



2022

Environmental, Social and
Governance Report
Luzhou Laojiao Co., Ltd.



About the Report

Company profile

The 2022 Environmental, Social and Governance Report of Luzhou Laojiao Co., Ltd. is the 16th annual Environmental, Social and Governance Report released by Luzhou Laojiao Co., Ltd. The Report is prepared for truthfully, accurately and completely disclosing to stakeholders the efforts and achievements made by the Company in implementing high-quality sustainable development.

Report scope

The disclosure scope of the Report covers Luzhou Laojiao Co., Ltd. and its subsidiaries. The disclosure period of the Report is from January 1, 2022 to December 31, 2022. For the sake of enhancing the comparability and completeness of the Report, some information contents are appropriately traced back to previous years or beyond the above range. All data in the Report are from relevant data statistics and external documents of Luzhou Laojiao Co., Ltd. During the reporting period, financial data is in RMB. In case of any inconsistency with the financial report, the financial report shall prevail.

Reference description

For ease of expression and reading, "Luzhou Laojiao Co., Ltd." is referred to as "Luzhou Laojiao", "Company", "We", etc. in the Report. Besides, other reference descriptions in the Report are as follows:

- "Brewing Company" refers to Luzhou Laojiao Niangjiu Co., Ltd.
- "Huangyi" and "Huangyi Brewing Ecological Park" refer to the Company's park located in Huangyi Town, Jiangyang District, Luzhou City
- "Luohan" and "Luohan Brewing Ecological Park" refer to the Company's park located in Luohan Town, Longmatan District, Luzhou City
- "Xiaoshi Brewing Base" refers to the Company's production base located in Xiaoshi Street, Longmatan District, Luzhou City

Reference standards

The Report is based on the industry background, highlighting the characteristics of the enterprise and striving to comply with the sustainable development information disclosure-related standards of industry peers. The key reference standards for report preparation include:

- Sustainability Reporting Guidelines (GRI standards) by Global Reporting Initiative
- Guiding Opinions on State-owned Enterprises to Better Fulfill their Social Responsibilities by State-owned Assets Supervision and Administration Commission of the State Council
- Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0) by Chinese Academy of Social Sciences
- Guidelines of Shenzhen Stock Exchange No. 1 for the Application of Self-Regulation Rules for Listed

Companies - Standards for Implementation of Disciplinary Actions for Listed Companies by Shenzhen Stock Exchange

- Social Responsibility Instructions to Listed Companies by Shenzhen Stock Exchange

Preparation process

Issue collection

Internal collection: All departments/branches and subsidiaries/report preparation teams of the Company

External collection: Regular stakeholder surveys/irregular stakeholder symposiums/stakeholder demand surveys/professional organization seminars

Content selection

External review: Suggestions from external experts and communications with stakeholders

Internal review: Evaluation of corporate social responsibility concepts, evaluation of sustainable development strategies and comparison of domestic and foreign reporting standards

Substantive evaluation: Identification of major stakeholders, updating of the issue pool, screening of potential substantive issues, analysis of questionnaires and disclosure of information

Report preparation

Report framework planning - Data collection and analysis - Report preparation and design - Internal review of report - Solicitation of opinions from stakeholders - Modification and improvement of report - Approval by the Company's Board of Directors - Report rating

Report release and improvement

Report release and dissemination - Report feedback collection - Continuous improvement of report contents

Reliability assurance

The Company and all members of the Board of Directors guarantee that the information disclosed is true, complete and accurate without any false records, misleading statements or significant omissions.

Report acquisition

To implement the concept of low-carbon environmental protection, we will release the Report in electronic format. To obtain the Report, you can log in to cninfo www.cninfo.com.cn to read the electronic version of the Report. In case of any questions or suggestions regarding the Report, please send an email to dsb@lzlj.com.



CONTENTS

I Preface

- 06 About Us
- 14 Leader's Speech
- 18 Responsibility Management

II Green Dependence - Co-creation of Low-carbon Future

- 26 Strengthening of Environmental Management
- 33 Promotion of Energy Conservation and Carbon Emission Reduction
- 38 Implementation of Environmental Protection Publicity and Education
- 41 Deepening of Green Operation

III Together Now - Co-creation of Beautiful World

- 46 Empowerment to Employee Growth
- 56 Joint Efforts for Win-win by Partners
- 62 Enthusiasm about Social Welfare
- 64 Support for Rural Revitalization
- 66 Inheritance of Intangible Cultural Heritage
- 69 Advocation of Responsible Drinking

IV Coexistence of Interests - Co-creation of Excellent Brand

- 72 Strengthening of Leading Role of Party Building
- 77 Optimization of Corporate Governance
- 85 Strict Control of Food Safety
- 92 Establishment of Digital Intelligence-based Enterprises

V Appendix

- 98 Table of Key Performance
- 100 Index of Metrics
- 101 Opinion Feedback



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一

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I Preface



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About Us

Company profile

Luzhou Laojiao Co., Ltd. is located in the Baijiu city of Luzhou, Sichuan. Luzhou Laojiao Group Co., Ltd. is the largest shareholder of the Company and the State-owned Assets Supervision and Administration Commission of Luzhou is the actual controller of the Company. The Company was formerly known as "Luzhou Laojiao Brewery" and later renamed as "Luzhou Laojiao Co., Ltd." It was listed on the Shenzhen Stock Exchange (SZSE) in 1994 and is the first joint-stock enterprise in the national brewing industry and the first listed Baijiu enterprise on the Shenzhen Stock Exchange. So far Luzhou Laojiao has become a powerful state-owned large-scale backbone enterprise and a nationally renowned enterprise.

Luzhou Laojiao is the pioneer of strong aroma techniques, the maker of strong aroma standards and the builder of strong aroma brands, which is known as the "ancestor of strong aroma". In 1324 AD (The first year of Emperor Taiding's rule of the Yuan Dynasty), Guo Huaiyu, the founder of Chinese Baijiu Daqu, created "Ganchun Qu", which led Chinese Baijiu into the era of "Daqu liquor". Besides, he created "traditional brewing method of Luzhou Laojiao" that has been inherited for nearly 700 years and 24 generations. In 2006, the "traditional brewing method of Luzhou Laojiao" was included in the first batch of "List of National Intangible Cultural Heritage".

In 1573 AD, Shu Chengzong built Luzhou Laojiao 1573 cellars of national treasure, which have been in use for 450 years. In 1996, they were rated by the State Council as the first site listed in "National Key Cultural Relics Protection Units" in the industry and are the only treasure-class "living cultural relic" at the national level in China that has been in use for more than 100 years that coexists with Dujiangyan Irrigation system in China. In 2013, 1619 brewing cellars with a history of over 100 years, 16 Ming and Qing Dynasty ancient brewing workshops and 3 natural Baijiu preservation caves in Luzhou Laojiao were all listed in "National Key Cultural Relics Protection Units".

The Company has multiple products, including National Cellar 1573, Luzhou Laojiao 1952, Luzhou Laojiao Tequ, Centennial Luzhou Laojiao Jiaoling Baijiu, Luzhou Laojiao Touqu, Luzhou Laojiao Black Cap, etc., which are best-selling at home and abroad.

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

In recent years, the Company has actively participated in various public welfare and poverty alleviation activities and has won the "China Charity Award" for three consecutive times. It has also won multiple honors, including "National Advanced Collective for Social Poverty Alleviation", "China Red Cross Contribution Medal", "National Charity and Love Enterprise", "National Advanced Collective for Poverty Alleviation", and "Advanced Designated Poverty Alleviation Organization in Sichuan Province".




Organizational structure



Corporate culture

Concept dimension 	Corporate philosophy · Liquor brewed with the universe · Spirit generated by the world	Corporate philosophy slogan · Walking with society · Relying on the environment · Coexisting with humanity	Corporate spirit · Respect others and work hard · Innovation and excellence
	Corporate mission · Where Chinese people go · Appreciate Luzhou Laojiao	Corporate vision · Be a giant in the Chinese Baijiu industry · Be a flagbearer of Chinese Baijiu culture	Core values · Inherit culture and continuously innovate · Focus on customers and create wealth

Operation dimension 	“Three Unswerving Principles” · Unswerving principle of competitive marketing strategy · Unswerving principle of guiding ideology of sales first · Unswerving principle of basic principle of creation and sharing	“Three Stabilities” · Price stability · Team stability · Policy stability	“Four Requirements” · Co-prosperity with the industry and mutual benefit with customers · Dependence with customers and synchronous development with the market
	“Five Implementations”	Implementation of organizational structure construction, implementation of channel network construction, implementation of brand focus shaping, implementation of service culture creation, and implementation of company efficiency revolution	

Management dimension 	Company management principles Combination of humanistic management with digital management	Human resource management concept Talents are capital and there must be a position for a person with achievement	Marketing management concept Customer-centered theory
	Research and development management concept Building of four first-class perspectives with market orientation Shaping of four forces to achieve a transformation	Production management concept Inheriting the ancestral brewing method to become a brewery leader	Quality management concept Let the quality of Chinese Baijiu be visible
	Environmental management concept Happy life originates from green production	Safety management concept Safe, healthy and happy Social responsibility concept	Social responsibility concept Culture creates value and harmony promotes development

Products



National Cellar 1573 • Spirit of China

National Cellar 1573 • Spirit of China is a representative work of both China’s tangible cultural heritage and China’s intangible cultural heritage. It was specially brewed in memory of the 1573 cellars of national treasure and the traditional brewing method of Luzhou Laojiao, which were selected as “National Key Cultural Relics Protection Units (1996)” and “List of National Intangible Cultural Heritage (2006)”. Such Baijiu is colorless and transparent with elegant cellar aroma, delicate aged aroma, mellow, sweet, full and round taste, refreshing and clean aftertaste and long aftertaste, showing a typical style.



