting a healthy and civilized lifestyle. We keep improving service capabilities, and improving after-sales mechanisms, in a bid to bring satisfactory services to consumers.

Upholding the principle of integrity management, we strictly abide by laws and regulations such as the *Advertising Law of the People's Republic of China*, the *Interim Measures for the Administration of Internet Advertising*, and the *Consumer Rights Protection Law of People's Republic of China*, and have formulated the *Management Measures for the Marketing and Promotion of Moutai Baijiu Distribution System*, the *Guiding Principles for the Management of General Distribution Products (Brands)*, the *Marketing Activities Support Program for Kweichow Moutai Baijiu*, and other systems to standardize advertising and marketing, and safeguard consumers' rights and interests.

### Marketing Compliance

We keep improving the advertising review process. We have formulated the *News Publicity Management Measures*, the *Advertising Review Process and Operation Guidelines*, and the *Advertising Positive and Negative List*, clarifying the dissemination content and review mechanism. We implement "three reviews and three proof-readings", reviewing all promotional information and content to be released to the public to provide correct guidance to consumers from the root.

We insist on strengthening content review. Adhering to the principle of authenticity, we objectively describe product promotion, and don't include any suggestive or inducing words in the text and language expressions. On the basis of ensuring clear and distinguishable images in graphic creativity and videos, we review the elements in the images to ensure accuracy and verifiability. Meanwhile, we strictly implement the special prohibitive regulations for advertisements on liquor in promotion, including but not limited to:

- No drinking inducement or instigation or immoderate drinking;
- No description of an act of drinking;
- No description of driving a car, vessel, or airplane driving, among others;
- No explicit or implicit indication that drinking relieves tension and anxiety, increases physical strength, cures diseases or has any other efficacy;
- No promotion indicating that drinking is harmless;
- No advertisements on mass media targeting minors;
- No promotion showing driving vehicles after drinking;
- No drinking or discriminatory content promotion in places with religious or ethnic beliefs;
- Other content or situations prohibited by laws and administrative regulations.

We clarify the ingredients and alcohol content on the product packaging, and give a warning that [Drinking too much is harmful to health] and other signs in the product label. We also add some warm tips such as [Not selling baijiu to minors] [No driving after drinking] into the product introduction page of the official website, and put [We advocate responsible drinking] [Underage drinking is prohibited] and other signs in the TV advertisements, Internet advertisements and other advertisements to proactively alert people to potential risks and vigorously guide end consumers to drink responsibly.

Complying with the rule of "not selling alcoholic drinks to minors", and paying attention to the impact of alcoholic products on the underage population, we urge our sales-oriented subsidiaries to develop and implement a responsible marketing system.

#### Kweichow Moutai Jiang-flavor (Moutai-flavor) Baijiu Sales Co., Ltd. Formulated Responsible Marketing Regulations

Kweichow Moutai Jiang-flavor (Moutai-flavor) Baijiu Sales Co., Ltd. has formulated internal regulations related to responsible marketing, such as the *Management Measures for General Distribution Brands (Products)*, which clearly require distributors to strictly comply with laws and regulations such as the *Trademark Law of the People's Republic of China* and the *Advertising Law of the People's Republic of China*, in which there are clauses that state that it is prohibited to mislead consumers by making fictitious, exaggerated, one-sided, or other misleading false advertisements on the products, sales network, or services.

#### Kweichow Moutai Baijiu Import and Export Co., Ltd Formulated Responsible Marketing Regulations

Kweichow Moutai Baijiu Import and Export Co., Ltd. has formulated the *Policies and Management Measures of Kweichow Moutai Baijiu Import and Export Co., Ltd. on "Responsible Marketing"*. It takes an active part in ensuring the authenticity and effectiveness of promotional content, maintaining a good competitive environment, protecting consumer privacy and data, and advocating responsible drinking. In addition, the Company revised the *Measures of Kweichow Moutai Baijiu Import and Export Co., Ltd. for the Management of Expenditure for Advertising and Promotion Activities in Export Markets*, strengthened the audit methods and intensity for activities and advertising, and strengthened the closed-loop management of activities and advertising from audit, supervision to evaluation.

## ○ Publicity and Training in Responsible Marketing

We strictly adhere to the code of conduct for responsible marketing, and carries out special training on responsible marketing for the staff of legal compliance departments, brand promotion departments, distributors, self-operated stores, and exclusive stores etc.



Training on responsible marketing

The achievements of publicity and training in responsible marketing carried out by subsidiaries:

- In 2023, Kweichow Laymau Baijiu Co., Ltd. carried out training in service standards for exclusive stores and the terminal sales system of Moutai baijiu, further improving the sales service standards of exclusive stores and improving the customer service level of store staff, and carried out product knowledge training and responsible marketing policies explanation for core terminal stores to strengthen the implementation of responsible marketing policies in stores.
- Kweichow Moutai Jiang-flavor (Moutai-flavor) Baijiu Sales Co., Ltd. conducted a total of 10 training sessions in 2023, covering various marketing courses including responsible marketing, with 1,167 trainees.
- In 2023, Kweichow Moutai Baijiu Import and Export Co., Ltd. actively promoted responsible marketing, and posted 16 articles on responsible marketing, with 5,512,494 impressions and 111,964 engagements.



## ○ Responsible Marketing Audit

We conduct responsible marketing audits, inspects marketing and promotion practices and rectifies issues if necessary to improve business.

### Kweichow Laymau Baijiu Co., Ltd. conducted annual responsible marketing audit

In 2023, Kweichow Laymau Baijiu Co., Ltd. initiated the construction of its internal control system and compiled the *Internal Control Handbook of Guizhou Laymau Liquor Industry Co., Ltd.*, which includes marketing channel management, sales business management, and customer relationship management. It regularly conducts responsible marketing audit, conducting self-examination and self-correction for problems in marketing, and disclosing the audit results. In 2023, Guizhou Laymau Liquor Industry Co., Ltd. identified the lack of institutionalized standards for monitoring advertisements from an audit, and some advertisements were not monitored. In this regard, it actively carried out rectification.

### Kweichow Moutai Baijiu Import and Export Co., Ltd. conducts responsible marketing audits

Kweichow Moutai Baijiu Import and Export Co., Ltd. has incorporated "responsible marketing" into its internal audit process, and actively provides relevant contents for audit, including the publicity of Moutai marketing strategies, products, responsible drinking, and environmental protection through online and offline advertising channels.

## ○ Advocation of Responsible Drinking

We take an active part in awareness campaigns to advocate responsible drinking.

### Kweichow Moutai put forward the proposal of "advocating responsible drinking together" in Global Spirits T3 Dialogue

The Global Spirits T3 Dialogue, organized by the China Alcoholic Drinks Association and jointly initiated by Kweichow Moutai, Diageo and Pernod Ricard, was held in London with the theme of "Driving innovation, pursuing sustainability, and embracing future". We signed the Consensus on International Cooperation in Global Spirits T3 Dialogue jointly with Diageo and Pernod Ricard regarding "advocating responsible drinking together" and some other issues. In this dialogue, we proposed three suggestions: establishing a "T3" hosting mechanism, establishing a dialogue and communication mechanism, and advocating responsible drinking together.

Regarding "advocating responsible drinking together", we hope to work together with other alcoholic drinks enterprises to promote the concept of "drinking healthily and responsibly". The Company would like to join the International Alliance for Responsible Drinking (IARD) in the future to actively promote the responsible drinking practices of the global spirits industry.



### Kweichow Moutai actively promotes the concept of responsible drinking

In 2023, the Company participated the "2023 National Responsible Drinking Awareness Week", a nationwide public welfare campaign initiated by the China Alcoholic Drinks Association (CADA). More than 1,300 third-generation exclusive stores of Kweichow Moutai Baijiu Sales Co., Ltd. and 187 experience centers of Kweichow Moutai Jiang-flavor (Moutai-flavor) Baijiu Sales Co., Ltd. participated in the event, covering 32 provinces, municipalities and autonomous regions across China. During the event, the Company promoted the concept of responsible drinking and strived to enhance the awareness of responsible drinking among the public and consumers by posting posters at stores and distributing leaflets.



A poster on responsible drinking

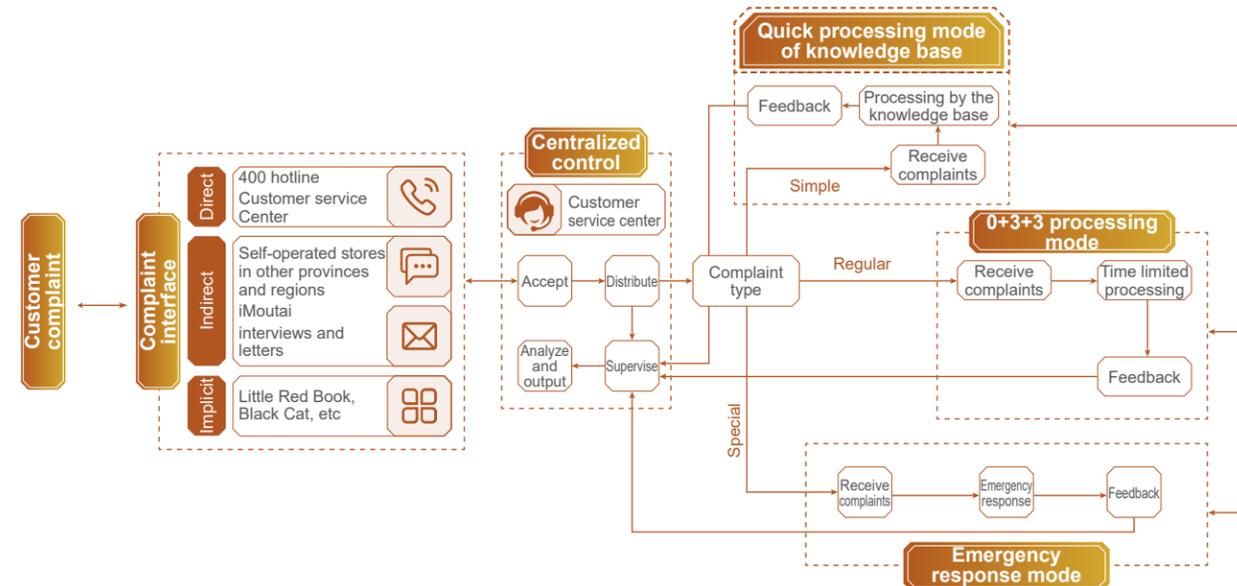


Leaflets on responsible drinking



## Improve After-sales Mechanism

We have established a customer service center, revised the *Management Measures for Customer Consultation and Complaints*, and developed the *Kweichow Moutai Standard Service Language for Exclusive Stores*, as well as the *Kweichow Moutai Standardized Service Language Handbook*. In addition, we have improved the channels and methods for customers to voice their concerns such as the 400 customer service hotline, self-operated stores in other provinces and regions, and iMoutai, as well as interviews and letters, continuously optimizing the customer complaint management system to improve the customer's consumption experience.



Customer Complaint Handling Process



Annual service satisfaction rate

97.65%

Annual service satisfaction rate

99.14%

Satisfaction score: 99.36; Number of complaints related to products and services: 9,957; Customer complaint resolution rate: 100%

Customer Service Satisfaction Scores

Moutai offers a full lifecycle product service that integrates consultation, trading, complaints, product identification, and exchange, and optimizes the consumer experience through standardized marketing service processes. It has formulated the *Kweichow Moutai Management Measures for Product Replacement (Rework)* and the *Management Measures for Exchange of Leaking Bottles* to continuously improve product after-sales management and services. It regularly provides product exchange services in offline stores based on the requirements of the entire product lifecycle, providing customers with after-sales value-added services to meet their higher-level needs and improve customer satisfaction. Moutai has established product identification service centers in various provinces across the country, clarifying product identification, exchange principles, management responsibilities, and work procedures. In 2023, a total of 47,076 bottles were exchanged in various stores nationwide, with 25,476 bottles being replaced under advanced exchange service. The average replacement cycle was 8.23 days.

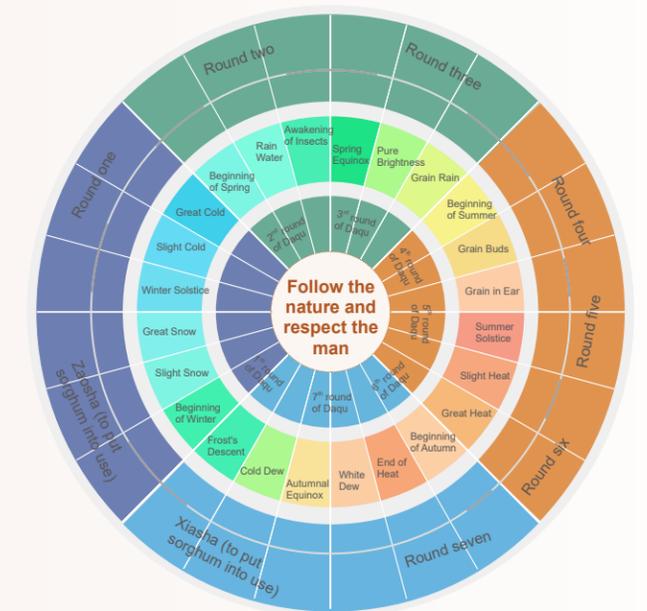


## Spread Culture of Mei

Following the "Purple Line" development strategy, we improve the "Nine Series" of cultural system and vigorously promotes cultural dissemination. We actively demonstrate its culture to the world, expands and enriches the connotation and denotation of Moutai culture, and promotes the creative transformation and innovative development of excellent traditional culture.

## Adhere to the Core of Brewing Culture

After years of practice and summary, we have established a brewing culture that keeps in tune with the times, adapts to local conditions, and follows the law of nature. We schedule production cycles according to the 24 solar terms, and extend "keeping in tune with the times" to the cultural connotation of "Follow the nature and respect the man".



Connotation and denotation of Moutai's culture of "Follow the nature and respect the man"

## ○ Enrich the Cultural Connotation of Products

We have explored inspiration for our products from zodiac, 24 solar terms, Flying Fairy (Feitian), the intangible cultural heritage and other traditional Chinese cultural elements, and created a series of cultural products, empowering us with culture to create more value and providing consumers with richer cultural experiences.

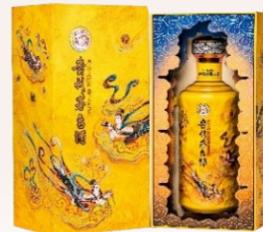
### ☁️ Kweichow Moutai 24 Solar Term Baijiu

With cultural characteristics of the 24 solar terms at the core, the packaging is designed using "lustrous green" for the dominant hue. It conveys the characteristics of the solar terms through illustrations, which showcase the harmonious coexistence of the human and nature. The design of the liquor body has incorporated the flavor and characteristics of seasonal crude baijiu, giving each product a unique seasonal flavor.