National Cellar 1573 • Classic

National Cellar 1573 • Classic, originated from the “cellars of national treasure” built during the Emperor Wanli period of the Ming Dynasty (1573 AD), and is brewed using the traditional brewing method of Luzhou Laojiao. Such Baijiu is colorless and transparent with elegant cellar aroma, mellow, sweet, refreshing and clean aftertaste, soft and harmonious taste and clean and long tail aroma, showing a typical style.

Luzhou Laojiao 1952

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



Luzhou Laojiao Tequ 60s Tribute Edition

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

Luzhou Laojiao Tequ

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



Gogoon

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



30 years old cellar



60 years old cellar



90 years old cellar

Centennial Luzhou Laojiao Jiaoling Baijiu

Luzhou Laojiao fully utilizes the advantages of cellar resources, naming Baijiu with its corresponding cellar age and grading it based on cellar age. In addition, it selects exclusive cellars for brewing and creates a core strategic brand that is in line with National Cellar 1573 and belongs to the “cellar series” - Centennial Luzhou Laojiao Jiaoling Baijiu. The product includes Baijiu with 30 years old cellar, 60 years old cellar, and 90 years old cellar. Centennial Luzhou Laojiao Jiaoling Baijiu has pioneered the “cellar age year” and become the pioneer and leader of the Jiaoling Baijiu category, setting industry standards for the “Jiaoling Baijiu” category.

Luzhou Laojiao Touqu

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



Luzhou Laojiao Black Cap

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



Chairman's Speech



**Luzhou Laojiao Group Co., Ltd.
and Luzhou Laojiao Co., Ltd.
Secretary of the Party
Committee and Chairman**

We adhered to value creation and united efforts through sharing results. We have always adhered to positive interaction with investors and shareholders with integrity and compliance as the fundamental operation principle and actively safeguarded and guaranteed the interests of stakeholders to further continuously enhance corporate value and establish a good image of the Company in the capital market. We established a good cooperation and communication mechanism with customers and partners, practicing the concept of "customer is team", respecting customers, relying on customers, serving customers, and helping customers. Hence, the symbiotic, win-win and synchronous manufacturer relationship has been strengthened. We continuously promoted the co-growth of employees and enterprises, comprehensively strengthening the selection of scientific talents and striving to create the "two paradises" for employees. A good atmosphere of cadre entrepreneurship with the "team working together, central cadres making concerted efforts and employees working hard" has been created. The Company's organizational vitality, talent vitality, and management vitality were strongly triggered.

2022 is the beginning year of a new journey to comprehensively build a modern socialist country and of advancing towards the second centennial goal. It is also a crucial year for Luzhou Laojiao to firmly implement the "136" development strategy. This year, Luzhou Laojiao took learning and implementing the spirit of the "20th National Congress" of the Communist Party of China as its guide and adhered to the spirit of culture casting, quality foundation and brand leadership. Hence, it has withstood severe tests such as economic downturn and intensified competition and advanced to a new highland of development with hard work, contributing to the new era of attaining achievements with responsibility.

We practiced green ecology and led development with harmonious coexistence. We adhered to the responsibility of building and consolidating a good industry development pattern, actively practiced the development consensus of "common culture", "common standard setting", "common rule adherence", "common market expansion" and "common crisis resolution", leading the healthy ecology of the Baijiu industry. We continuously improved the extension and layout of the "Baijiu industry+" industrial chain and conducted in-depth regional cooperation in organic grain cultivation, scientific research platform construction and major project construction, actively creating a systematic and comprehensive industrial ecology. We actively implemented the environmental management concept of "happy life originates from green production" and established and improved environmental risk monitoring mechanisms, environmental risk response mechanisms and environmental management systems, continuously improving production technology and processes to further support the national "carbon peaking and carbon neutrality" strategy with practical actions and maintain a good green development ecology.

We strengthened the fulfillment of responsibilities and contributed to developing the era of attaining actual achievements. At the time of developing and strengthening

ourselves, we have always borne in mind the political nature of the "state-owned enterprise under the leadership of the Party", actively integrating into the overall situation of rural revitalization and development and actively participating in social welfare activities. In 2022, we assisted rural revitalization in designated assistance areas by implementing measures such as infrastructure renovation, "purchasing instead of donations," and education assistance. We cumulatively invested a total of RMB 2.5515 million as assistance funds and were awarded the title of "Advanced Collective in Designated Assistance Work" in Sichuan Province. We carried out public welfare projects such as the "Provincial Poverty Relief Fund" and the "Luzhou Laojiao Gold Teacher Award" and donated a total of RMB 3.21 million to support the development of local education. 2023 is a crucial year for Luzhou Laojiao to achieve its high-quality development goals during the "14th Five-Year Plan" period. We will closely focus on the development theme of "promoting reform, strengthening collaboration, focusing on key points and achieving a leap development together". Moreover, we will walk with society, have a dependence on the environment, seek coexistence with humans and work together with consumers, investors, partners, and stakeholders to achieve a new high-quality development for Luzhou Laojiao!

“Luzhou Laojiao will closely focus on the development theme of “promoting reform, strengthening collaboration, focusing on key points and achieving a leap development together”. Moreover, it will walk with society, have a dependence on the environment, seek coexistence with humans and work together with consumers, investors, partners, and stakeholders to achieve a new high-quality development for Luzhou Laojiao!”

General Manager's Speech



**Luzhou Laojiao Co., Ltd.
Deputy Secretary of the
Party Committee and
General Manager**

In 2022, the front of our sales was continuously broken through. We firmly implemented a competitive marketing strategy and the main single products have returned to the list of nationally renowned Baijiu. National Cellar 1573 takes the lead and keeps its leading position, firmly occupying the high-end place of Chinese Baijiu. Tequ brand and Jiaoling Baijiu brand have achieved historic breakthroughs and the terminal coverage scale of the Touqu and Erqu brands has been continuously expanded. The brand revival of "Luzhou Laojiao" has entered a fast lane. A deep layout with multiple product lines and up-to-date concepts has been formed, which is accelerating the formation of emerging growth poles. Especially, Luzhou Laojiao's two major base markets in North China and Southwest China have been established and the pace of nationalization is accelerating.

In 2022, our production capacity obtained a firm guarantee. We promoted the upgrading of high-quality Baijiu production capacity and ensured that every drop of Baijiu was brewed from pure grains in a solid state. Various varieties of aged cellars produced aroma-producing cellar mud groups of different characteristics. Through the implementation of the Company's unique cellar mud grafting technology, the Baijiu quality of newly built cellars has reached a high-quality level. We promoted

"A decade-old brand relies on marketing, a century-old brand relies on quality, and a millennium-old brand relies on culture". In response to multiple challenges such as consumption stagnation, all the people of Luzhou Laojiao National Cellar united and fought tenaciously, achieving a revenue growth rate of over 20% for five consecutive quarters and a net profit growth rate of over 25% for nine consecutive quarters in overcoming difficulties. The resilience of Luzhou Laojiao brand is prominent and its business indicators have improved while maintaining stability, keeping a healthy and rapid development momentum.

the construction of intelligent factories with a production speed of over 12000 bottles/hour for boxed Baijiu and over 48000 bottles/hour for light bottle liquor, achieving non-landing production from grains to raw Baijiu to finished products. We strictly implemented bottle storage management and increased research investment year by year. Therefore, the quality and quantity of Luzhou Laojiao obtained continuous improvement.

In 2022, great progress was made in the construction of our headquarters again. We continuously optimized internal control construction, cumulatively released a total of 246 systems and achieved rearrangement and optimization of 54 OA processes. The supervision of funds, assets, projects, bidding and tendering and other aspects were comprehensively strengthened and a legal risk control rate of 100% was achieved. We effectively fulfilled the information disclosure obligations as a listed company and released over 100 reports. Management innovation and efficient empowerment were realized. The Company has been selected as one of the first batch of pilot organizations in the province and the third batch of pilot organizations in China regarding electronic reimbursement, recording and archiving of value-added tax electronic invoice. The archive innovation case of Luzhou Laojiao has been successfully selected as one of the first batches of pilot organizations for the construction of digital archives

(offices) in enterprise groups in China, and has been ranked among the first camp of enterprise archive management in China. Due to the continuous consolidation of safety and environmental protection, zero safe production accidents and zero incidence of occupational diseases throughout the year have been realized. The Company was awarded the title of "Safe Production Standardization Level-1 Enterprise" and "Provincial Health Enterprise". Due to the implementation of green, low-carbon and clean production, the Company was awarded the title of "Provincial Green Supply Chain Management Enterprise". Due to the implementation of closed-loop management of pollution prevention and control, the Company realized a 100% compliance rate of the treatment of waste gas, waste water and waste residues and noise. The Company was awarded the provincial "Environmental Credit Evaluation and Environmental Integrity Enterprise" for three consecutive years.

In 2023, we will strive to promote market leadership, cultural leadership, quality leadership, brand leadership and management leadership with a more uplifting spirit, more solid measures and a more rigorous style and comprehensively win the new battle of seizing opportunities and overcoming difficulties together!

“Luzhou Laojiao will strive to promote market leadership, cultural leadership, quality leadership, brand leadership and management leadership with a more uplifting spirit, more solid measures and a more rigorous style and comprehensively win the new battle of seizing opportunities and overcoming difficulties together!”

Responsibility Management

Responsibility concept

Luzhou Laojiao emphasized the coordinated development of enterprise operation with economy, society and environment, always adhering to the corporate philosophy of “liquor brewed with the universe, spirit generated by the world” and practicing the social responsibility concept of “walking with society, relying on the environment, and coexisting with humanity”. On one hand, Luzhou Laojiao pursued economic benefits; on the other hand, it highlighted the needs of stakeholders such as shareholders, employees, communities and partners and committed to fulfilling the social responsibility of state-owned enterprises, contributing to the development of the country and the revitalization of the nation with the power of Luzhou Laojiao.



Responsibility communication






Information disclosure

Luzhou Laojiao systematically disclosed the Company operation information, conducted communication and interaction with investors and maintained investor relationships by preparing and releasing regular reports such as semi-annual and annual reports. Besides, it regularly held performance briefing meetings and expanded channels for stakeholders to understand the Company, regularly disclosing the practical achievements of the Company’s social responsibility fulfillment to the public.

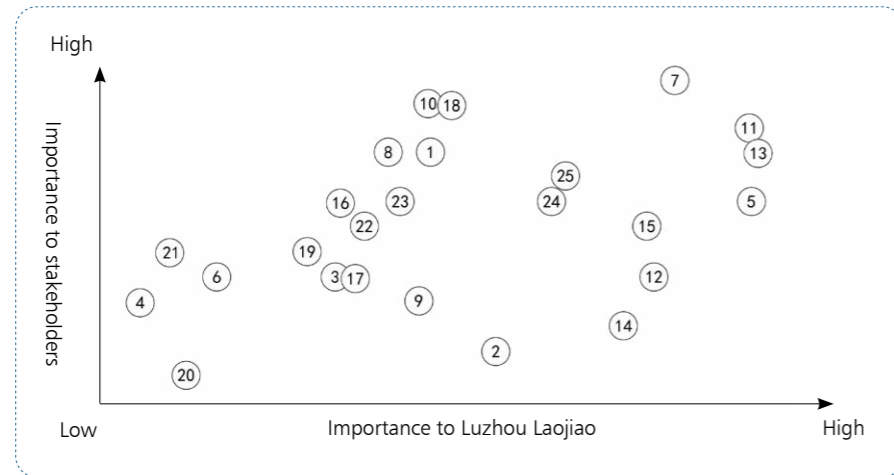
Communication with stakeholders

Luzhou Laojiao attached great importance to the participation of stakeholders, continuously improved the social responsibility communication mechanism and actively opened effective channels for communication with stakeholders for a deep understanding of and response to the expectations and demands of stakeholders under the supervision of stakeholders.

Stakeholders	Expectations for the Company	Our response
 Government	<ul style="list-style-type: none"> · Comply with national laws and regulations · Follow the national macroeconomic regulation · Preservation and appreciation of state-owned assets · Rural revitalization and common prosperity 	<ul style="list-style-type: none"> · Special report · Complete the production and operation plan · Full tax payment · Visits and communication
 Shareholders and investors	<ul style="list-style-type: none"> · Improve shareholder returns · Standardize corporate governance · Practice compliant operations · Prevent operational risks 	<ul style="list-style-type: none"> · Adhere to stable operation · Investor exchange meetings · Information disclosure · Establish an internal control system

Stakeholders	Expectations for the Company	Our response
 Employees	<ul style="list-style-type: none"> · Protection of employee rights and interests · Employee career development · Diverse employee activities · Employee safety and health 	<ul style="list-style-type: none"> · Workers and Employees Representatives' Meeting · Trade unions at all levels · Employee training · Health management
 Consumer Customer	<ul style="list-style-type: none"> · Product quality and safety · Customer service and rights protection · Responsible marketing practices · Data security and privacy protection 	<ul style="list-style-type: none"> · Customer relationship management · Customer symposiums and visits · Customer satisfaction survey · Respond to customer complaints · Consumer activities such as tasting events and brand promotion
 Environment	<ul style="list-style-type: none"> · Protect the ecological environment · Address climate change 	<ul style="list-style-type: none"> · Promote green production · Practice green operations
 Partners and supply chain	<ul style="list-style-type: none"> · Adhere to business ethics · Open and fair procurement · Supply chain management · Distributor management and rights protection · Mutual benefit and win-win situation · Common development 	<ul style="list-style-type: none"> · Contract fulfillment · Qualification review · Public procurement information · Negotiation and communication · Supplier training session · Distributor conference
 Community	<ul style="list-style-type: none"> · Drive community development · Support social welfare 	<ul style="list-style-type: none"> · Participate in community activities · Carry out public welfare practices · Create job opportunities · Support rural revitalization

Analysis of substantive issues



Environmental issues

- | | | |
|----------------------------------|-----------------------------|------------------------------------|
| 1. Water resource management | 4. Greenhouse gas emissions | 7. Protection of the Yangtze River |
| 2. Energy management | 5. Sewage and waste | |
| 3. Packaging material management | 6. Biodiversity protection | |

Social issues

- | | | |
|-----------------------------|---|------------------------------|
| 8. Customer service | 12. Intellectual property | 16. Community public welfare |
| 9. Sales network | 13. Occupational health and safety | 17. Responsible drinking |
| 10. Supply chain management | 14. Employee rights, interests and benefits | 18. Responsible marketing |
| 11. Quality management | 15. Employee training and development | 19. Rural revitalization |

Governance issues

- | | |
|--|--------------------------|
| 20. Governance of the Board of Directors | 23. Compliant operations |
| 21. Protection of shareholders' rights and interests | 24. Economic performance |
| 22. Internal risk control | 25. Anti-corruption |

From the perspective of the Company's strategic planning and current status of social responsibility management, Luzhou Laojiao formulated 25 issues in three categories of environment, society and governance by reference to the ESG (Environment, Society, and Governance) disclosure frameworks at home and abroad and in the industry. Prior to the preparation of the Report, the Company conducted substantive issue analysis in the form of questionnaires for management, employees and external stakeholders such as suppliers and communities.

Luzhou Laojiao will carry out social responsibility and ESG-related management and communication work based on the above results, forming priority issues and matters and actively responding to the demands of stakeholders.



RESPONSIBILITY AND HONOR

In 2022, the Company received some social honors as follows:

Award name	Issuing Organization
The First Batch of Pilot Organizations for the Construction of Digital Archives (Offices) in Enterprise Groups in China	Office of the National Archives Administration of China
Pilot Organization in China Regarding Electronic Reimbursement, Recording and Archiving of Value-Added Tax Electronic Invoice	Office of the National Archives Administration of China and General Office of Ministry of Finance of the People's Republic of China General Office of Ministry of Commerce of the People's Republic of China and General Office of State Taxation Administration
2022 National Demonstration Enterprise for Creating Harmonious Labor Relations	Ministry of Human Resources and Social Security of the People's Republic of China
Typical Enterprise for Deep Processing of Agricultural Products in the Industrial Field	Ministry of Industry and Information Technology of the People's Republic of China
National Technological Innovation Demonstration Enterprise	
List of National Industrial Tourism Demonstration Bases in 2022	Ministry of Culture and Tourism of the People's Republic of China
First Prize of 2022 Sichuan Provincial Science and Technology Progress Award	The People's Government of Sichuan Province
First Prize of Sichuan Patent Award (2021)	
Provincial Green Supply Chain Management Enterprise in 2022	Sichuan Provincial Economic and Information Department
Advanced Organization of Municipal Key Internal Security Work in 2021	Office of Luzhou Municipal People's Government
Advanced Enterprise in the Statistical Work of State-owned Assets of State-owned Enterprises in the City in 2021	State-owned Assets Supervision and Administration Commission of Luzhou
Advanced Organization of Talent Work in 2022	Leading Group for Talent Work of the CPC Luzhou Municipal Committee
List of Selected Projects for the Integration Development of Intangible Cultural Heritage and Tourism in China in 2022	China Intangible Cultural Heritage Protection Association
2022 China Construction Engineering Luban Prize	China Construction Industry Association
Top Ten Advances in Food Technology in China in 2022	Chinese Institute of Food Science and Technology
Top 30 Best Employers in China in 2022	China Annual Best Employer Organizing Committee of Zhilian Recruitment