### ☁️ Scattering Flower Fairy Moutai

The packaging of this product has been designed focusing on the elements of flying fairies in Dunhuang murals. The contour line drawing technique has been used, aiming to achieve the effect of Wu Daozi's style with strokes full of changes and vigor, expressing the internal world of the characters. And the bottles are made with a brand-new ceramic craftsmanship, demonstrating the style of rock color painting, and presenting a mineral ceramic texture consistent with Dunhuang murals, so that the product culture is in harmony with Dunhuang murals.



### ☁️ Cultural and Creative Baijiu Jointly Launched by Moutai 1935 and Chinese National Geography

The design of this product has been inspired by the shape of Hu Huanyong's Line or Heihe-Tengchong Line (the cultural and geographical line of demarcation drawn by Hu Huanyong) with illustrations imitating the landmark buildings along the line. It has integrated the characteristic architectural clusters of eight major cities, concretizing and materializing the geographical research value of the Hu Huanyong Line, showcasing the geographical style of China.



### ☁️ 1.5L Guizhou Daqu Baijiu (Si Shui Liu Nian)

Guizhou ethnic batik blue has been adopted as the main color tone of the product, and the pictures serve as an artistic expression of batik patterns with beautiful meanings, presenting unique Guizhou ethnic culture in multiple dimensions.



### ☁️ Moutai Prince (The Chinese Zodiac Year of the Loong)

The keynote of this product's packaging is Xiangye (a kind of light yellow) and bright yellow is the dominant hue. The three paintings *Soaring Loong Painting*, *Painting of Loong Soaring in Prosperous Times*, and *Auspicious the Year of the Loong* created by the calligraphy and painting artist are used as the core elements, highlighting the unique charm of the oriental aesthetic colors and Chinese poetry, painting, and calligraphy.



美时代 贵州茅台 美生活  
KWEICHOW MOUTAI

## ○ Cultural Expression of Innovative Activities

We have innovatively carried out a series of cultural activities on the 24 solar terms to create our own festival culture IP, using activities as carriers to convey the beauty of culture; upgraded the Moutai Fans Carnival and the initiative for cultivating inheritors, leaving exclusive beautiful memories for consumers; carried out a series of activities named "Moutai World Tour with MEI" to promote China's excellent traditional culture, and provided a Moutai perspective for the world to understand China.

### ▶ Moutai's Global Tour with MEI

From September 19th to 29th, 2023, Moutai's Global Tour with MEI was carried out. We visited Japan, France, and the United Kingdom in 11 days and carried out over 40 activities. It was a journey of thousands of miles and we experienced nine time zones. Guided by "MEI", following the three main themes of friendship, culture, and brand, we have deeply integrated "A Spirit from China · A Toast to the World" into "mutual learning among different civilizations, the harmony between man and nature, cultural integration, industrial solidarity, and pursuing dreams", exploring the new path for Moutai to promote "MEI" to the world, promoting cultural exchanges and mutual learning between China and foreign civilizations through cultural expression, and enhancing the reputation of Chinese brands.



### ▶ Cultural activities on the 24 solar terms

In light of the 24 solar terms, we innovatively carried out characteristic cultural activities such as the "Spring Equinox Forum" and "Thanksgiving Activity on Qingming Festival" to promote the development of traditional Chinese culture and Chinese baijiu culture through cultural innovations.



### ▶ Moutai Fans Carnival

We fully leveraged the roles of Moutai Fans Carnival as a cultural communication platform, image display platform, exchange and mutual learning platform, and upscale taste platform. It traveled across China with a Moutai cultural feast, reflecting Moutai's views on beauty, that is, "Unique but United", respecting and treasuring the beauty of integration while maintaining Moutai's unique beauty. Started from Xinjiang and wended up in Guangdong, 2023 Moutai Fans Carnival invited more than 10,000 Moutai fans from different fields and industries throughout the year.



### ▶ Inheritors Program

We made more efforts in the training for inheritors of Kweichow Moutai's century-old stores to enhance the inheritors' awareness of the quality, brand, craftsmanship, and cultural core competence of Moutai. We support and encourage inheritors to join in the cause of Moutai and create a better life together. In 2023, a total of four sessions of Inheritors Program were carried out.



## Ecology of Mei Pursuing Green Development with Harmonious Coexistence

Kweichow Moutai has always followed the concept - "Clear waters and green mountains are as good as mountains of gold and silver.", to build a community with a shared future for mountains, waters, forests, land, rivers and microorganisms. It has been strengthening its environmental management capabilities, practicing biodiversity conservation in its operations, and striving to reduce resource and energy consumption as well as waste emissions, as part of its efforts to tackle climate change and contribute to building a beautiful China.



Addressing Climate Change ○

Green Operations ○

Water Resource Management ○

Protecting the Environment ○



# Addressing Climate Change

Kweichow Moutai responds to the national "carbon peak and carbon neutrality" strategy to tackle the challenges posed by climate change. Following the framework and recommendations of the International Sustainability Standards Board (ISSB)<sup>7</sup>, it identifies climate change risks and opportunities from four dimensions: governance, strategy, risk management, as well as metrics and targets. This includes conducting GHG management such as carbon stocktake, exploring response strategies and measures, and collaborating with upstream and downstream enterprises to jointly address climate change risks and build a better home.

We prioritize climate change risks as an important issue, integrating them into daily operations and development strategies. We have established an ESG Promotion Commission led by management to coordinate the overall green transformation of the entire value chain, providing reference and examples for the "carbon peak and carbon neutrality" efforts of the industry.

## Climate Risk Management

Kweichow Moutai has proactively identified and adapted to the physical and transitional risks presented by climate change, and developed preventive measures and management methods for different types of potential risks, aiming to achieve comprehensive identification, scientific assessment, effective prevention, and orderly control, in a bid to enhance our ability to withstand climate change risks and ensure sustainable and stable operations.

### Identification and Response to Climate Change Risks

Risk Type	Risk Description	Mitigation Measures
Physical Risk	<p><b>Acute Risk</b></p> <p>Extreme events such as heavy rainfall, high temperatures, mudslides, and wildfires will affect normal operations due to the limited tolerance of the human body;</p> <p>Damage to infrastructure such as power supply, water supply, gas supply, and roads will affect raw materials supply, logistics distribution, and energy supply, leading to cost increases as well as reduced production capacity and performance indicators.</p>	<ul style="list-style-type: none"> <li>Closely monitor weather forecasts, coordinate with local authorities to promptly obtain information on extreme weather events;</li> <li>Develop emergency plans for extreme weather events, and set up a working group on the safety for extreme weather events;</li> </ul>
	<p><b>Chronic Risk</b></p> <p>Chronic changes in the climate environment will lead to changes in the quality and flavour of main ingredients such as sorghum and wheat, brewing microbial environments, and water environments and quality, thereby affecting the quality and flavour of the liquor.</p>	<ul style="list-style-type: none"> <li>Continuously monitor reports on the trend of climate warming;</li> <li>Carry out basic research on microorganisms, and determine the basic characteristics of microorganisms in Kweichow Moutai's core production areas;</li> <li>Conduct conservation research on important raw materials involved in the Company's production to understand their suitable growth conditions;</li> <li>Develop emerging water purification technologies such as bank filtration to ensure the safety of brewing water.</li> </ul>

### Identification and Response to Climate Change Risks

Risk Type	Risk Description	Mitigation Measures
Transition Risk	<p><b>Policy and Legal Risk</b></p> <p>The tightening regulations on river basin environment will restrict the use of the water in the Chishui River.</p>	<ul style="list-style-type: none"> <li>Conduct water footprint analysis and targeted research on reducing water consumption, to reduce the probability of impacts on products;</li> <li>Plan the reserve and processing for key raw materials in advance.</li> </ul>
	<p><b>Policy and Legal Risk</b></p> <p>The gradual implementation of policies such as carbon trading, carbon taxes, and environmental taxes necessitates the imperative transition to green and low-carbon practices, imposing higher requirements on Kweichow Moutai's energy-saving and emission reduction efforts.</p>	<ul style="list-style-type: none"> <li>Develop and implement carbon reduction plans;</li> <li>Introduce green and low-carbon technologies;</li> <li>Strengthen energy management during production processes;</li> <li>Implement energy-saving renovations and use low-energy consumption equipment.</li> </ul>
	<p><b>Policy and Legal Risk</b></p> <p>Regulators have higher requirements for the accuracy of environmental data reported by companies, increasing the pressure and compliance risks of Kweichow Moutai's environmental information statistics.</p>	<ul style="list-style-type: none"> <li>Strictly adhere to compliance requirements for information disclosure;</li> <li>Monitor key environmental indicators during production and operations.</li> </ul>
	<p><b>Technical Risk</b></p> <p>With the government's stricter controls on energy consumption of manufacturers, Kweichow Moutai needs to allocate more costs for energy conservation and consumption reduction in its production and operations.</p>	<ul style="list-style-type: none"> <li>Continuously advance the transformation of low-carbon and energy-saving technologies;</li> <li>Reduce energy input costs through resource recycling;</li> <li>Choose raw materials and suppliers that are more energy-efficient and environmentally friendly.</li> </ul>
Market Risk	<p><b>Market Risk</b></p> <p>The market's preference for green brands and products is becoming increasingly evident, adding pressure to Kweichow Moutai's low-carbon production and operations.</p>	<ul style="list-style-type: none"> <li>Reduce carbon emissions based on carbon footprint stocktake throughout the entire lifecycle;</li> <li>Implement lightweight transformations for packaging materials to demonstrate the Company's determination in low-carbon transition;</li> <li>Increase the green level of waste resource utilization.</li> </ul>
	<p><b>Reputational Risk</b></p> <p>Failure to meet the expectations of stakeholders regarding climate change initiatives may result in negative impacts on Kweichow Moutai's reputation.</p>	<ul style="list-style-type: none"> <li>Strengthen communication with stakeholders to fully understand their demands;</li> <li>Promote the Company's progress in green and low-carbon initiatives, such as green packaging, sustainable procurement, and circular economy practices;</li> <li>Regularly disclose the Company's emission reduction measures and their effectiveness.</li> </ul>

<sup>7</sup> ISSB is an independent international standard-setting body established at the initiative of the International Financial Reporting Standards (IFRS) Foundation and formally launched at the 26th United Nations Climate Change Conference on November 3, 2021, with the aim of developing sustainability reporting standards in line with the IFRS.

While identifying and responding to the foregoing climate change risks, we have also been exploring new opportunities arising from it, aiming to integrate climate change into our business development strategy.

### Climate Change Opportunities

Opportunity Identification Results		Opportunity Description
Resource Efficiency	Opportunity to Reduce Energy Consumption	With continuous introduction of lower-carbon technologies, Kweichow Moutai can utilize emerging technologies to optimize energy management in its operations, improve resource and energy use efficiency, and reduce operating costs.
Products and Services	Industry Development Opportunities	National and consumer attention and favorability towards green products and green factories are increasing. Kweichow Moutai can leverage this as a selling point for its products, thereby enhancing its market competitiveness.

## Climate-Related Metrics and Targets

In accordance with the *Opinions of the CPC Central Committee and the State Council on Comprehensively and Correctly Implementing the New Development Concept and Engaging in Carbon Peak and Neutrality* and the *Action Plan for Carbon Peak by 2030*, the Company has developed the *Kweichow Moutai Co., Ltd. Action Plan for Carbon Peak and Neutrality*, put forward a plan for pathways to implementation of its dual-carbon action, and set ambitious carbon control and reduction targets at various stages.



### Short-term Objectives (2024)

-  Reduce comprehensive energy consumption per unit of industrial output by **14%** compared to 2020
-  Decrease carbon dioxide emissions per unit of industrial output by **19%** compared to 2020
-  Decrease carbon dioxide emissions per unit of base liquor production by **7%** compared to 2020

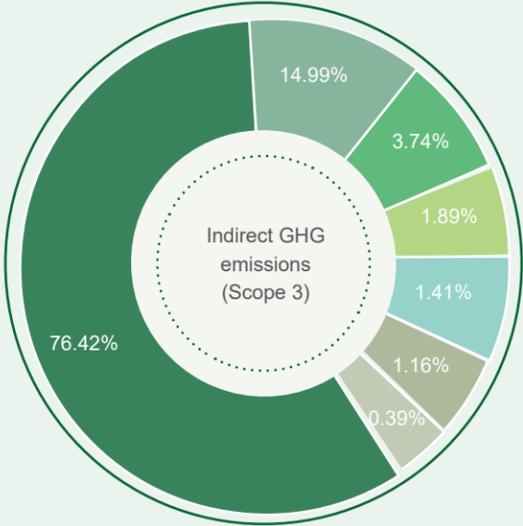


We collaborated with professional organizations to conduct carbon peak and carbon neutrality research, took the lead in drafting the *Greenhouse Gas Calculation Methods and Reporting Standards for Baijiu Manufacturers* (currently soliciting opinions from the public), and conducted verification of our GHG emissions from 2018 to 2023, to analyze and summarize previous carbon emissions and effectiveness of carbon reduction pathways, and proposed targeted improvement measures. In the past two years, the carbon dioxide emissions intensity per unit of industrial output has continuously decreased.

### Kweichow Moutai's GHG Emissions in 2023

Index	Unit	Year 2023	Year-on-year variable ratio
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	244,895.00	-4.40%
Direct GHG emissions (Scope 2)	tCO <sub>2</sub> e	9,883.00 <sup>8</sup>	-82.57%
Total GHG emissions (Scope 1, 2)	tCO <sub>2</sub> e	254,778.00	-18.57%
GHG emissions intensity (Scope 1, 2)	tCO <sub>2</sub> e/1 million units of industrial output	2.95	-28.40%



Indirect GHG emissions (Scope 3)

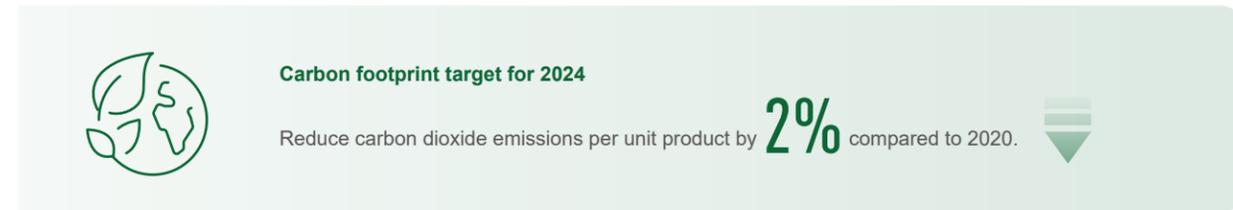
- Category 1 - Purchased goods & services
- Category 3 - Energy and fuel
- Category 4 - Upstream transportation & distribution
- Category 5 - Waste generated in operations
- Category 7 - Employees commuting
- Category 9 - Downstream transportation & distribution
- Category 12 - Treatment of end-of-life sold products

Calculation basis: GHG emissions are verified by a professional third-party organization in accordance with ISO 14064, IPCC guidelines, the *Guidelines for Greenhouse Gas Emissions Calculation Methods and Reporting in Food, Tobacco, Alcoholic Beverage, Beverage and Refined Tea Enterprises (Trial)*, *Greenhouse Gas Calculation System: Code of Conduct for Enterprise Calculation and Reporting*, as well as other applicable regulations.

<sup>8</sup> In 2023, both the headquarters and Heyixing Branch purchased green electricity, leading to a significant reduction in Scope 2 emissions.

## Product Carbon Footprint

In 2023, based on environmental footprint analysis methods and referencing national standards such as the *Guidelines for Greenhouse Gas Emission Calculation and Reporting in Industrial Enterprises* and *Greenhouse Gases - Product Carbon Emissions - Requirements and Guidelines for Quantification and Communication*, Kweichow Moutai developed a carbon footprint analysis model. Starting from a life cycle assessment, it established a carbon footprint list and conducted assessment and analysis on the carbon footprint of suppliers, raw materials, resources, energy, waste emissions, products, and by-products, etc. involved in production, to promote the development of a full-lifecycle, efficient and low-carbon utilization system.



### Lifecycle of the Carbon Footprint of Main products<sup>9</sup>



Stage	Raw materials production	Manufacturing operations, including suppliers	Transportation and logistics operations	Distribution and store operations	Product Use and Disposal <sup>10</sup>
Share of Carbon Emissions	50.40%	20.23%	0.96%	2.25%	26.16%

<sup>9</sup> Carbon emissions are calculated based on the carbon dioxide equivalent emitted by each bottle of product at each stage.

<sup>10</sup> The product use and disposal phase refers to the process of product use, waste generation and disposal.

## Green Operations

The Company strictly adheres to relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and has developed a number of environmental protection management regulations such as the *Overall Plan for Building Xi Jinping's Ecological Civilization Practice Demonstration Base and Building the Company as a Role Model for Environmental Protection in the Industry*, *Environmental Protection Compliance Guidelines*, *Environmental Protection Management Regulations*, and *Rules on Environmental Protection Work Assessment*, to ensure the establishment of a sound and comprehensive system of green operations, thereby guaranteeing environmental compliance in production and operations.

## Environmental Management System

The Company has established an environmental management system covering the decision-making, management, and execution levels. It has developed the *Comprehensive Assessment Management Measures*, specifying that environmental protection performance is linked to the remuneration of senior executives and relevant staff, to ensure the implementation of environmental management responsibilities at all levels.



**Decision-making level**

The Ecology and Environmental Protection Committee chaired by the Chairman makes decisions and arrangements regarding all environmental protection management and performance of the Company.



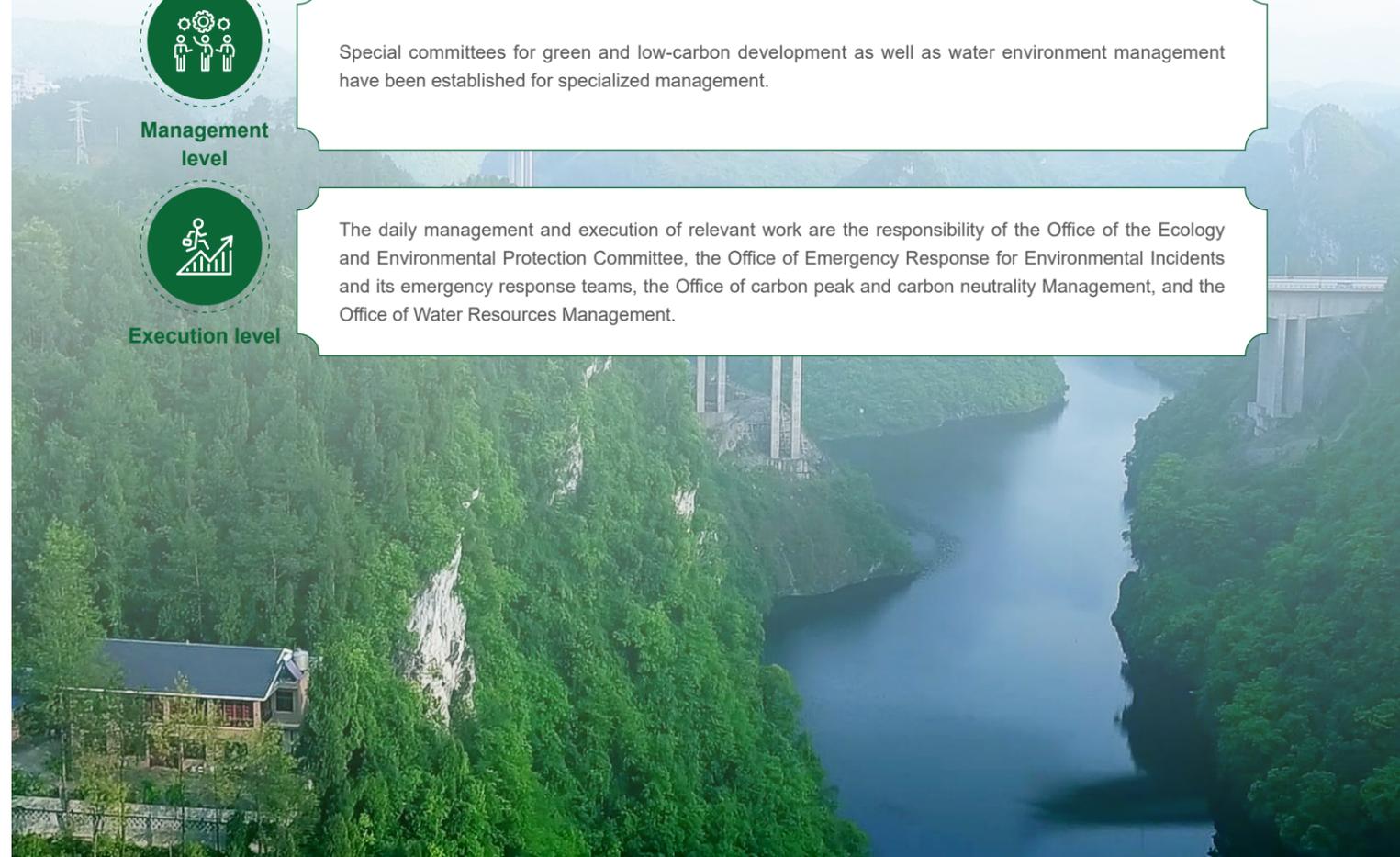
**Management level**

Special committees for green and low-carbon development as well as water environment management have been established for specialized management.



**Execution level**

The daily management and execution of relevant work are the responsibility of the Office of the Ecology and Environmental Protection Committee, the Office of Emergency Response for Environmental Incidents and its emergency response teams, the Office of carbon peak and carbon neutrality Management, and the Office of Water Resources Management.



## Environment Process Management

The Company has been optimizing its environment process management model. Through channels such as telephone interviews and on-site exchanges, it has gathered the expectations of stakeholders. From the dimensions - quantity, speed, quality, cost-effectiveness, harmony, and innovation, it has put forward 24 main requirements of stakeholders for environment management. With the tool - Key Success Factors (KSF) matrix, it has identified seven key requirements for the environment management process.

- ### 1. Strengthen brewing ecological protection

  - Enhance the protection of brewing water sources
  - Improve air quality
  - Maintain the stability of the micro-ecology in the production area
  - Assist in the green protection of the basin
- ### 2. Enhance pollution control

  - Improve the environment management system
  - Reduce pollutant emissions
- ### 3. Promote efficient utilization of resources and energy

  - Increase the energy utilization rate
  - Increase the resource utilization rate
  - Facilitate the recycling and utilization of waste materials
- ### 4. Promote green and low-carbon development

  - Reduce GHG emissions
- ### 5. Green tech innovation

  - New technologies, processes, materials and equipment
- ### 6. Improve the environment monitoring system

  - Build a data management platform for environment monitoring
- ### 7. Enhance the modern environmental governance system

  - Ensure legality and compliance
  - Timely resolution of environmental issues
  - Timely elimination of environmental hazards

During the reporting period, we did not experience any significant environmental violations, and our environmental management system GB/T 24001-2016/ISO 14001:2015 certification was within the validity period.

**Certificate of Environmental Management System Certification**



## Emergency Management for Environmental Incidents

The Company developed the *Emergency Plan for Sudden Environmental Incidents at Kweichow Moutai Headquarters* in accordance with relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and *Emergency Response Law of the People's Republic of China*. Emergency drills and specialized training for sudden environmental incidents were conducted, covering over 50 subsidiaries, shop floors, and organizations.

### Kweichow Moutai's emergency drill for sudden environmental incidents in 2023

To enhance the emergency response capability for sudden environmental incidents, the Company conducted an emergency drill in August 2023, adopting a blind exercise format for practical training. This approach enabled the identification of problems, improvement of plans, and accumulation of experience, further strengthening the practicality, operability, and effectiveness of emergency response.

Emergency drill

## Emissions Management

The Company improved the treatment of wastewater, waste gas, and waste and reduced discharge of pollutants by firmly preventing pollution at the source, strengthening control at key points, and strictly managing the end treatment, to ensure compliance with relevant laws and regulations for discharge of all types of pollutants.

### Wastewater Discharge Management

The Company strictly follows relevant laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China*. With the principles of grading and classification, classified treatment, and resource utilization, the Company has carried out systematic construction and upgrading of the factory area's pipeline network and sewage treatment facilities. This has resulted in a daily wastewater treatment capacity of 23,000 tons. In the meantime, plans are underway to construct the Chinese Ecological Wetland to purify and reuse the treated "tailwater" to reduce the impact on the Chishui River, ensuring effective pollution prevention and control efforts. Research projects such as production wastewater characteristic analysis, biological amplification, and comprehensive utilization of high-concentration sewage have been conducted. Also, efforts have been made to develop regulations relating to the treatment process, equipment management, and operational supervision of production wastewater from producing the Jiang-flavor Baijiu.

Wastewater Discharge			
Index	Unit	Year 2023	Year-on-year variable ratio
Wastewater discharge volume	10,000 tons	215.17	-4.10%
Wastewater discharge intensity	10,000 tons/1 million units of industrial output	0.0025	-16.67%

Calculation: Wastewater discharge intensity = Wastewater discharge volume / Unit industrial output

## Management of Exhaust Emissions

The Company's exhaust emissions primarily consist of sulfur dioxide and nitrogen oxides generated during the production process. We adhere to the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and have equipped each emission point with comprehensive environmental protection facilities to ensure stable compliance with emission standards for various types of exhausts. In addition, nitrogen oxides, carbon monoxide, ozone, and other indicators have been monitored at five air quality monitoring stations within the plant area. In 2023, the emission rates and concentrations of various exhausts from the Company met the corresponding limit requirements set forth in the *Emissions Standards for Air Pollutants (GB16297-1996)*.

Dust generated from construction and operation sites

Strengthen the standardized management of dust from construction projects and roadways within the Moutai Baijiu Geographical Indication Protection Area, to strictly control the emissions of air pollutants from the source such as inhalable particles, lung-damaging particles, and ozone.

Nitrogen oxides generated from boiler operations

The Company has been using natural gas, which is clean energy, as fuel for boilers, and installed continuous emissions monitoring systems for flue gas in boiler rooms to monitor nitrogen oxide emissions in real time. We are piloting the installation of denitrification facilities to substantially reduce emissions of nitrogen oxides.

Vehicle exhaust emissions

Promote green transportation by advocating for employees to use public transportation for personal travel, encouraging the use of new energy vehicles, promoting the "3+3" plan for new energy vehicles in the factory area, and improving the infrastructure for new energy vehicles in the factory area. In 2023, the proportion of new energy vehicles in the factory area reached 14.3%, an increase of 5.5% from a year earlier.

Daqu-making dust

A negative pressure pipeline conveying system has been added, and improvements have been made to the daqu-making system. As a result, the concentration of dust in the daqu-making production room was effectively reduced.

## Management of Waste Discharge

We have strictly followed relevant laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and developed the *Solid Waste Control Procedure*, *Regulations on the Management of Waste Materials Recycling*, and *Regulations on the Management of Hazardous Waste*, based on the principle of resource utilization, green development, ecological development, standardization, and reduction, to strengthen the management of solid waste. Guided by ecological industrialization and industrial ecology, we have standardized the disposal of hazardous waste, significantly reduced construction and kitchen waste, etc. and raised the awareness of all staff members for environmental protection.

### Waste Emissions

Index	Unit	Year 2023	Year-on-year variable ratio
Density of total waste	Ton per 100 million yuan of industrial output	541.43	-8.04%
Utilization rate	/	100%	/



## Energy Management

The Company has increased resource utilization efficiency through measures such as optimizing manufacturing processes and upgrading equipment, to integrate the concept of energy conservation and emission reduction into all aspects of its production and operations. During the reporting period, we have been optimizing energy, water resources, and packaging material management, to promote the optimization of resources allocation, and sustainable production.

We have strictly adhered to relevant laws and regulations such as Law of the People's Republic of China on Energy Conservation, developed the *Energy Management Manual*, *Energy Operation Management Regulations*, and *Energy Data Management Regulations*, etc., and followed the principle of law-based management, technological progress, consumption reduction and efficiency increase, effective supervision, and sustainable development, to strengthen energy management, ensuring that the GB/T 23331-2020/ISO 50001:2018 Energy Management System certification remains valid. We have established an intelligent energy metering platform to have online monitoring and automatic analysis of equipment and energy consumption data within the factory area, and developed annual energy targets and metrics that were broken down into various stages of production and operations, to manage energy consumption, as part of our efforts to serve as a role model for resource conservation. We have given priority to suppliers of environmentally friendly and resource-saving materials, explored and practiced low-carbon emissions and clean production, and promoted the sustainable development of the value chain. In 2023, we optimized our energy structure by purchasing green electricity to build a new type of electricity system, purchasing a total of 91.702 million kWh of green electricity, achieving the carbon reduction goal of full coverage of green electricity for both the core production area and the plant of Heyixing Branch.

## Kweichow Moutai's Energy-saving Measures in Various Stages

### Manufacturing and operations

#### Energy-saving and Emissions Reduction Plan

- Develop carbon emission management systems and documents at the design, procurement, and production operation control levels, and coordinate the implementation and operation of the Company's resource allocation system.
- Conduct feasibility studies on the application of electrode boilers.
- Apply new technologies such as CO<sub>2</sub> heat pumps, high-temperature heat pumps, and flash evaporation systems to recover waste heat and air energy resources within the plant to produce steam, gradually replacing natural gas consumption in boiler rooms and energy stations.
- Explore long-term green electricity procurement agreements with power trading centers to ensure the use of green electricity in the plant area.
- Expand the Company's electricity load capacity to meet future energy transformation needs.
- Implement pilot projects for boiler flue gas waste heat recovery and utilization, to improve the heat exchange effect of tail flue gas heat exchangers.
- Upgrade the steam supply network in 20 shop floors, and build an intelligent steam supply network management system, to reduce steam supply losses.
- Phase out high-energy-consuming electromechanical equipment across all areas and replace them with new energy-saving electromechanical equipment to reduce energy consumption and losses.