Award name	Issuing Organization
Excellent Practice Organization of Digital Transformation of Enterprises in Western China in 2022	Western China Enterprise Informatization Summit
Advanced Organization for Digital Transformation of China's Light Industry in 2022	China National Light Industry Council China Light Industry Information Center
Industry Deepening Workers' Team of China's Light Industry The First Batch of Key Enterprises to Be Promoted in the Special Construction and Reform Action	National Committee of the Trade Union of Financial and Commercial Workers, Light Industry and Textile Workers, Tobacco Industry Workers China National Light Industry Council
The Second Batch of Pilot Organizations of All-China Federation of Trade Unions to Improve the Quality of Life of Employees	General Office of All-China Federation of Trade Unions
Advanced Organization of the National "Ankang Cup" Competition Safety Culture Publicity Activity	Organizing Committee of the National "Ankang Cup" Competition
AAA Credit Company	China Cheng Xin International Credit Rating Co. Ltd.
First Prize of Science and Technology Progress Award of China National Light Industry Council	China National Light Industry Council
First Prize of Science and Technology Award of China National Food Industry Association	China National Food Industry Association
The 16th "Top 100 Value Listed Companies on the Main Board" in the Value Selection among China Listed Companies	Securities Times
"Annual Excellent Management Team" in the 16th Value Selection among Chinese Listed Companies	
The Best Investor Relations Award for Chinese Listed Companies in the "Tianma Award - Investor Relations Selection for Chinese Listed Companies"	
Best Practice Award for Board Office of Listed Companies in 2022	China Association for Public Companies
Top 10 Influential Listed Companies in 2021	Snowball Finance
2021 Value Focus Listed Companies	
Top of Investment Value of Gold Medal Enterprises Ranking	
Top 50 Most Popular Listed Companies by Institutions in the Market Value Ranking of Listed Companies in 2022	Wind Information
Top 50 Chinese Listed Companies by Market Value in 2022	

“ We have to stick to the concept of “green mountains and clear water are equal to mountains of gold and silver”, and unswervingly follow the road of ecological priority and green development. —Xi Jinping ”



II Green Dependence

Co-creation of Low-carbon Future

Green development is an essential requirement for the construction of ecological civilization. In response to the national “double carbon” strategy, Luzhou Laojiao insisted on the concept of sustainable development with the goals of “carbon peaking” and “carbon neutrality”, and made continuous efforts in environmental management system construction, resource conservation, environmental pollution prevention, green product development and green supply chain management., so as to be the green leader in China’s Baijiu industry by pursuing the sustainable development path of ecological priority and green environment protection.



In response to UN sustainable development goals *



Strengthening of Environmental Management

Luzhou Laojiao adhered to the environmental management concept of “happy life comes from green production”, practiced the environmental management principles of “priority given to protection and prevention, with comprehensive management, full participation and responsibility for damage”, strictly abided by environmental laws and regulations, improved the environmental management system, perfected the environmental risk prevention and control mechanism, strengthened pollution prevention and control, and constantly enhanced the environmental management capabilities. In 2022, in terms of environmental management, the Company was not punished by government departments in any form.

Environmental management system

Luzhou Laojiao passed the ISO14001 environmental management system certification and established an environmental management system according to GB/T24001-2016 (environmental management system) standards and other laws, regulations and requirements. It revised the Environmental Management Manual several times, and formulated the Collection of Environmental Protection Management System of Luzhou Laojiao Co., Ltd., which covered 25 management systems in ten aspects, including “environmental protection responsibility system, project environmental protection management, discharge permit management, pollution prevention and control management, hidden danger detection and management, clean production, environmental statistics and declaration, information disclosure and credit evaluation, environmental training and publicity, and environmental protection file management”. The Company formulated management documents such as Guidance for Environmental Protection Management of Luzhou Laojiao Co., Ltd., Ecological Environmental Protection Responsibility List of Luzhou Laojiao Co., Ltd. and Environmental Protection Risk Control List of Luzhou Laojiao Co., Ltd. to realize normalized, standardized and fine management of ecological and environmental protection.

At the beginning of each year, the Company released the annual ecological and environmental protection work plan and signed the responsibility statement for ecological and environmental protection target management with various departments (organizations), so as to define the specific targets and responsible subjects of ecological and environmental protection work, strengthen supervision and assessment, and promote the implementation of responsibilities.

In recent years, the Company has constantly perfected its environmental management system, solidly improved its environmental management capabilities, and strived to implement green, low-carbon and high-quality development.



Certificate of environmental management system certification

Environmental risk prevention and control

Legal and compliant environmental procedures

In strict accordance with the Law of the People's Republic of China on Environmental Impact Assessment, Regulations on the Administration of Construction Project Environmental Protection of the People's Republic of China and other laws and regulations, Luzhou Laojiao handled the environmental protection procedures for construction projects, supervised the implementation of environmental protection measures, and ensure that the ecological and environment protection of the construction project was legal and compliant.

Emergency drill for environmental emergencies

The Company organized environmental risk response activities in various forms, such as company-level emergency drill for environmental emergencies, special emergency drills, department-level special emergency schemes, and on-site disposal plan drills, constantly refining emergency rescue mechanisms and improving emergency response capabilities.

Environmental risk response mechanism

Luzhou Laojiao carried out risk assessment of environmental emergencies and determined risk levels in accordance with the requirements of laws and regulations such as the Management Measures for the Filing of Emergency Schemes for Environmental Emergencies in Enterprises and Institutions (Trial) and Industry Directory for the Filing of Emergency Schemes for Environmental Emergencies in Sichuan. The Company prepared risk assessment reports for environmental emergencies and investigation reports on environmental emergency resources, which have been filed with the higher authorities as required.

Environmental risk monitoring mechanism

Luzhou Laojiao established a dual prevention mechanism with risk grading management and control and hidden danger detection and treatment. Through the hidden danger detection mode of “comprehensive inspection-special inspection-daily inspection”, the Company carried out regular environmental protection hidden danger detection activities, constantly improved the sensitivity of environmental protection hidden danger discovery and the efficiency of hidden danger treatment, and constantly improve the monitoring and early warning mechanism through online monitoring, self-monitoring and manual monitoring, so as to ensure that the discharge of pollutants meet the standards and ensure that the discharge compliance rate is 100%.





In 2022, the Company prepared the Environmental Protection Risk Control List of Luzhou Laojiao Co., Ltd.



The Company made, posted and distributed 49 notification cards for environmental facilities, so as to standardize the management of environmental facilities in the territory.



The Company prepared daily management measures and on-site emergency response measures for 62 environmental risk scenarios, so as to ensure that grass-roots staff could effectively respond to environmental emergencies and effectively implement risk prevention.

In 2022, the Company organized emergency drills for environmental emergencies (Partial).

- ▶ Comprehensive emergency response drill for secondary environmental emergencies (anaerobic tank leakage) caused by earthquake disaster in 2022.
- ▶ Emergency drill for waste solvent ink leakage accident in packaging workshop 2.
- ▶ Desktop simulation drill for alkali-containing waste liquid leakage in laboratory.
- ▶ On-site disposal drill for Baijiu leakage accident in liquor depot.
- ▶ Emergency drill for waste ink leakage pollution emergency in packaging production workshop.
- ▶ Emergency drill for on-line monitoring fault of flue gas.
- ▶ On-site disposal plan of waste water leakage accident and drill for hazardous waste leakage accident in waste water station.



The Company organized and carried out company-level emergency drill for environmental emergencies.

Pollution prevention and control

In 2022, the Company formulated 8 self-monitoring plans according to the requirements of standards such as Self-Monitoring Technology Guidelines for Pollution Resources - Alcohol Products and Beverage Manufacturing Industry (standard No.: HJ1085-2020) and other standards. It submitted 15 quarterly and 5 annual implementation reports for the pollutant discharge permit to environmental protection authorities and other government departments. The Company carried out self-monitoring 664 times a year, and obtained 149 self-monitoring reports, with the monitoring results reaching the standard rate of 100%.