#### Measures and Results in 2023

- In 2023, both the Kweichow Moutai plant and the Heyixing plant achieved full coverage of green electricity;
- Energy-saving upgrades were implemented for primary pump station equipment, increasing water pumping efficiency by **30%**;
- A waste heat recovery project was conducted during the distillation system's cooling process, with potential to utilize **60%** of the waste heat from the distillation system upon full implementation;
- A photovoltaic power generation pilot project was initiated with an installed capacity of **84.8 kilovolt-amperes**.

### Transportation and logistics

#### Energy-saving and Emissions Reduction Plan

- Implement green construction to save materials, water, energy, and land.
- Improve space utilization through rational warehouse layout planning, and adopt an intelligent warehouse management system to achieve precise inventory positioning and efficient management, further reducing storage costs and minimizing the operation routes of handling equipment.
- Use advanced warehouse equipment to automate storage, conveyance, and sorting, highlighting environmental protection concepts, saving energy, and jointly building a **"green warehouse"**.
- Use digital and intelligent means to dispatch transportation vehicles, and implement centralized management and planning, to reduce the number of trips and waiting time for motor vehicles, improve the efficiency and quality of the supply chain, and reduce energy consumption and carbon emissions.

#### Measures and Results in 2023

- Implemented a pilot project for the recycling and reuse of Moutai glass bottles within Guizhou Province;
- All 30 freight towing vehicles purchased in 2023 were selected to meet the National VI (B) emission standard, and in the transportation of distiller's grains, low-carbon and environmentally friendly clean energy transport vehicles were put into operation based on the "not less than 20%" standard, taking an important step towards green transformation;
- After the completion and use of the Shuanglong Logistics Park, big data and Internet of Things technologies have been applied to collect and monitor the energy consumption of the park in real time and conduct threshold analysis and anomaly alarms, to achieve visual, diagnosable, and controllable energy consumption management, and promote energy conservation and emission reduction.

### Distribution centers/ store operations

#### Energy-saving and Emissions Reduction Plan

- Enhance employees' environmental awareness through holding environmental protection meetings, conducting environmental lectures and training sessions, and playing promotional videos through multimedia.
- Organize employees to fill out questionnaires, sign the initiative - **Energy Conservation and Carbon Reduction, Green Development and Environmental Protection**, and guide employees to practice a lifestyle and work approach of energy conservation, emissions reduction, green and low-carbon development.

#### Measures and Results in 2023

- Distribution centers and stores conduct environmental-related training as required by the Company, with nearly **200** establishments implementing energy-saving and emission reduction plans, using energy-efficient lighting fixtures, and setting air conditioning temperatures reasonably.
- The iMoutai platform adopts the principle of nearby appointment and pickup to reduce the transportation distance for delivery from stores.



**Energy Consumption**

Index	Unit	Year 2023	Year-on-year variable ratio
Non-renewable energy consumption	Tons of coal equivalent	144,173.82	-8.05%
Renewable energy consumption	Tons of coal equivalent	11,270.18	108.41%
Comprehensive energy consumption	Tons of coal equivalent	155,444.00	-4.16%
Comprehensive energy consumption intensity	Tce/1 million units of industrial output	1.80	-15.89%

**○ Packaging Materials Management**

The Company has improved the *Implementation Plan for Product Packaging Materials for Green Supply Chains*, *Finished Liquor Outer Packaging Materials Recycling Management System*, and *Regulations on the Management of Waste Materials Recycling*, promoted the circular economy, advanced green processes, implemented the Green Transformation Project for Product Outer Packaging Design, and established green packaging design standards and blacklists for materials selection, etc., to build a green supply chain.

**⚙️ Packaging Materials Management Measures**



**Management Measures**

**Reduction**

It is required to consider reducing material consumption in all new product designs without compromising product quality and user experience.

**Progress in 2023**

In 2023, Kweichow Moutai adjusted the types of packaging materials for several existing products:

- Reduced the variety of packaging materials: For certain products such as Feitian Moutai 53% and 43% vol, new types of anti-counterfeiting caps were introduced, and packaging materials such as ordinary identifiers and RFID box labels were discontinued. The number of required packaging materials was reduced from 15 to 13, and the packaging volume of aged Moutai Baijiu was reduced.
- Reduced use of paper products: For new products such as the Moutai (Treasure) 53% vol 500ml, Moutai (Guimao Year of the Rabbit) 53% vol 500ml, and Moutai (24 Solar Terms) 53% vol 500ml, front and back labels were replaced with embossed bottles.
- Reduced amount of difficult-to-degrade: The velvet fabric was removed from the Moutai (Xunfeng) 53% vol 375ml, leading to an annual reduction of 34.41 tons of velvet fabric.

**Plan for 2024**

- Calculate the water and carbon footprint of the entire supply chain based on products, and analyze the water and energy consumption in the packaging material production and supply processes to identify key energy-saving, water-saving and carbon reduction processes.
- Launch the bottle lightweighting research and development project.

**Management Measures**

**Green development**

The Company revised and issued the *New Product Development Management Regulations*, specifying the priority of using recyclable, biodegradable, and environmentally friendly materials for packaging; and developed the *Packaging Material Technology Blacklist (Environmental Protection)*, *List of Restricted and Prohibited Packaging Materials*, and *Negative List of Packaging Materials for New Product Development*, prohibiting and restricting the use of materials with quality risks and environmental pollution.

**Progress in 2023**

- Alternatives to difficult-to-degrade materials: In 2023, the Company replaced pearl cotton with bamboo pulp paper trays in the Moutai (Xunfeng) 53% vol 375ml; and strictly prohibited the proportion of using ceramic bottles for new products
- Exploring the application of green materials: In 2023, the Company initiated 14 research and development projects in green environmental protection and new materials, including 10 projects in the bottle field, 3 projects in the cap field, and 1 project in the printing field.

**Plan for 2024**

- Pilot programme for localizing packaging material recycling.
- Application of bio-based green materials.
- Exploring the recycling of bio-based green materials such as pit-bottom water and distillers' grains.



### Recycling and reprocessing of broken glass

- The Company advocates environmental protection concepts and has proactively proposed the use of glass products in product packaging. This initiative supports suppliers in carrying out projects for recycling and reprocessing broken glass. It is estimated that 24-36 million waste glass bottles will be processed annually, greatly reducing the environmental pressure caused by waste discharge.



### Recycling of recyclable packaging materials such as bottles and cardboard boxes through Kweichow Moutai's logistics

- Since the end of 2022, the Company has initiated the *Kweichow Moutai Glass Bottle Recycling and Reuse Pilot Implementation Plan*. As of the end of developing this report, bottle recycling was mainly piloted in Guizhou Province, with 525,547 bottles collected.

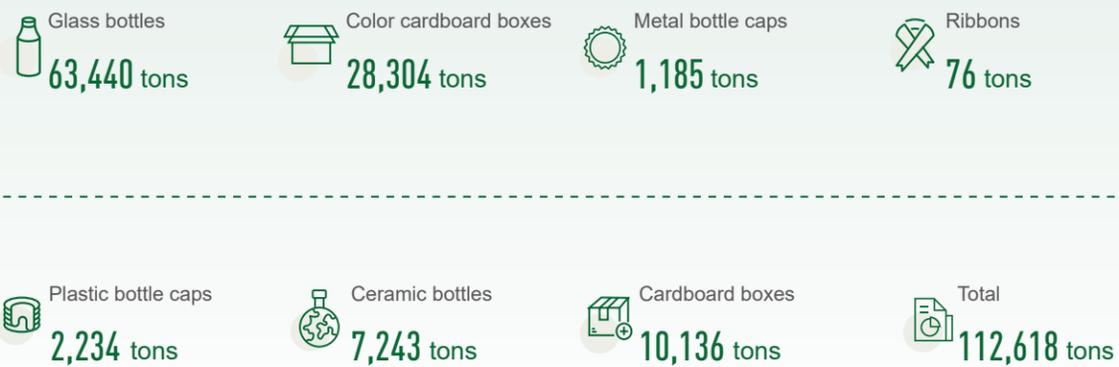


### Research on green packaging materials

- The Company initiated a research project to use biodegradable polylactic acid (PLA) material to weave red ribbons.
- By using new environmentally friendly ink and innovatively optimizing the spray coating process, the environmental friendliness, anti-oxidation, and stability of the ink on the paper packaging are improved.
- We have been actively exploring bio-based materials and studying the feasibility of plastic reduction.



### Consumption of Packaging Materials



## Green Office

Moutai advocates for employees to save electricity and water, practice low-carbon mobility and other low carbon behaviors, and continuously increase awareness of energy conservation and environmental protection to create a better ecological environment.



Promote the development and use of online information management platforms to accelerate the transition to paperless operations.



Develop reasonable electricity usage plans, include electricity usage in the cost assessment of each organization's production, and raise the awareness of employees for energy conservation.



Use reclaimed water for irrigating green belts in the industrial park to reduce the consumption of fresh water for landscaping and raise the awareness of employees for water conservation.



Implement odd-even license plate restrictions for vehicles and promote the use of public transportation.



### Kweichow Moutai organized conservation awareness training

In 2023, the Company continued to carry out publicity campaigns such as "opposing waste", "cherishing food", and "saving meals", covering more than 20,000 people in the factory area. They were aimed at guiding employees to be thrifty, save resources, and live a green life.



Conservation Poster

# Water Resource Management

The Company strictly adheres to relevant laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China* and *Water Law of the People's Republic of China*. Water resource management is integrated into the overall ecological and environmental management framework, with continuous efforts in water-saving process upgrades and innovations, leading to continuous rise in water-saving benefits and water resource management. We have developed the *Supplier Sustainable Development Implementation Method*, clarifying the requirements for suppliers to implement water resource protection and recycling. We have collaborated with suppliers to explore water-saving optimization measures, assist in improving water use efficiency, and strive to achieve sustainable water resource utilization throughout the lifecycle of the industrial chain.

The Company has implemented quota management for water consumption in all aspects of production and operations. In 2023, the water consumption at all stages, both in production and non-production, was analyzed to identify water-saving potential. Continuous optimization of water consumption targets and water-saving benefits was pursued. Targets and implementation pathways were established for subsequent total water intake, production water quota, and water consumption per unit of product.



**Overall water-saving targets:**

The water-saving target for 2023 in Kweichow Moutai's production area is a reduction of **5%**, with an actual reduction of **7.5%**;

The water-saving target for the production area of the Heyixing Branch is a reduction of **2%**, with an actual reduction of **2.5%**.

## Kweichow Moutai's Water-saving Measures in Various Segments

Water-saving Segment	Water-saving measures	Achievements in 2023
 <b>Production segment</b>	<ul style="list-style-type: none"> <li>Independent laying of domestic and greening pipelines, with separate metering</li> <li>Implementation of pipeline reconstruction to control pipeline leakage</li> <li>Boiler water treatment system renovation</li> <li>Treatment and reuse of tailwater</li> </ul>	Water saved: about <b>232,000m<sup>3</sup></b>
 <b>Non-production segment</b>	<ul style="list-style-type: none"> <li>Use of reclaimed water for greening and sanitation, etc.</li> <li>Replacement of water-saving appliances, improvement of water usage methods, and reduction of end water consumption</li> </ul>	Water saved: about <b>167,000m<sup>3</sup></b>

### Reclaimed water reuse pilot project

To conserve water and increase the utilization of water resources, the Company initiated a pilot project for the reuse of reclaimed water. The project was completed and put into operation in April 2023, with one production plant selected to replace fresh water with reclaimed water. It was used for purposes including toilets, garages, landscaping, and cleaning, resulting in an average monthly saving of over 700 cubic meters of fresh water.

### Kweichow Moutai called for suppliers to conduct water conservation renovations

The Company has been promoting the concept of water conservation and supporting suppliers in implementing water-saving reforms to promote the efficient use of water resources. Hunan New Century Ceramics Co., Ltd. implemented rainwater and sewage diversion during the overall construction process, effectively reducing both the discharge and treatment of wastewater. In the meantime, they constructed an advanced wastewater treatment plant capable of treating up to 1,000 cubic meters of wastewater per day with physical and chemical methods such as sedimentation and coagulation to remove pollutants from wastewater. Guoci Yong Feng Yuan achieved "zero discharge" of production wastewater by optimizing production processes and equipment.

### Boiler water treatment process renovation

A pilot project for the renovation of boiler water treatment processes was initiated, applying the technology - "reverse osmosis + concentrated water reuse". The boiler discharge rate decreased from 33% to 9%.

In 2024, the Company will further promote the pilot project of reusing reclaimed water and expand the scope of boiler water treatment process upgrades.



The boiler water treatment shop floor after renovation

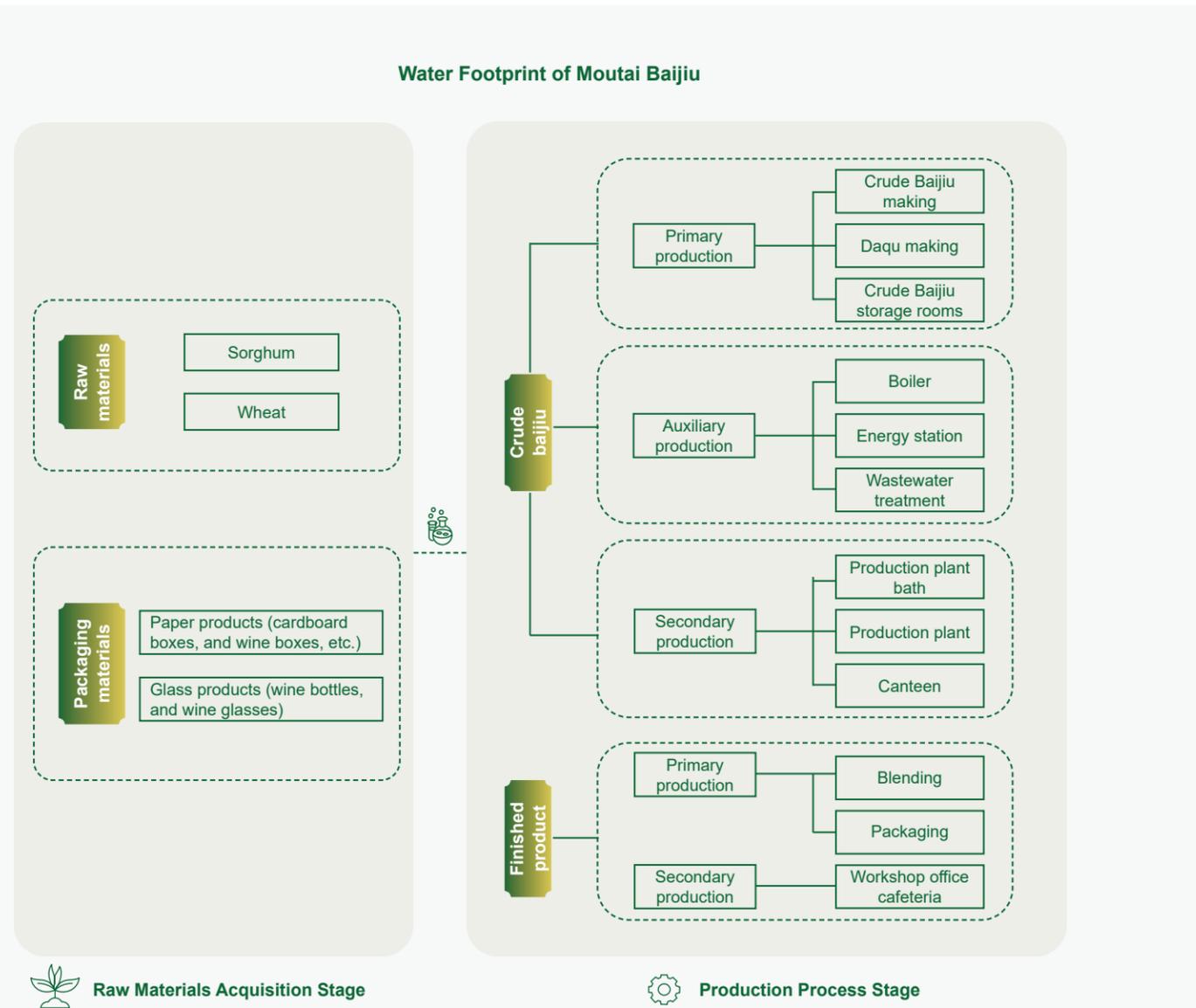


## Water Pressure Assessment

The Company conducted an assessment of the water ecological capacity in the Chishui River Basin, investigating the water quality and ecosystem conditions within the basin. We established a SWAT model for dynamic analysis of water quality and microorganisms. Through longitudinal assessment of indicators such as COD and DOC in the water, we identified the impact and risks of factory production on the water environment and developed targeted solutions.