Management of waste water discharge

Luzhou Laojiao established wastewater treatment stations in Huangyi Brewing Ecological Park and Luohan Brewing Ecological Park to fully guarantee the wastewater discharge up to the standard. The wastewater treatment station of Luohan Brewing Ecological Park adopted the process of "pretreatment + UASB+ improved AAO+ secondary biochemistry + chemical dephosphorization + advanced treatment". The wastewater treatment reached the direct discharge standard in Table 3 of Discharge Standard of Water Pollutants for Fermented Alcohol and Baijiu Industry (GB27631-2011). The wastewater treatment station of Huangyi Brewing Ecological Park adopted the process of "pretreatment + anaerobic biological treatment + aerobic biological treatment + advanced treatment". The wastewater treatment reached the indirect discharge standard in Table 2 of Discharge Standard of Water Pollutants for Fermented Alcohol and Baijiu Industry (GB27631-2011) and was discharged into the sewage treatment plant of Liquor Industry Park.

The wastewater treatment station was equipped with a biogas recycling system, and the biogas generated in the wastewater treatment process was recycled as boiler fuel to realize resource utilization.



Panorama of Luohan Brewing Ecological Park Wastewater Treatment Station

Compared with 2021

The discharge of suspended matter per unit product of Company in 2022 was reduced by

63.25%

The discharge of chemical oxygen demand was reduced by

12.44%

The total nitrogen discharge was reduced by

16.94%

The total phosphorus discharge was reduced by

23.25%

The ammonia nitrogen discharge was reduced by

60.46%

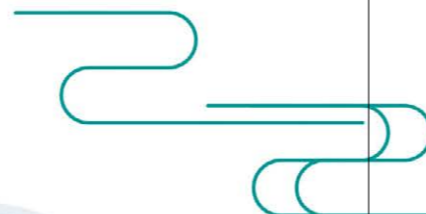
The Company's discharge statistics of various outlets in 2022

Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Discharge mode	Number of discharge ports	Distribution of discharge ports	Discharge concentration	Implemented pollutant discharge standards
Water pollutants	Chemical oxygen demand	Direct discharge	1	Luohan Brewing Ecological Park	0.026 mg/L	50 mg/L
Water pollutants	Ammonia nitrogen	Direct discharge	1	Luohan Brewing Ecological Park	0.149 mg/L	5 mg/L
Water pollutants	Total nitrogen	Direct discharge	1	Luohan Brewing Ecological Park	5.976 mg/L	15 mg/L
Water pollutants	Total phosphorus	Direct discharge	1	Luohan Brewing Ecological Park	0.090 mg/L	0.5 mg/L
Water pollutants	Chemical oxygen demand	Indirect discharge	1	Huangyi Brewing Ecological Park	34.157 mg/L	400 mg/L
Water pollutants	Ammonia nitrogen	Indirect discharge	1	Huangyi Brewing Ecological Park	0.316 mg/L	30 mg/L
Water pollutants	Total nitrogen	Indirect discharge	1	Huangyi Brewing Ecological Park	11.478 mg/L	50 mg/L
Water pollutants	Total phosphorus	Indirect discharge	1	Huangyi Brewing Ecological Park	0.515 mg/L	3 mg/L

Management of waste gas discharge

In terms of waste gas discharge, the Company's treatment facilities for preventing and controlling waste gas pollution were running normally, the waste gas outlet was discharged up to standard, and low nitrogen combustion technology was adopted to the natural gas boiler. The Company's air pollutant discharge strictly followed the standards such as Emission Standard of Air Pollutants for Boiler, Emission Standard of Air Pollutants for Thermal Power Plants, Comprehensive Discharge Standard for Air Pollutants, Sichuan Emission Control Standard for Volatile Organic Compounds DB51/ 2377-2017. Compared with 2021, the Company's unit products reduced particulate emissions by 40.22% in 2022.

Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Discharge mode	Number of discharge ports	Distribution of discharge ports	Discharge concentration	Implemented pollutant discharge standards
Air pollutant	Particulate matter	Organized discharge	2	Luohan Brewing Ecological Park	2.991 mg/m ³	20 mg/m ³
Air pollutant	Sulphur dioxide	Organized discharge	2	Luohan Brewing Ecological Park	0.2715 mg/m ³	50 mg/m ³
Air pollutant	Oxynitride	Organized discharge	2	Luohan Brewing Ecological Park	26.683 mg/m ³	150 mg/m ³
Air pollutant	Smoke and dust	Organized discharge	2	Huangyi Brewing Ecological Park	0.859 mg/m ³	5 mg/m ³
Air pollutant	Particulate matter	Organized discharge	1	Huangyi Brewing Ecological Park	1.090 mg/m ³	20 mg/m ³
Air pollutant	Sulphur dioxide	Organized discharge	2	Huangyi Brewing Ecological Park	0.530 mg/m ³	35 mg/m ³
Air pollutant	Sulphur dioxide	Organized discharge	1	Huangyi Brewing Ecological Park	0.766 mg/m ³	50 mg/m ³
Air pollutant	Oxynitride	Organized discharge	2	Huangyi Brewing Ecological Park	39.675 mg/m ³	100 mg/m ³
Air pollutant	Oxynitride	Organized discharge	1	Huangyi Brewing Ecological Park	44.828 mg/m ³	150 mg/m ³



Disposal of solid wastes

Luzhou Laojiao regulated the collection, temporary storage, transfer and disposal of the Company's solid wastes and hazardous wastes in strict accordance with the Management System of Hazardous Wastes Transfer Joint List, Pollution Control Standards for Hazardous Wastes Storage, Regulations on Prevention and Control of Environmental Pollution by Solid Wastes in Sichuan, and Notice on Launching Electronic Management Ledger for General Industrial Solid Wastes.

- ▶ The Company made full and rational use of solid waste and harmless disposal of solid waste in accordance with the principles of reduction, recycling and harmlessness in the prevention and control of environmental pollution by solid waste.
- ▶ The Company established an electronic ledger list of general solid waste, implemented the "Double Track Run Parallel" management mechanism of the electronic ledger and paper ledger in combination with the actual situation of the Company, strengthened the environmental management of general industrial solid waste of the Company, and standardized the disposal of 32.25 tons of general solid waste in 2022. The Company formulated a hazardous waste management plan, established a hazardous waste management ledger, standardized the whole process management such as registration, storage and transfer of hazardous materials, and standardized the disposal of 24.13 tons of hazardous waste in 2022.

Standardized disposal
in 2022 General solid waste

32.25 tons

Standardized disposal
in 2022 Hazardous waste

24.13 tons

▶ Disposal forms of various wastes in the Company

Category	Disposal form
Mud	It was handed over to the power generating company for comprehensive disposal.
Waste lees ^[note]	It was comprehensively recycled by qualified third-party companies
Activated carbon	It was comprehensively recycled by qualified third-party companies
Diatomite	It was comprehensively recycled by qualified third-party companies
Food and medicinal residue	It was comprehensively recycled by qualified third-party companies
Waste packing material	It was recycled by renewable resources utilization technology company
Waste glass	It was comprehensively recycled by qualified third-party companies
Waste activated carbon, gear lubricating oil, waste contaminants, hydraulic oil, waste oily gloves, rags, cotton yarn, waste liquid, waste chemicals and waste engine oil	They were handed over to a qualified third-party company for professional disposal
Waste acid, laboratory and on-line monitor waste	They were handed over to a qualified third-party company for professional disposal
Lead-containing waste (waste lead battery)	It was handed over to the renewable resources development company for recycling

[Note]: The waste lees were a kind of solid waste produced in the process of Baijiu brewing, which contained starch, protein, cellulose, amino acids, vitamins, etc. that were not fully utilized and could be used as resources

Promoting energy conservation and carbon reduction

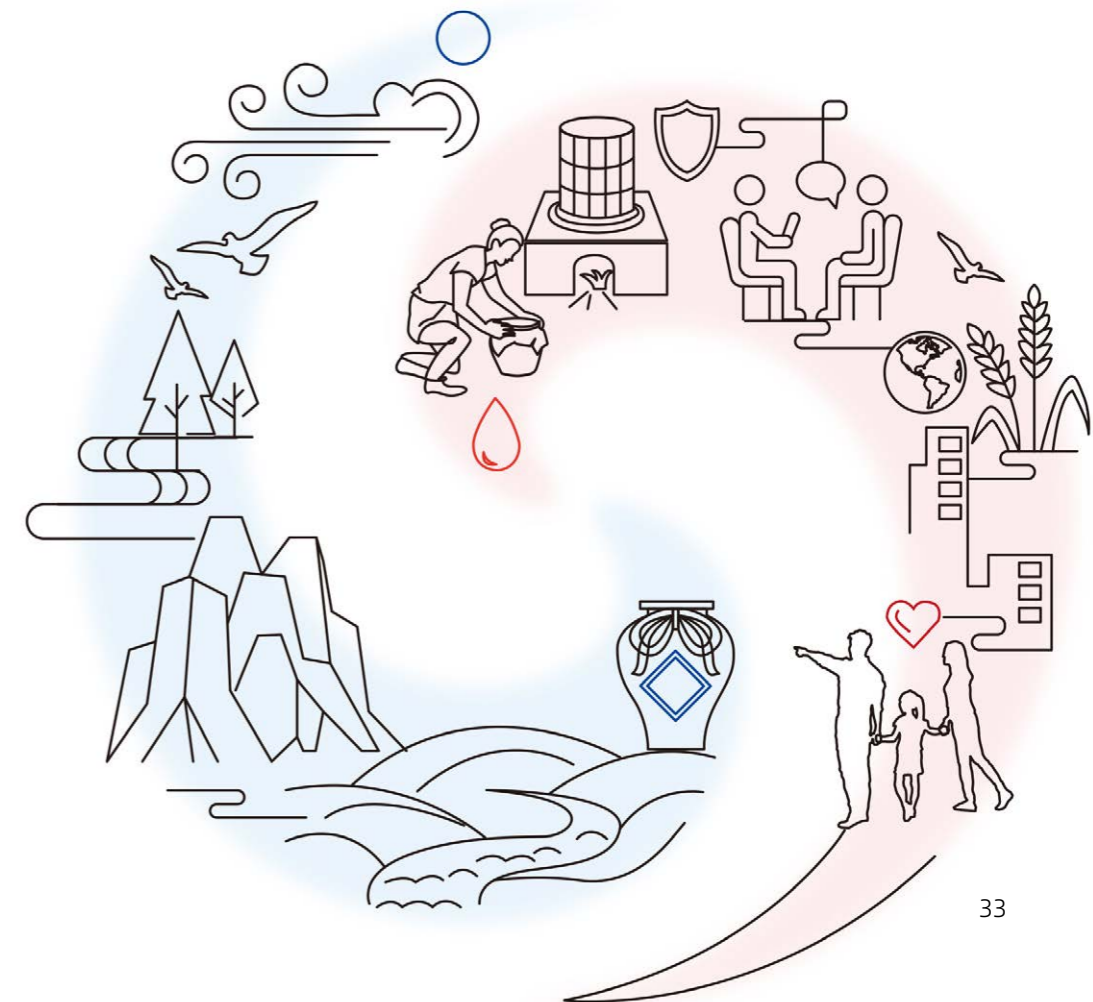
Luzhou Laojiao attached great importance to energy conservation and carbon reduction, adhered to the general policy of environmental protection management of "compliance with laws and regulations, clean production, energy conservation and consumption reduction, and continuous improvement", strengthened the compliance discharge management of waste gas, waste water and waste residues, promoted the transformation of energy-conserving equipment and technology, accelerated the construction of green supply chain, and constantly promoted energy conservation and low-carbon development. In 2022, the Company completed the technical improvement, production equipment transformation and system upgrade of many projects such as Luohan Brewing Ecological Park, so as to improve resource utilization efficiency and reduce energy consumption and pollution emissions.

Comprehensive energy consumption per ten thousand output value of the Company in 2022

0.02 ton of standard coal/RMB ten thousand

The discharge reduction contributed to "carbon peaking and carbon neutrality"

In order to implement the Implementation Plan for Carbon Peak in Industrial Field and help carbon peaking and carbon neutrality in industrial field, in 2022, the Company conducted an inventory of greenhouse gas discharge in 2021 according to ISO14064:2018 standard, identified carbon discharge sources, established a carbon discharge source management list and a carbon discharge calculation list, and found out the carbon discharge background.



Steam reduction, energy conservation and emission reduction

In April 2022, the Company carried out the technical transformation of steam recycling. The Company built a set of energy-conserving system for WSR (Waste Heat Steam Purification and Pressurized Recovery) energy-conserving technology of chaff steamer in the workshop of Huangyi Brewing Ecological Park. While meeting the production requirements, the Company automatically ran the control system software to exchange the heat energy of waste heat steam from chaff steaming, so as to realize the pressurized recovery and utilization of waste heat steam. After most of the waste gas was condensed into waste water, it was discharged to the waste water station for treatment, and the rest waste gas was discharged up to the standard.

The project was expected to be completed by the end of May 2023. According to the Company's production process requirements at the end of 2022, the Project would effectively reduce waste gas and produce carbon discharge after completion. The application of this technology was expected to save about 12,000 tons of steam and reduce about 2,000 tons of carbon dioxide discharge every year.

Transformation of energy-conserving technology

Luzhou Laojiao actively implemented the national call on the transformation and upgrading of manufacturing industry and the strategic deployment of "Revitalization of Sichuan Liquor" in Sichuan, and carried out a series of measures for automatic research and development of brewing equipment, energy-conserving equipment renewal, and technical transformation and upgrading in Luohan Brewing Ecological Park and Huangyi Brewing Ecological Park, so as to improve resource utilization efficiency and reduce energy consumption and waste pollution discharge.

Cogeneration Energy conservation and consumption reduction

Huangyi Brewing Ecological Park implemented cogeneration using natural gas and biogas as gas sources, supplying heat energy for wine production through cogeneration. Combined with an online monitoring system, the Company realized real-time monitoring of data such as nitrogen oxides, sulfur dioxide, particulate matter, flue gas discharge, and oxygen content in the flue gas, reducing the consumption of non-renewable resources, and achieving green and low-carbon transformation of production energy consumption.



Energy conservation and carbon reduction carried out by the Company (Partial)

- ▶ In 2022, the Company saved a total of RMB 16,584,200 in energy costs through measures such as co-firing biogas, cogeneration, and the reuse of cooling water.
- ▶ By utilizing self-produced biogas in a reasonable manner, and mixing the biogas collected and treated from the Huangyi and Luohan waste water stations with natural gas, about 584.26 tons of standard coal were saved, and more than 680 tons of carbon dioxide discharge were reduced, resulting in a savings of approximately RMB 1,202,900 in fuel costs.
- ▶ Through the Huangyi Energy Center for cogeneration, the self-generated electricity was approximately 13.5791 million kWh, saving approximately 2,323.99 tons of standard coal, reducing carbon dioxide discharge by over 2,700 tons, and saving approximately RMB 5,594,300 in electricity costs.
- ▶ The Company continued to promote the recycling of cooling water. Luohan Park, Huangyi Park, etc. saved 2,061,500 tons of water, saved RMB 4,795,400 of water charges, and reduced 2.337 million tons of sewage discharge.
- ▶ Through direct electricity purchase and electricity substitution trading projects, the Company saved RMB 3,141,600 in electricity charges. After calculation, the most suitable basic electricity charge model for the Company's actual situation was selected, saving approximately RMB 1.85 million in basic electricity charges.
- ▶ The Company utilized advanced technologies such as simulation technology, automation technology, online detection, industrial robots, and big data in the workshop to achieve a 50% reduction in water resource consumption.

Save energy charges by
16,584,200 RMB

Self-generating capacity by approximately
13,579,100 kWh

Save water by
206.15 tons

Reduce sewage discharge by
2,337,000 tons

Save standard coal by approximately
584.26 tons

Save electricity charges by approximately
5,594,300 RMB

Save water charge by
4,795,400 RMB

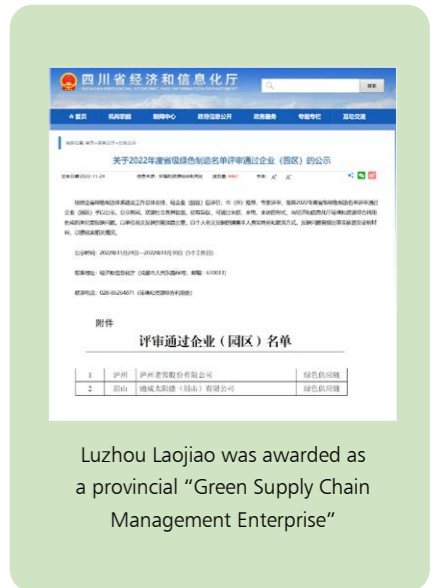
Reduced water consumption by
50%

Establishment of a green supply chain

With the goal of "building a green supply chain and providing green products and services", Luzhou Laojiao incorporated green supply chain management into its long-term development plan, set up a green supply chain management leadership group, and formulated the Green Development Plan of the Company, Green Supply Chain Implementation Plan and Target Indicators and Green Supply Chain Management System to promote the construction of green supply chain. In 2022, the Company was awarded "Green Supply Chain Management Enterprise" in Sichuan Province.

The Company's green supply chain was awarded

On November 24, 2022, the Sichuan Provincial Economic and Information Department released the "Announcement on the Enterprises (Parks) Approved in the Review of Provincial Green Manufacturing List in 2022", in which Luzhou Laojiao was awarded as a provincial "Green Supply Chain Management Enterprise". Only four organizations in the whole province passed the "Green Supply Chain Management Enterprise" evaluation, and Luzhou Laojiao was the only organization in the province's Baijiu manufacturing industry to win the award.