## Water Footprint Calculation

The Company has been exploring alternatives to water sources and water resource recycling. We replaced water with residual crude baijiu in production to produce pit bottom, assessed the water environment of the Chishui River and analyzed the impact of different water extraction methods on water quality. In 2023, we collaborated with research institutions to conduct water footprint assessments on our main products.



Water Resource Management Data

Index	Unit	Year 2023	Year 2022	Year-on-year variable ratio
Reuse of reclaimed water	10,000 cubic meters	19.70	19.14	2.92%
Extraction of freshwater	10,000 cubic meters	658.50	701.95	-6.19%
Freshwater extraction intensity	10,000 cubic meters/1 million units of industrial output	0.0079	0.0092	-14.13%
Total water extraction <sup>11</sup>	10,000 cubic meters	658.50	701.95	-6.19%
Water recycling rate <sup>12</sup>	/	87.07%	82.05%	5.02%
Consumption of freshwater	10,000 cubic meters	847.96	892.11	-4.95%
Freshwater consumption intensity	10,000 Cubic meter/1 million units of industrial output	0.0098	0.0117	-16.24%
Total water resource consumption	10,000 cubic meters	847.96	892.11	-4.95%
Water resource consumption density	10,000 cubic meters/1 million units of industrial output	0.0098	0.0117	-16.24%

<sup>11</sup> Calculation method: Freshwater extraction volume + alternative water extraction volume

<sup>12</sup> Calculation method: (Recycled volume / (Recycled volume + water extraction volume)) \* 100%

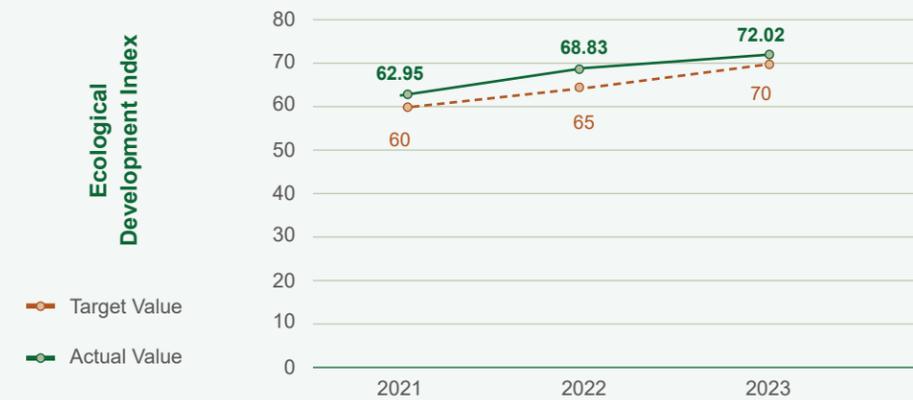


# Protecting the Environment

The Company firmly centers around the goal - "Ecological Moutai", adheres to the basic principle of "business built on environmental protection", promotes ecological industrialization and industrial ecosystem, conducts biodiversity conservation, and water environment protection and restoration, strengthens the conservation of the Chishui River water source, land and water conservation, and continuously enhances ecological advantages.

## Ecological Development Index

We have established an index system for ecological development to measure the overall level of green development of the Company. This system evaluates from four aspects: natural ecosystem, industrial ecosystem, commercial ecosystem, and ecological civilization, across 11 dimensions and 39 levels. We have also conducted performance indicators improvement analysis to provide guidance for the Company's green development efforts. In 2023, there's 4.63% year-on-year increase in Ecological Development Index.



## Biodiversity Conservation

In 2023, Kweichow Moutai conducted research on the establishment of a vegetation ecosystem and coordinated protection of biodiversity in the core production area of Moutai Baijiu. The green spaces in the core production area were divided into park green spaces, protective green spaces, plaza green spaces, and affiliated green spaces. There are over 400 plant species, and positive and negative lists of various types of trees, shrubs, and flowering plants in the region conducive to the growth and reproduction of Moutai brewing microorganisms and climate. In addition, through a survey of plant diversity in the core production area, it was found that the plant species in the production area primarily included ferns, gymnosperms, and angiosperms, totaling 455 species belonging to 353 genera from 138 families (including cultivated species).



At the same time, we have continued to protect microbial diversity, and developed a framework for a high-throughput sequencing database of microorganisms in the brewing environment, as well as a key technology and an equipment for microbial detection. And 1,946 microorganisms were discovered in the Moutai brewing process and environment, including 1,063 bacteria and 883 fungi.

## Hundreds of Thousands of Eco-actions

The Company conducted an environmental protection activity with the title "Hundreds, Thousands, Millions: Eco Action", and has established a regular mechanism to annually organize environmental protection exhibitions, voluntary tree planting, special environmental protection inspections and rectifications, and environmental protection training around the themes - "research and training in hundreds of fields, thousands of people planting trees, and tens of thousands of people conducting inspections". This has helped create a strong atmosphere of "everyone advocating and engaging in environmental protection".



### "Research and Training on 100 Fields" - Working together for green development

In February 2023, Kweichow Moutai held the event under the theme – "Research and Training on A Hundred Fields" to promote green development. The Company showcased achievements such as the "Two Mountains" base and biodiversity through exhibitions, promoting the concept of green development to further enhance overall awareness. In addition, we organized specialized institutions to conduct thematic training on "The Theory and Practice of Green Mountains and Waters as Valuable as Mountains of Gold and Silver" and "Green Development and Environmental Management", covering 800 participants. They learned about environmental policies, development trends, implementation pathways, and other knowledge to help enhance ecological environmental governance capabilities.



A visit to an environmental protection exhibition



The event - "Research and Training on A Hundred Fields"



### "Thousands of People Planting Trees" - Building a green barrier together

In February 2023, Kweichow Moutai launched the New Year tree planting activity. Company executives led teams to the site and planted trees together with 2,300 employees, embodying ecological concepts through practical actions. In this tree planting event, more than 7,500 saplings including ligustrum compactum, osmanthus fragrans, red maple, and bougainvillea were planted. As of now, we have greened an area of over 240,000 m<sup>2</sup> by planting trees as part of our obligations.



The event - "Thousands of People Planting Trees"



### "Tens of Thousands of People Conducting Inspections": Safeguarding the ecological bottom line

In February 2023, the Company mobilized employees to conduct thorough inspections on environmental protection, jointly exploring ecological blind spots. The focus was on comprehensive inspections of various areas within the plant, including pipes, ditches, wells, ponds, walls, and relevant equipment and facilities. All potential factors contributing to environmental pollution were carefully identified, and problems were promptly discovered and resolved, ensuring clear understanding and effective improvement in our environmental protection work.



Troubleshooting of environmental hazards

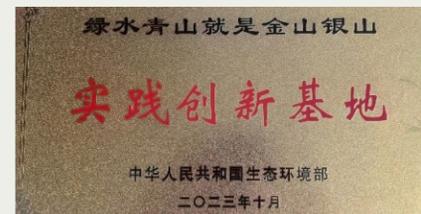
## Building the "Three Life Spaces"

The Company, based on the "Three Life Spaces", has initiated a special environmental greening plan for the core production area. We planned the park green spaces, protective green spaces, plaza green spaces, and affiliated green spaces in the region in a reasonable manner, and promoted ecological restoration and enhancement projects such as greening around production facilities in the core production area, the Zhonghua Ecological Wetland, and the Ecological Protection Forest along the Tanchang-Maotai Express. This included increasing the planting area of green spaces, increasing the green coverage of the park, and building a green ecological space.

## Development of "Two Mountains"

The Company relies on the geographical indication protection area of Moutai Baijiu to establish the Guizhou Chishui River Basin Moutai Baijiu Geographical Indication Protection Ecological Demonstration Zone (hereinafter referred to as the "demonstration zone"), explored the model of "ecology + culture" that features two-way transformation of "clear waters and green mountains" and "mountains of gold and silver", and put forward five typical transformation paths: "turning greenery into gold, protecting microorganisms and enhancing efficiency, greening with culture, boosting agriculture with green initiatives, and empowering creation".

In October 2023, we were awarded the national honor – "Innovation Base for Practicing the Concept of lucid waters and lush mountains are invaluable assets".



Kweichow Moutai was awarded the title - A Base of Innovation for Building Two Mountains



### Turning green goals into invaluable assets - A development model of coordination between a community of shared future of "mountains, water, forests, land, the river, and microorganisms" and the green industry

Kweichow Moutai has adopted a holistic and systematic approach to developing a comprehensive protection plan for "mountains, water, forests, land, the river, and microorganisms". Through multiple measures, it has been promoting the ecological protection and restoration of the Chishui River Basin (Renhuai section). It has conducted five major projects: increase of ecological water utilization, improvement of air quality, land pollution control, protection of microorganism, and ecosystem balance. Transitioning from standard emissions management to target management based on the ecological health of the river, it has explored paths for harmonious coexistence between humans and nature. Through the green development of the industry, it has promoted the green and low-carbon transformation of the economy and society, and accelerated the green transformation and upgrading of the Baijiu industry, and optimized green, clean, and efficient brewing production processes, thereby achieving symbiotic and mutually beneficial relationships between ecology and economy.



### Protecting microorganisms and enhancing quality and efficiency - Collaboratively promoting the protection of microorganisms and the quality and efficiency improvement of the liquor industry

We have been proceeding with the ecological development index for quality improvement and efficiency enhancement for microbial resources conservation and the Baijiu production industry in coordination. We have established an ecological development index and indicator system to measure the overall level of green development of the Company, comprehensively evaluating from four aspects: natural ecosystem, industrial ecosystem, commercial ecosystem, and ecological civilization, across 11 dimensions and 39 aspects. We have also conducted performance indicator improvement analysis to provide direction for the Company's green development efforts. We have been proceeding with the ecological development index for quality improvement and efficiency enhancement for microbial resources conservation and the Baijiu production industry in coordination. We have established an ecological development index and indicator system to measure the overall level of green development of the Company, comprehensively evaluating from four aspects: natural ecosystem, industrial ecosystem, commercial ecosystem, and ecological civilization, across 11 dimensions and 39 aspects. We have also conducted performance indicator improvement analysis to provide direction for the Company's green development efforts. The Company is based on the fundamental concept of "environmental protection for the enterprise," promoting ecological industrialization and industrial ecosystem. We have carried out biodiversity conservation and water environment protection and restoration, strengthened the Chishui River water source and land conservation, and continuously enhanced our ecological advantages.



### Fostering green ecology with cultural tourism - Creating a fusion development model of "Baijiu, culture, and tourism through the leadership of cultural branding"

To strengthen the foundation for beautiful economic development and enhance the comprehensive protection of heritage sites, Kweichow Moutai has organized archaeological excavations of the "Origin of Moutai Baijiu" brewing industrial site and promoted the revitalization of cultural relics related to the "Origin of Moutai Baijiu". Through national intangible cultural heritage such as the "Moutai Baijiu Making Technique" and national inheritors, we have promoted Moutai's concept of ecological culture, demonstrated the ecological charm of the Chinese liquor culture, and facilitated the transformation of ecological advantages into development advantages, to achieve a win-win situation for the development of the tourism industry, cultural brand development, and environmental protection.



### Boosting agriculture with green initiatives - Empowering characteristic resources to create models for rural revitalization through ecological agriculture

Kweichow Moutai has been leveraging the advantages of ecological agriculture in assisted areas to support rural revitalization and regional green development. We have driven local ecological agriculture through our own demonstration bases, ensuring the supply of raw materials for our industrial chain while creating employment opportunities for local farmers. In addition, we have provided farmers with sustainable and diversified sources of income through models such as land rental, service outsourcing, and profit sharing, integrated the entire industrial chain from planting to production to sales, and incorporated local characteristic industries into our own industrial chain. This has helped foster the development of distinctive regional ecological brands and enhance product added value, to establish a development model where ecology and growth resonate in harmony.



### Empowering development with innovative systems and mechanisms - Holding the key to institutional mechanism innovation to ensure the transformation of "Two Mountains"

Kweichow Moutai has upheld the core strategic thinking of "stability at the top, technological advancement, and talent development", and has explored the innovative institutional mechanism model of "institutional integration + technological innovation + talent development" in coordination. In terms of management systems, it has established an integrated ecological environment management system that combines "establishing top-level systems, setting mid-level assessments, and formulating bottom-level procedures", aiming to promote high-quality development through high-level ecological environment protection and focus on conducting high-standard ecological environment protection in the Chishui River Basin (Renhuai section), to create a model for environmental protection in the Chishui River Basin and the high-quality development of Baijiu brewing.

# Commitment of Mei

## Sharing a Better Future towards Wonderful Lives

Kweichow Moutai has always been committed to building a harmonious and symbiotic relationship with relevant stakeholders, creating a pattern of mutual harmony, mutual progress, and mutual prosperity. We aim to establish a community of shared interests, emotions, and destinies. Together with our employees, we strive to create a "Happy Moutai". With our upstream and downstream partners, we work together to promote industrial ecosystem. And with society, we join hands to fulfill our responsibilities and contribute more to a better world.



Creating a Happy Moutai Together ○

Jointly Building a Booming Industrial Ecosystem ○

Jointly Honouring Responsibility and Commitment ○

## Creating a Happy Moutai Together

The Company adheres to the talent concept that employees are the most valuable asset, and talents are the most precious resource. We have established a comprehensive recruitment, development, remuneration, and welfare system throughout the entire talent chain to attract, cultivate, employ, and retain talents. We aim to create an equal and inclusive workplace while safeguarding occupational health and safety.

We implemented the "Happiness at Moutai" 2023 Plan for the Pilot Programme of Improving the Workforce's Life. Focusing on six aspects including better work environment and occupational health management, we have implemented our programme - "Happiness at Moutai" by continually safeguarding the rights and interests of our employees and raising their sense of accomplishment and happiness.

### Compliance and Equality

We follow the people-oriented concept by safeguarding the rights and interests of its employees, improving its remuneration and benefits system, and establishing a broad platform for talent development, to build a diverse, equitable, and inclusive working environment.

#### Compliance-based Employment

We strictly comply with laws and regulations such as the *Labor Law* and the *Labor Contract Law*, improving systems such as the *Employee Recruitment Management Measures*, and enters into, performs, modifies, terminates, or rescinds labor contracts with employees in accordance with the law. We adhere to equal pay for equal work, respect employee rights, avoid discrimination based on geography, ethnicity, religion, pregnancy, etc., in all aspects, and eliminate any form of forced labor and child labor recruitment.

### Democratic Management

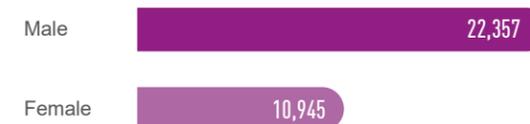
We have refined the *Measures for Managing the Workers' Congress* and *Measures for Managing the Workers' Congress at the Grassroots Level*, etc., and leveraged the role of the Workers' Congress in democratic management and oversight, to safeguard the rights of our employees to be informed, participate, and supervise. Each year, we convene the Workers' Congress and holds joint meetings of team leads on a regular basis to discuss major issues concerning the immediate interests of the employees. In 2023, 97 proposals were collected, classified, handled with continuous follow-up, and supervised by members of the Company's leadership team. They were all resolved in 2023.

We adhere to the communication philosophy of "equality, candor, and mutual trust", and have improved bidirectional communication mechanisms, and created an equal and inclusive working environment. In 2023, we continued to understand employee demands, collect suggestions from employees and properly handle them through platforms such as the "Colleague Bar", "Direct Line to the Chairman", field visits and workshops, and surveys. Among them, we have received more than 600 opinions and suggestions from employees through talks and questionnaires; we have researched and handled more than 400 items of "Colleagues' Bar" concerning canteen management, wages and bonuses, operation of official vehicles, vehicle parking, social security benefits and other matters of immediate interest to employees; we have replied to and handled 45 matters related to employees' welfare and treatment on the platform of "Direct Line to the Chairman".

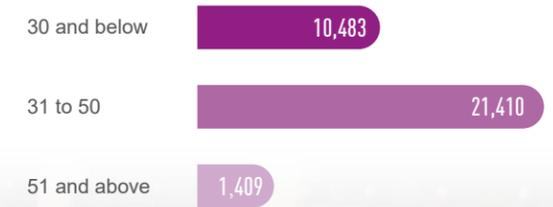
#### Employee Count for 2023

Number of Employees **33,302**

Number of employees by gender (Unit: people)



Number of employees by age (Unit: people)



## Growth and Development

To attain the Company's strategic objectives and realize the value of employees' career, we established five major career development paths: managerial, functional, technical, skill, and marketing, and provided a well-established training system and incentive plan to support the career development of all employees.

### Talent Development

We have established a leading group for talent work under the Party Committee to coordinate talent growth and development efforts. We have deepened the talent development system - "Eight steps to cultivate craftsmen" and the talent development programme – "Four plans" for talent training, to continuously improve the employee training and promotion system, and enhance talent equivalent density. In 2023, our talent equivalent density of technical skill<sup>13</sup> reached 0.96.



**"Eight steps to cultivate craftsmen" talent cultivation system**

- Induction training - "Into the furnace"
- Job training - "Forging"
- Skills recognition - "Smelting"
- Master-apprentice - "Hammering"
- Backbone cultivation - "Refining"
- Excellent shift (team) lead- "Quenching"
- Moutai Craftsman - "Sublimation"
- Technical Position - "Hardened into steel"



**"Four plans" for talent training**

- "Chief Plan" for leading talents: Cultivate leading talents who are loyal to the Company's strategy, capable of leading the future research and development of the Company, and adept at exquisite brewing techniques.
- "Inheritance Plan" for brewing talents: Cultivate a team of outstanding backup talents in key areas such as brewing, tasting, and liquor body design.
- "Outstanding Youth Plan" for young talents: Cultivate business management talents with a global strategic vision, spirit of market exploration, innovative management capabilities, and a sense of social responsibility.
- "Elite Plan" for business management talents: Cultivate an outstanding team of backup talents in fields such as natural sciences, engineering technology, and digital informatization for technological innovation.



<sup>13</sup> The equivalent density of technical skills is a characteristic index of a company, which refers to the weighted value of education, professional title and skill level/number of employees.

We rely on the "four-in-one" education and training system, making full use of resources such as the Employee Training School, Moutai Academy, and online learning platforms, to provide categorized teaching and facilitate employee learning and growth. We have formulated a series of systems such as *Occupational Skill Level Recognition and Appointment Management Measures* and *Professional and Technical Personnel Title Evaluation and Appointment Management Measures*, to establish pathways for employees to improve their education and professional qualifications.

In the meantime, we have encouraged mass innovation activities such as quality control (QC), minor improvements, rational proposals, and innovation workshops, etc., to stimulate vitality among employees.



**Enhancing Skills Level Accreditation and Promoting "Certification for All Employees"**

We developed the *Trial Plan for the Evaluation of Master Technicians*, selecting the first wave of 10 master technicians at Kweichow Moutai.

Our competition "Versatile Craftsman" has been approved by the provincial Department of Human Resources and Social Security and upgraded to a provincial second-class competition, with 12 versatile craftsmen selected.

Ren Jinsu Skills Master Workshop was registered with the Ministry of Human Resources and Social Security as a national skills master workshop.

An application has been submitted to the provincial Department of Human Resources and Social Security to add two new independently accredited occupations (job types), bringing the total to 21, basically achieving the full coverage of skills level accreditation.

In 2023, 256 employees completed academic credentials authentication and registration.

With the value chain analysis method, we have established 338 positions, horizontally divided into 5 major sequences and 30 sub-sequences. Among them, a separate technical and skills sequence was set up to better cultivate a specialized brewing team. The sales sequence was delegated to sales subsidiaries for upgraded management. We also ensured the integration of modules such as salary, performance, and job levels, to promote employee career development.



Training to Enhance the Overall Development of Backup Talents Specializing in Baijiu Tasting Born after 1992

### Some Achievements of the "Eight steps to cultivate craftsmen"

- » **Job training:** Over 22,000 sessions for new recruits training, experienced staff training, senior staff training, and specialized training in 2023.
- » **Skills recognition:** Since 2020, nearly 20,000 individuals have participated in vocational skills assessments for junior, intermediate, and senior brewers, technicians, as well as senior technicians.
- » **Master-apprentice:** Conducted master-apprentice activities, resulting in 442 mentor-mentee pairs (at the Company level), with 169 pairs formed in 2023.
- » **Excellent shift (team) lead:** Since the inaugural "Gold Medal Class/Group Lead" selection in 2020, two rounds of selections have been conducted, totaling 183 individuals.
- » **Moutai craftsman:** The "Moutai Craftsman" selection began in 2019, with three rounds completed, totaling 207 individuals.
- » **Technical position:** Moutai brewing technical positions have been appointed every two years since 2016, with a total of 255 people employed.

### Training achievements in 2023

- In 2023, we organized **428** offline training sessions, with **66,399** participants. In addition, **22,567** learning accounts were opened on the online training platform, with an average of **56** learning hours per person. The training coverage rate for employees was **98%**, with an average training duration of **43** hours per person.
- Among these, comprehensive leadership training programmes were conducted through various channels. Offline training sessions were held **63** times, with **6,562** participants and a total learning duration of **911** hours. Online leadership training courses, such as "Excellent Leadership - Co-creating Excellence with the Team" and "6E Leadership Model Construction", had **537** participants with effective learning durations exceeding **1,000** hours.



### Internal trainer team building

In 2023, we appointed the first wave of 48 internal trainers and invited professional institutions to conduct training on theoretical knowledge, experience extraction, and teaching skills for these trainers, to build a stronger team.



In 2023, the Company appointed the first wave of

**48** internal trainers



First ceremony for appointment of internal trainers

### Specialized talent training

In 2023, we conducted the third and fourth rounds of specialized training under the "Chief Plan" and "Inheritance Plan" to comprehensively enhance production quality management. Distinguished lecturers from Jiangnan University, Guizhou University, and Moutai Academy, as well as the Company's leaders, were invited to teach, aiming to deepen the professional capabilities of specialized talents.



Specialized talent training

### "Moutai Cup" Chinese Baijiu Liquor Body Design Competition

In September 2023, we organized the first "Moutai Cup" Chinese Baijiu Liquor Body Design Competition. More than 150 participants from 67 brewing enterprises across 22 provinces, municipalities, and autonomous regions gathered to exchange skills and learn from each other. Our employees took home the first, second, and third prizes in the competition for the Jiang-flavour Baijiu.



Group photo of leaders, guests and participants

## Talent Retention

We have put in place a number of systems to implement personalized talent retention measures, creating a strong atmosphere of cherishing, respecting, and valuing talents. We aim to win and retain talents through multi-dimensional pursuits in material, spiritual, and value aspects.

Dimensions	Retention Measures	Institutional Mechanisms
Retention through benefits	Leading remuneration in the industry, and generous benefits	<i>Employee Remuneration Management Measures, etc.</i>
	Incentives for scientific and technological innovation achievements	<i>Management Measures for the Selection of Scientific and Technological Innovation Achievements, etc.</i>
Retention through career development	Smooth career development pathways, professional talent cultivation mechanisms, and an open and fair competition-based system for talent study and development	<i>Middle Management Personnel Management Measures, and Employee Training Management Measures, etc.</i>
	Innovative and effective platforms such as Wang Li Skills Master Studio, and Chen Jian Academician Workstation, etc.	<i>Management Measures for Innovative Studios, etc.</i>
	Moutai "Spring Equinox" Science, Technology, Innovation, and Talent Work Conference, Grain Rain "Talent Day", and Autumn Equinox Craftsmen Day, etc.	<i>Implementation Plan for Moutai Talent Day Activities, and Implementation Plan for Moutai Craftsmen Day Activities, etc.</i>
Retention through emotional bonds	Party committee leaders connect with expert talents, and establish talent service liaison mechanisms	<i>Implementation Plan for Party Committee Contacting Expert Talents</i>
	Provincial and municipal talent cards, and talent service green cards	<i>Guidelines for the Application of High-level Talent Green Cards</i>
	Symposiums and visits; reading clubs, sporting events and rest and recuperation; health management, and housing, etc.	<i>Employee Health Examination Management Standards, Work Plan for Party Committee Contacting and Serving Experts and Non-party Representatives, and Three-Year Happy Moutai Plan</i>
Retention through value	Application of achievements, proactive placement, and adoption of rational recommendations, etc.; career development paths such as technical guidance workers.	<i>Measures for Managing Rational Recommendations and Measures for Appointment Criteria and Management of Technical Guidance Workers, etc.</i>
	Moutai outstanding talents, Moutai model workers, Moutai craftsmen, and most beautiful workers, etc.	<i>Management Measures for Moutai Outstanding Talent Awards, Management Measures for Moutai Craftsmen Selection, and Recognition and Reward Optimization Plan, etc.</i>
	Re-employment of retired technical and skilled personnel	<i>Management Regulations for the Re-employment of Technical and Skilled Personnel, etc.</i>

## Rights and Benefits

We have laid a solid emphasis on employee benefits and care, established a sound welfare protection system to provide personalized support for different employee groups, and organized cultural and sports activities to create a warm and harmonious working atmosphere.

### Benefits

We have contributed to social security funds such as pension and medical insurance for all employees, established an enterprise annuity system, and purchased comprehensive personal accident insurance and supplementary medical insurance. Strictly adhering to the *Attendance Management Measures*, we have implemented statutory working hours and leave systems, ensuring employees' statutory holidays as well as welfare holidays such as maternity leave, breastfeeding breaks, paternity leave, and perinatal care leave. In addition, we have provided free meals for all employees, arranged shuttle buses for commuting, improved talent housing, and provided comprehensive support for employees.

In 2023, Heyixing Branch established talent apartments expected to solve housing turnover and accommodation problems for 2,400 individuals.

### Care for the Employees

We have fully recognized the key factors affecting the rights and interests of employees, and have developed various measures to provide personalized support for various employees.

<div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; display: inline-block;">Female employees</div>	<p>Adhere to the <i>Collective Contract for the Protection of Special Rights and Interests of Female Workers</i>, ensuring their rights in terms of salary, holidays, promotion, and special period protection. We have purchased health insurance and maternity insurance for female employees, organized gynecological examinations, cervical cancer screenings, and breast cancer screenings, and provided maternity leave and childcare leave. We have established a "Home for Female Employees", equipped with lactation rooms, parking spaces for pregnant women, and distribution of sanitary products for women during special periods. In 2023, we distributed labor insurance for all female employees, and activities such as parent-child activities, handicrafts, and themed reading were organized to enhance the sense of happiness for female employees.</p>
<div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; display: inline-block;">Young employees</div>	<p>Career path &amp; planning, get-togethers for unmarried young employees, various interest groups, as well as greetings for employees getting married or giving birth, etc.</p>
<div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; display: inline-block;">Employees stationed in other provinces/cities</div>	<p>22+8 vacation mode, home visit leave, and only one spouse stationed in other provinces/cities in principle, etc.</p>
<div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; display: inline-block;">Sick employees</div>	<p>Visits to sick employees, mutual aid fund, and charity fund, etc.</p>
<div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; display: inline-block;">Retired staff</div>	<p>Visits to retired employees on the Senior Citizens' Day and Spring Festival, personalized free health check-ups, and various cultural, entertainment, and sports activities, etc.</p>

### Cultural and Sports Activities

We promote a healthy lifestyle and enhances employee communication and cooperation through various cultural and sports activities, aiming to ensure a balance between work and life for employees and improve their cohesion and satisfaction.

For the year 2023, there were 333 interest groups, including cultural and sports clubs, and English learning groups, etc., with 5,884 participants. 822 cultural and sports activities were organized, creating a healthy living circle for employees "beyond eight hours".