Luzhou Laojiao was awarded as a provincial "Green Supply Chain Management Enterprise"



Packaging production line

Implementation of Environmental Protection Publicity and Education



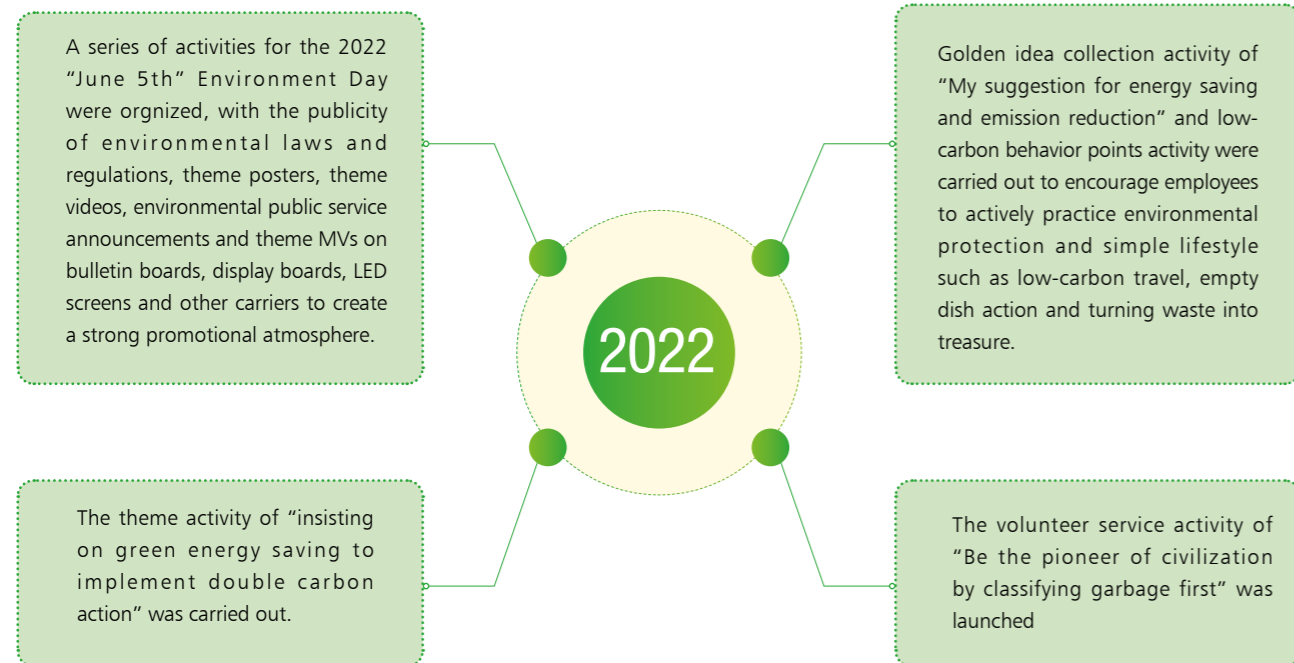
The training covers

19,059 people

Focusing on the publicity and education of green and low-carbon concepts, Luzhou Laojiao actively carried out low-carbon and environmental protection publicity, safety training and education activities, strengthened employees' awareness of environmental protection, and continuously improved its own safety and environmental protection training system to continuously promote for the cultivation of an economical and moderate, green and low-carbon corporate development atmosphere.

Green and low-carbon promotion

A variety of green and low-carbon publicity activities were actively carried out by the Company to help employees cultivate environmental protection habits, live a low-carbon life and transform the consciousness of green development into consciousness of action. In 2022, the Company developed environmental protection training courses such as Environmental Protection Knowledge on "June 5th Environment Day" and Environmental Protection Training for Resumption of Work and Production, and organized 11 environmental protection training sessions such as Solid Waste Management and Special Training on "June 5th Environment Day". The number of people reached 19,059 through a combination of online and offline training.



Environment protection knowledge competition organized by the Company for employees

In 2022, Luzhou Laojiao launched the environmental protection knowledge competition "Focus on Energy Saving and Emission Reduction to Facilitate the Carbon Peaking and Carbon Neutrality Goals". Through a knowledge competition, more than 60 full-time (part-time) environmental supervisors of the Company consolidated their achievements of environmental protection knowledge learning, formed a good atmosphere of "learning through competition, practicing through learning, and being integrated", which guided employees to fully implement the concept of green and sustainable development, and led to promote the high-quality development of green and low-carbon industries.



Environmental protection knowledge competition organized by the Company

The theme activity of "Adhere to Green Energy Saving to Implement the Carbon Peaking and Carbon Neutrality Action" was launched.

In 2022, Luzhou Laojiao organized a theme activity of "Adhere to Green Energy Saving to Implement the Carbon Peaking and Carbon Neutrality Action" for employees online and offline. The activity was started by watching the online launching ceremony of the 2022 Energy Conservation Publicity Week for Public Agencies, spreading the concept of green and low-carbon development and creating a strong atmosphere for energy conservation and carbon reduction through online punching of CDs and green traveling, offline distribution of brochures, placement of exhibition boards and other energy conservation publicity activities.



Theme activity of "Adhere to Green Energy Saving to Implement the Carbon Peaking and Carbon Neutrality Action"

The volunteer service activity of "Be the pioneer of civilization by classifying garbage first" was launched

In 2022, Luzhou Laojiao organized a volunteer service activity of "Be the pioneer of civilization by classifying garbage first" for employees in the community. Through various forms such as "garbage sorting" mini-class, knowledge quiz, "garbage sorting" and "big wheel", the activity introduced to the community residents the importance of garbage sorting and how to correctly sort garbage. In the form of education and fun, the event was held to raise residents' awareness of garbage classification and to guide them to practice civilized behavior of garbage classification and maintain a beautiful home together.



Volunteer service activity of "Be the pioneer of civilization by classifying garbage first"

Safety and environmental protection training activities on World Environment Day on June 5



Education and training activities organized for outsiders to learn safety and environmental protection



Personnel in three positions with certificates



Education and training on safety and environmental protection



Safety and environmental protection training

According to the actual production and job requirements, a combination of “classroom teaching + video education + random questioning and assessment” was adopted to carry out various safety and environmental protection training activities.

There were 16 safety and environmental protection training activities such as safety training for new employees, Safety Production Month and World Environment Day on June 5, 36 education and training activities for outsiders to learn safety and environmental protection, and 9 random questions and assessments on safety and environmental protection knowledge, achieving 100% certification rate for personnel in three positions, 100% coverage of education and training on safety and environmental protection, and 100% pass rate.

Training for internal auditors of industrial chain quality and environmental management system in Luzhou Laojiao

From May 16 to 18, 2022, a training for internal auditors of industrial chain quality and environmental management system was organized in Huangyi Brewing Ecological Park, and experts from the industry were invited to expound GB/T19001-2016 Quality Management Systems - Requirements and GB/T24001-2016 Environmental Management Systems - Requirements with Guidance for Use. The training was attended by more than 100 quality and environment-related personnel from the Company and the supporting enterprises of the industrial chain.

The training deepened the awareness and understanding of Luzhou Laojiao and the supporting enterprises of the industrial chain on quality and environmental management system standards, increased the auditing ability of internal auditors of quality and environmental management system, and maintained the adequacy, effectiveness and appropriateness of quality and environmental system.

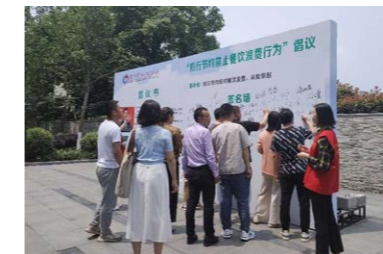


Training activity for internal auditors of quality and environmental systems at Luzhou Laojiao

Deepening of Green Operation



Collective signatures of volunteers



Volunteers guided employees to sign



Volunteers introduced the “Initiative Letter” to the guests

Luzhou Laojiao advocated employees to act economically to create a green office environment by accelerating the construction of digital office system, promoting intelligent office, and reducing the use of paper materials and consumables.

The Company carried out the theme activity of “Acting economically and prohibiting food and beverage waste”.

In May 2022, the Company organized a signature campaign on the theme of “Acting economically and prohibiting food and beverage waste” and called on employees to actively participate in volunteer activities to further implement the important instruction of the General Secretary Xi Jinping on stopping food and beverage waste, and to establish a good culture of civilization, health, science and conservation in the Company. During the activity, the volunteers actively guided the staff to participate in the signature activity, and promoted the spirit of the Initiative Letter of “Acting economically and prohibiting food and beverage waste” to the staff, so as to resolutely put the concept of frugality into practice, and strive to be the practitioner and disseminator of acting economically and prohibiting food and beverage waste.

Promotion of smart office

With regard to the green office culture, the Company encouraged employees to start from the details by saving electricity and using resources rationally, so that energy saving and consumption reduction can become the working norm. The smart office was further promoted by strengthening the construction of information-based office systems, creating standardized intelligent meeting rooms, digital financial systems, etc.