#### Songs and Dances, Charm of Kweichow Moutai: The 7th Cultural and Art Festival of the Workforce

We held the seventh Cultural and Art Festival of the Workforce, covering various forms such as singing, dancing, instrumental music, recitation, work-break exercises, essays, and creative design, etc. Over 10,000 staff participated, creating a youthful and positive corporate atmosphere.



The 7th Cultural and Art Festival of the Workforce



#### Strengthening fitness and nurturing physical and mental health: Kweichow Moutai conducted sports activities

We led employees to participate in the 2nd Zunyi Workforce Sports Games and won the men's basketball championship and the men's 5-a-side football championship, and took part in the badminton competition, all contributing to a healthy, positive, and virtuous atmosphere.



2nd Zunyi Workforce Sports Games

We conduct annual surveys on employee satisfaction, dedication, and corporate culture identity through third-party online anonymous questionnaires. In 2023, employee satisfaction reached 87 points, dedication 93.5 points, and corporate culture identity 94.8 points. Through cross-analysis of the data, the employee engagement in 2023 reached 91.8 points, showing a further improvement compared to 2022.

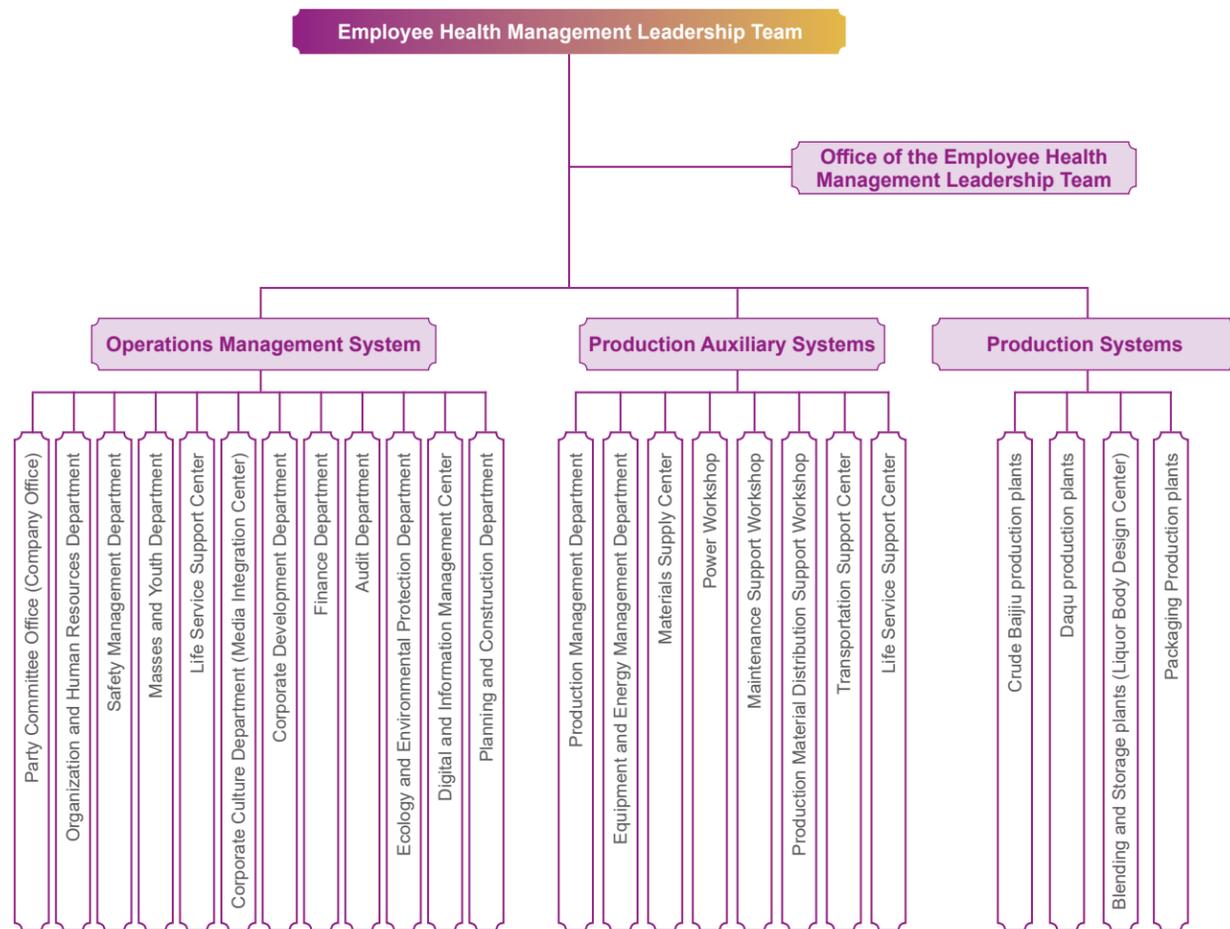


## Health and Safety

We have placed a high value on the occupational health and safety of employees, consistently improved the occupational health and safety management system, and provided a healthy and safe working environment for employees, to safeguard their health rights and interests.

### The Health and Safety System

In accordance with laws and regulations such as the *Occupational Disease Prevention and Control Law* and the *Regulations on the Supervision and Administration of Occupational Health in the Workplace*, we have developed the *Occupational Health Management System* and continuously improved the framework for employee health and safety management. We have established an Employee Health Management Leadership Team led directly by the senior executives of the Company to coordinate health and safety strategies and performance management, improve the employee health organization management system, and establish service guarantee systems. Our general manager leads and promotes the strategic and performance management of health and safety.



Kweichow Moutai's Occupational Health and Safety Management Structure

## Health and Safety Measures

During the reporting period, following external audits conducted by the China Association for Quality, it was determined that the Company's occupational health and safety system had no major non-compliance issues and operated effectively. We obtained ISO 45001:2018 certification for its Occupational Health and Safety Management System, covering the production and sale of the Moutai Baijiu and Jiang-flavor series Baijiu.

We have extended occupational health and safety requirements to relevant parties, explicitly stipulating in supplier admission standards that important material suppliers and labor outsourcing suppliers must have occupational health and safety management system certification.

We have developed annual occupational health and safety management objectives and implementation plans, and implemented the safety responsibility system. All employees sign the *Safety Production and Fire Safety Responsibility Agreement*. Safety objectives are also linked to employee performance.

We have implemented the requirements of relevant national, provincial, and municipal documents, deepened efforts to become a "Healthy Enterprise" and nurture "Occupational Health Experts", and has been awarded the provincial title - "Healthy Enterprise". And two employees were awarded the title "Occupational Health Experts".



Certificate of Kweichow Moutai's Occupational Health and Safety Management System Certification



### Kweichow Moutai's 2023 Safety Objectives and Achievement Status

Safety Objectives for 2022:	Progress in 2023:
Number of major safety incidents: 0	Number of major safety incidents: 0
Employee safety training ≥ 94%	Employee safety training 100%
Timeliness rate of hazard rectification ≥ 94.5%	Timeliness rate of hazard rectification 100%



In 2023, through data analysis, it was found that the total number of work-related injuries at Heyixing Branch decreased compared to the previous year, but the number of sprains increased compared to the previous year, with most occurring among new employees. To address this, on one hand, we strengthened safety education and training, organized safety production "three-level" education, invited medical experts to promote the mechanism of sprains, and share practical knowledge for preventing sprains. On the other hand, we introduced advanced technologies such as motion capture, conducted research projects to study how to help employees exert force scientifically, strengthened labour protection, and further improved the standardization of actions. It proved to be quite effective, with a noticeable decrease in sprains among new employees in subsequent periods.



**Activities for the mental health care of employees**

We launched a public account "Communication from Heart to Heart" on our online platform, releasing information relating to mental health knowledge 34 times throughout the year. Over 3,000 copies of the handbook - *Ten Elements of Mental Health Literacy* were printed and distributed to grassroots trade unions and teams for study. Throughout the year, mental health counseling services have been provided to over 90 employees.



**Pilot development of a "health cabin"**

Centered around the health issues and needs of employees, a multi-disciplinary team (MDT) provided preventive healthcare services to employees through activities such as promoting health knowledge, self-health checks, healthcare therapy, and psychological care. This initiative aimed at creating the service model - "The union is by your side to ensure your health every day."

**Personalized occupational health protection**

We have established a personalized occupational protection equipment repository, customizing special dust-proof masks for the daqu-making process and developing food-grade silicone shoes for workers involved in the fermentation process, thereby improving occupational health risk factors. Personalized occupational health examination plans are developed based on age, production plants and departments, and job types to ensure the physical and mental health and safety of employees.

**Safety Production Education and Training**

We have conducted various safety education and training activities and organized safety culture events in accordance with the *Regulations on Safety Education and Training Management* and the *List of Tasks for the Safety Education and Training Outline*, to further enhance employees' awareness of safety production and their safety skills.

We organized a number of activities for the "Month of Safety Production", such as "Everyone Talks about Safety and Everyone Knows Emergency Response", and our employees had an increased awareness of safety. 1,679 sessions on topics including hazardous operations, risk identification and control, safety rectification and construction, and emergency response, as well as secondary and tertiary safety training, were conducted, with 45,000 participants and a coverage rate of 100% for safety education and training. At the same time, the professional quality and work capability of the safety management team were comprehensively improved. In 2023, 416 people obtained safety management qualification certificates.

In the fiscal year 2023, the Company's investment in safety production amounted to RMB 350 million.



**The Company implemented certification for special operations**

It organized training, assessment, certification, and re-evaluation for practitioners of special operations, special equipment operations, and hazardous goods transportation, etc. 1,558 people have completed the process, with a 100% certification rate for on-the-job operations



People obtained safety management qualification certificates

**416**



The Company's investment in safety production amounted to RMB

**350 million**



Specialized training on safety management



Training on safety production and fire management in packaging production plants



Specialized training on firefighting skills



Specialized training on safety management of hazardous chemicals



Specialized training on emergency skills



Specialized training on standardization of safety production

**Safety Production Data of Kweichow Moutai in 2023**



Work-related severe injury rate

**0%**



Work-related injury rate

**0.56%**

A year-on-year decrease of

**10.86%**

## Jointly Building a Booming Industrial Ecosystem

We are committed to building a modern industrial ecosystem, engaging with stakeholders throughout the industry chain to jointly discuss, construct, and share benefits, and continuously building the "three communities".

### Building an Ecosystem of Supply Chains

We adhere to the management philosophy - "quality-oriented supply, partnership building, and modern chain integration". We have built "six supply chains" to continuously improve the supplier management system, promote the transformation of supply management from "business" to "chain", and from "chain" to "ecosystem", creating a sustainable supply chain characterized by mutual trust, long-term stability, and cooperation benefit.

**Building "Six Supply Chains"**

- Raw and auxiliary materials supply chain** > Build a supply chain of raw and auxiliary materials with high-quality varieties, advanced planting techniques, and modern storage and transportation facilities.
- Package and storage supply chain** > Build an eco-friendly package and storage supply chain with professional design and superior quality.
- Engineering supply chain** > Build an engineering supply chain with first-class planning, scientific design and excellent quality.
- Service supply chain** > Build a service supply chain with professional services, cutting-edge mindset and remarkable efficiency.
- Equipment supply chain** > Build an equipment supply chain with stable channels, efficient R&D and powerful operation and maintenance.
- Digital supply chain** > Build a digital supply chain with pioneering technology, leading innovation, and region-wide collaboration.

### Strengthening Supplier Management

We have continuously been improving the *Supplier Management Measures*, *Procurement Management Measures*, and *Supplier Relationship Management Regulations*, etc., and adhering to the principle of sustainable procurement. We have carried out sustainable supplier access management, performance management, and relationship management in the pre-, mid-, and post-stages of supplier management, promoting the "Chain Leader System", aiming to gradually transition from "procurement management" to "supply chain management" and from "transactional procurement" to "strategic ecosystem construction".

**Supplier access management**

- In line with the *Procurement Management Measures*, suppliers were comprehensively evaluated based on aspects such as technology, quality, service, and qualifications. The Legal Compliance Department uniformly reviewed procurement documents and organized site inspections by inspection teams according to project needs.
- Clear requirements were set for suppliers to provide relevant certification documents for quality, environmental protection, occupational health, and food safety to ensure they had good qualifications and strength.
- Research, collection, and verification of information related to supplier sustainability were conducted to confirm whether suppliers met sustainability requirements.
- When drafting tender documents, it was necessary to specify Kweichow Moutai's sustainability requirements for suppliers.
- 19 supplier access standards were formulated, and qualification, capability, and on-site assessments were conducted for important material suppliers.

**Supplier performance management**

- Continuously monitored the sustainability risks of suppliers, supplier code of conduct, risk response measures, and the achievement of green indicators.
- Incorporated sustainability indicators into the annual performance assessment of suppliers as a key basis for the annual performance evaluation and classification of suppliers.

**Supplier relationship management**

- Conducted regular meetings with key suppliers, provided assistance, and offered incentives to improve the sustainability of supply chains.
- Implemented classification and grading management, categorizing suppliers into strategic, assurance, and competitive levels, to manage supplier relationships accordingly. In 2023, 18 strategic suppliers, 196 assurance suppliers, and 218 competitive suppliers were identified.
- Enhanced the cultivation of strategic suppliers, fully leveraging the theoretical and technical advantages of the expert teams from strategic suppliers, conducting technological research, exchange visits, and training sessions, and jointly carrying out research and development and developing standards on digital development, product technology innovation, as well as green and low-carbon environmental protection.

Kweichow Moutai's Supplier Management in 2023

Index	Unit	Year 2023
Number of collaborating suppliers	-	432
Annual audit rate of suppliers	%	100%
Cumulative number of suppliers trained	-	763
Rate of contract fulfillment by suppliers	%	91%
Supply network index	-	87.3



## Working Together for Sustainable Development

We focus on the sustainable development of its suppliers, adjusting and optimizing the *Code of Conduct for Suppliers*. It enhances sustainable management of suppliers by centering around four themes of sustainable development: employee rights, occupational health and safety, environmental protection, and business ethics and integrity.

### Employee rights & interests

We require suppliers to commit to upholding employee rights, ensuring compliance with decent working conditions as stipulated by the International Labour Organization (ILO) and the United Nations Global Compact (UNGC), and creating decent working conditions, and mandates that these conditions apply to all its employees.

### Occupational health and safety

We require suppliers to provide and maintain a safe working environment, and integrate good health and safety management practices into their operations, including compliance with labor safety regulations, conducting safety training, providing employee protection, and managing occupational injuries and diseases.

### Environmental protection

We prioritize partnerships with environmentally friendly enterprises, advocates for green development, improves the *Blacklist of Packaging Materials (Environmental Protection Category)*, and focuses on reducing environmental pollution risks from the product design stage. In the meantime, we require suppliers to implement appropriate management systems and governance frameworks to assess environmental risks, implement appropriate control measures to mitigate impacts, and maintain responsible business practices towards the environment.

### Business ethics and integrity

We adhere to the principles of compliance with laws, regulations, and discipline, and have established norms such as the *Registration and Filing System for Business Operation Activities in Material Supply Business* and *Prohibitive Rules on Integrity in Material Supply Operations* and *Prohibitive Rules on Integrity in Procurement Operations*, and incorporated integrity management-related content into supplier assessments. In 2023, the proportion of suppliers covered by the principles of clean procurement reached 100%.

## Deepening Communication with Suppliers

We maintain open channels of communication with suppliers, vigorously promoting the "quality" and "assurance" dual enhancement initiatives. It has organized various training and exchange meetings, leveraging its own resource advantages to provide comprehensive support to suppliers, thereby facilitating high-quality development.



### Supplier quality inspection

We carried out factory inspection and quality improvement assistance to 20 important package material suppliers, and the supply qualification rate and quality control level of the suppliers have been effectively improved.



### Supplier training

We organized 38 supplier symposiums, training sessions, and 15 quality analysis meetings, ensuring early detection, communication, and resolution of quality issues.



### Supplier support

We commended and tilted orders towards 26 suppliers whose quality indicators improved, with incentives totaling RMB 42,883,800. A total of RMB 215 million was invested throughout the year to support supplier bases.



### Supplier satisfaction

In 2023, the supplier satisfaction score of 97.6, exceeding 95 for three consecutive years. Analysis and sorting of over 300 pieces of feedback and suggestions were conducted, with 91% of them translated into work measures and new research topics.



## Building a Stronger Distribution Team

We work closely with distributors to deepen market penetration, guided by the "five integration marketing strategy", to enhance market effectiveness. We share industry insights with distributors and provide specialized training to enhance their service capabilities. Through assessment and evaluation, we encourage distributors to enhance their core competitiveness, strengthen channel loyalty and adaptability, and form a strong strategic cooperative alliance.

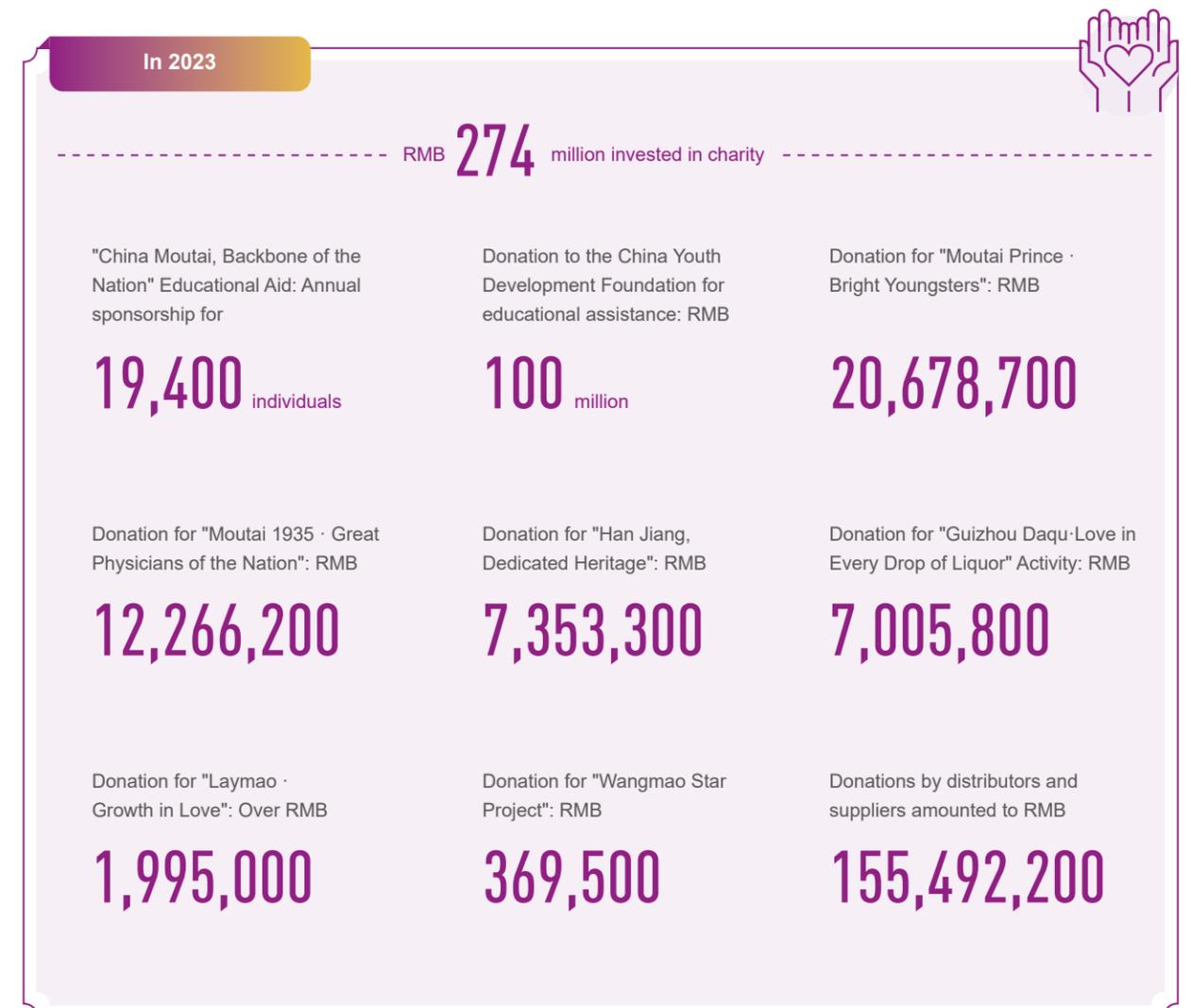


## Jointly Honouring Responsibility and Commitment

We practice the responsibility concept - "Big Brand and Big Responsibility", strongly supporting the Kweichow Moutai Public Welfare Foundation. In conjunction with the UNSDGs, we have developed public welfare plans, enriched the public welfare brand matrix, and gathered more positive forces to engage in social welfare, industrial development, and rural revitalization. Through various measures, we have been contributing to the shared prosperity of a better life for numerous families.

### Upholding Virtue and Mei

We adhere to the original intention of fulfilling social responsibilities and steadfastly engage in public welfare activities, demonstrating greater responsibility as it contributes to the process of promoting the Chinese modernization and achieving common prosperity. In 2023, leveraging the Kweichow Moutai Public Welfare Foundation and coordinating with relevant stakeholders and social resources, we have delivered public welfare projects to extend the benefits of philanthropy to a wider range, more fields, and broader populations. We have paid close attention to and responded to social needs, connecting various resources to help the needy and provide relief, to make people feel warm.





**Donation to the earthquake-stricken Jishishan County, Linxia, Gansu Province**

On December 18, 2023, a 6.2-magnitude earthquake struck Jishishan County, Linxia, Gansu Province. We promptly initiated disaster relief response by donating RMB 15 million to the Gansu Provincial Charity Federation. Also, our distributors in Gansu, Sichuan, and Henan provinces collectively donated RMB 4 million to the Gansu Provincial Charity Federation and the Qinghai Provincial Charity Federation, to assist in providing emergency relief supplies and supporting post-disaster recovery and reconstruction efforts in the affected areas.



Donation Certificate



**Fulfilling dreams through education support**

Since 2012, we have partnered with the China Youth Development Foundation to initiate the hope project for fulfilling dreams: "China Moutai – Backbone of the Nation", which has been ongoing for 12 consecutive years. With a cumulative donation exceeding RMB 1.2 billion, the project has provided targeted assistance to over 230,000 academically outstanding but financially disadvantaged students, enabling them to walk from their "home doors" to the "school gates" of universities. The project has become the largest, most widely supported, and influential charity project in China's philanthropic assistance to education. It has been awarded the highest government award in the field of charity and philanthropy in China, the "China Charity Awards", in 2013, 2018, and 2023, respectively.



Public Welfare Scholarship Activity

**Supporting Rural Revitalization**

We focus on "upholding the bottom line, promoting development, and driving revitalization" to accurately address assistance tasks. We focus on infrastructure construction, industrial development, and educational support, among other areas, implementing measures such as consumer assistance, building beautiful villages, and fostering rural talents to promote the effective implementation of "one plan for one village". In 2023, the direct investment in rural revitalization was more than RMB 51.7 million, benefiting more than 50,000 people.

We have been assisting in improving rural education, enhancing the quality of rural talents through academic support, talent assistance, skills training, and job provision, thereby stimulating the endogenous power of rural revitalization.

In 2023, the direct investment in rural revitalization was more than RMB

**51.7 million**

Benefiting more than

**50,000 people**



**Talent assistance**

Implemented talent placement plans with Chishui City and Bozhou District, opening up new pathways for talent cultivation by dispatching numerous outstanding staff to provide on-site assistance and support year-round.

**Technical training**

Conducted technical skill training such as specialty agricultural cultivation, organizing 239 sessions of technical training in assisted areas, with over 8,000 frontline workers and professional technical personnel trained.



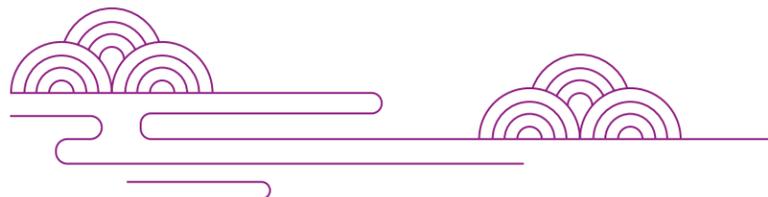
**Guizhou specialty products outreach**

We have been promoting the connection between production and sales, leveraging platforms such as "Moutai Fans Carnival" to assist in the exhibition and sales of agricultural specialty products from places like Daozhen, expanding the sales channels for local agricultural products.



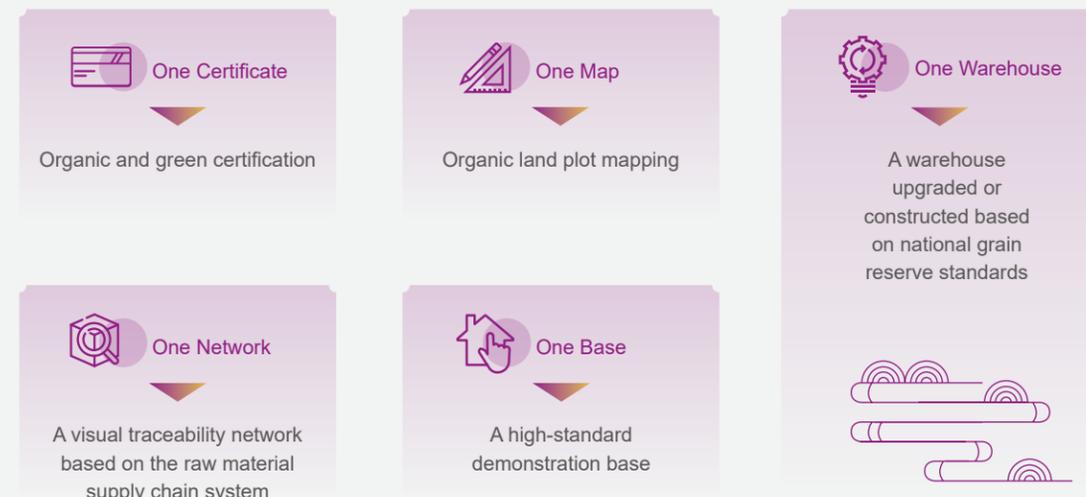
**Building a beautiful countryside**

Through activities such as visits and greetings on Children's Day and during other festivals, we donated learning and sports supplies to paired assistance village schools and coordinated with Jiangxi Distributors Association to donate RMB 345,000 to improve infrastructure such as the cafeteria and multimedia classrooms at Pingmo Elementary School.



## Strengthening Industrial Drive

We follow honest and compliance-based operations, thoroughly implements General Secretary Xi Jinping's important statements on rural work, focuses on its main responsibilities, leverages its industrial advantages, and implements the "Five Ones" project. This initiative supports the development and expansion of supporting industries represented by raw materials and packaging materials, promotes employment, and drives local economic development.



The "Five Ones" project

### Base support

Leveraging the advantages of the liquor industry resources, we implement the "Company + Government + Platform Companies + Cooperatives and Farmers" sorghum base management model, assisting in the development of demonstration bases for sorghum used in Moutai Baijiu. It provides free green manure seeds and organic fertilizers to farmers in the raw material base, conducts specialized training on sorghum planting knowledge, increases investment in organic certification for crops, and continuously improves the standards of raw material cultivation. In 2023, 420 square kilometers of sorghum were planted, with a storage of 141,400 tons, driving 120,000 households of farmers to increase income and become prosperous.



### Helping the entry of supporting industries into Guizhou

By acting as a liaison and facilitating policy introductions, we encouraged raw material suppliers to establish secondary warehouses and packaging enterprises around the Moutai area in Guizhou, promoting local economic development and providing job opportunities for 3,800 people. In 2023, three inbound packaging suppliers transitioned from trading to production-oriented enterprises, while five suppliers established transit warehouses around the Maotai town.



## Working with International Partners to Honour Responsibility

We pay close attention to global development, responds to the needs and expectations of the international community, and works together with international channel partners to participate in international philanthropy. We are committed to contributing its strength to building a community with a shared future for mankind and demonstrating the positive image of Chinese enterprises.

### Conducted donation activities at orphanages on Children's Day

In 2023, we together with channel partners, conducted six charitable activities, including donations to orphanages on Children's Day and a visit to the medical team stationed in Mozambique, totaling RMB 469,000.



# Outlook

In 2024, we will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and thoroughly implement the new development philosophy in our continued "Five-Line" journey to high quality development with Moutai aesthetics of Mei as the value connotation. In the pursuit of "endless Mei, endless me" with the attitude of "forging ahead for Mei," we will join hands with stakeholders to practice ESG in a comprehensive and holistic manner. In this way, we will promote Moutai's high-quality development and modernization to a new level and achieve a new leap forward.



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## Feedback

Dear readers,

Thank you very much for reading the Kweichow Moutai 2023 Corporate Social Responsibility and ESG report during your busy schedule. Your comments and suggestions on this report are highly appreciated for us to improve the quality and level of the report and our social responsibility and ESG efforts!

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### Your information

Name: \_\_\_\_\_ Tel.: \_\_\_\_\_

Employer: \_\_\_\_\_ E-mail: \_\_\_\_\_

Your overall rating of this reports is:

Excellent  Good  Fair

How well do you think this report reflects the Company's significant economic, social and environmental impact:

Well  General  No idea

How clear, accurate and complete do you think the information, data and indicators disclosed in this report:

Very good  Good  Fair  Bad  Very bad

Which aspect of this report are you most satisfied with?

\_\_\_\_\_

What information would you like to know more about?

\_\_\_\_\_

What are your suggestions for our future reports?

\_\_\_\_\_



本报告采用环保纸张和环保油墨制作  
减少打印, 保护环境



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