Initiatives of the Company to promote smart office (Partial)

August 2022	September 2022	November 2022
The electronic invoice and financial electronic file project has been put into operation to realize the whole process management of electronic invoice and the whole life cycle management of electronic accounting file, so as to improve the standardization of electronic file and physical file management of the Company.	The unified identity authentication project has been put into operation to realize the unified authentication management of the Company's main business systems and has significantly improved the convenience and security of users using the Company's systems.	The promotion project of the supply chain side of the Company's tax system has been put into operation to realize business and financial collaboration with upstream suppliers, and has enhanced the invoicing experience of suppliers and improved the efficiency of financial invoice verification and payment.

Green packaging design

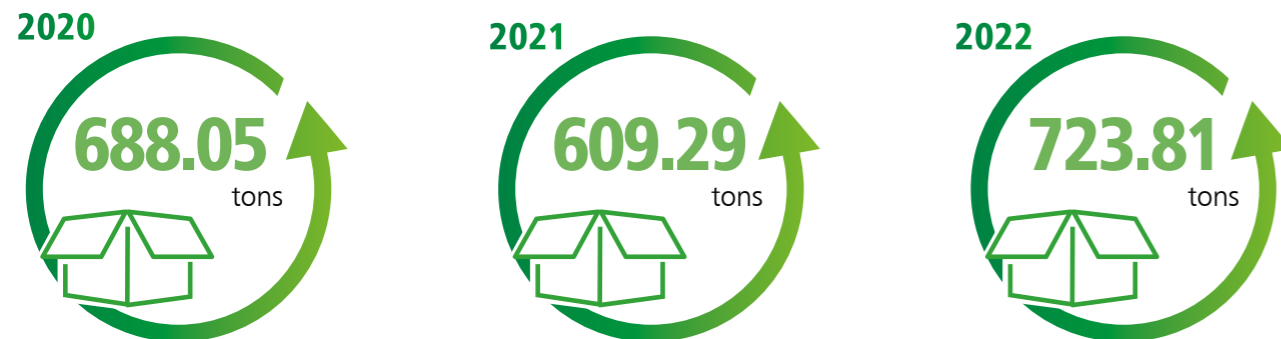
In the packaging design process of Baijiu products, Luzhou Laojiao insisted on the concept of green environment protection and formulated the Design Standards for Non-woven Handbags, clarifying the requirements for packaging material inspection items, acceptance standards and material selection to ensure that the packaging meets the requirements of low-carbon environment protection in the design and production process. The classic version of Luzhou Laojiao's brand National Cellar 1573 was optimized without changing its original packaging by removing plastic bags, changing to non-woven carry bags and choosing low-carbon and environmentally friendly raw materials to reduce environmental pollution.

To reduce the impact on the environment, some of the initiatives taken by the Company in packaging materials are

- Choosing environmentally friendly materials for bulk raw materials or packaging materials with recycling economic value to facilitate recycling.
- Implementing package recycling carriers, i.e., using standard recycling carriers provided by third-party professional companies for packaging and transferring package materials in the process of production from package material suppliers to the Company's filling and production facilities. In the packaging, the recycling carrier can be reused after damage to achieve the purpose of reducing consumption.
- Improving the packaging material process to reduce the use of plastic. With the application of a special process, Luzhou Laojiao wine bottles have now eliminated most of their plastic bags, achieving a plastic reduction of about 50 million units/year. Through process improvements, it is expected that the reduction in plastic bag usage will be about 30 million more by 2024.

In terms of safety assurance, the Company has passed the ISO/TS22002-4 (Food Packaging Material Certification) system certification, and has worked with a third-party audit and evaluation agency to assess the production raw and auxiliary materials of packaging material suppliers, the use and management of processing aids, and the environmental risks associated with the production process of packaging materials and the production process, and has formulated the Report on Environmental Protection Production Recommendations for Packaging Materials, realizing the gradual elimination and replacement of the production process or materials incompatible with environmental protection requirements of the packaging production process or materials. In addition, 11 safety and environmental protection management evaluation indicators were set in the assessment and evaluation indexes of package material suppliers to drive suppliers to implement relevant social responsibilities.

The recycling and utilization of packaging materials by the Company in recent years





III

Together Now

Co-creation of Beautiful World

Employees and partners contribute to the forward development of an enterprise. With a comprehensive development system, Luzhou Laojiao provides adequate and timely support for the development of its employees and partners. Supported by a complete compensation and welfare system, a sound promotion mechanism and a safe and healthy working environment, the Company has created a broad career development space for its employees.

Moreover, the Company actively supported the Party and government's rural revitalization strategy by participating in social welfare and organizing a series of volunteer services and effective rural twinning activities, so as to contribute to the promotion of public charity and rural development.




*In response to UN sustainable development goals **

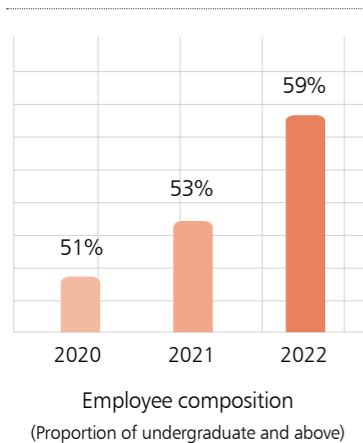


Empowerment to Employee Growth

Employees are partners in the development of a company. It is important for an enterprise to take good care of its employees to ensure sustainable development. With the concept of “Talents are capital and there must be a position for a person with achievement”, Luzhou Laojiao is committed to providing employees with a safe, healthy and fair working environment and opportunities, so that employees can give full play to their professional knowledge and skills, and create value for the enterprise and society while fulfilling their own values.

Employee Statistics of Luzhou Laojiao from 2020 to 2022

Category	2020	2021	2022
 Total number of employees	3,330 people	3,434 people	3,605 people
 Female employees	1,102 people	1,273 people	1,295 people
 Male employees	2,228 people	2,161 people	2,310 people



In recent years, the number of employees of the Company has remained stable and slightly increased, with the proportion of female employees remaining at around 33% to 37%.

In terms of educational composition, the proportion of employees with bachelor's degree or above gradually increased from 51% in 2020 to 59% in 2022.

In the “2022 National Demonstration Activity for Creating Harmonious Labor Relations” held by the Ministry of Human Resources and Social Security, the All-China Federation of Trade Unions, the China Enterprise Confederation/China Enterprise Directors Association and the All-China Federation of Industry and Commerce, Luzhou Laojiao was named the “National Demonstration Enterprise for Establishing

Harmonious Labor Relations” as the only representative of wine enterprises in Sichuan Province, which was highly affirmative for the Company to establish a harmonious and win-win labor relation with its employees for development.

In addition, the Company was awarded the “Advanced Unit for Talent Work” in Luzhou City and the “Longma Award for Attracting Wisdom - Advanced Unit” in Longmattan District for its outstanding performance in cultivating talents.

Protection of Employees’ Rights and Interests

Legal and Compliant Employment

In accordance with the Labor Law, Labor Contract Law, Social Insurance Law, national and local laws and regulations and employment systems, the Company has formulated a human resource management system suitable for the Company, whereupon the Company establishes labor relations with employees as required by law, pays the full amount of “five insurances and one fund” (pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing fund) under national and local regulations, and purchases supplementary pension insurance (enterprise annuity) and supplementary medical insurance for employees.

In the recruitment and appointment, the Company avoids any employment discrimination due to gender, ethnicity, religion, age, family status or other factors. Moreover, the Company prohibits the employment of child labor and forced labor, which will be reported to the law enforcement department and dealt with accordingly within the Company if discovered.

During the reporting period, there were no cases of forced labor and child labor employed by the Company, nor any employment discrimination.

As for female employees, there is a Collective Contract Specially for Protection of Special Rights and Interests of Female Employees in the Fifth Round signed between the Company and them. In addition, the Company provides a nursing room for breastfeeding employees, offers special care in maternity leave and breastfeeding, and provides allowances for female employees who give birth to children as well as offers holiday condolences on International Women’s Day.

For its excellent performance in talent recruitment, the Company was awarded the title of “Top 100 Employers of the Year 2021 in China” in January 2022 by China Annual Best Employer Organizing Committee of Zhilian Recruitment, and the title of “Top 30 Employers of the Year 2022 in China” in December 2022 by China Annual Best Employer Organizing Committee of Zhilian Recruitment.



National Demonstration Enterprise for Establishing Harmonious Labor Relations



2022 Advanced Unit for Talent Work



“Longma Award for Attracting Wisdom - Advanced Unit”



Top 100 Employers of the Year 2021 in China



Top 30 Best Employers in China in 2022



Democratic management under laws

In accordance with the relevant provisions of the Labor Law, the Labor Contract Law, the Trade Union Law and other laws, a Collective Negotiation Meeting on Wages for 2023 was organized and a Workers and Employees Representatives' Meeting was held during the reporting period, with enterprise affairs (Enterprise Affairs) disclosed through the Workers and Employees Representatives' Meeting.

Disclosure of Enterprise Affairs

In August and December 2022, the enterprise affairs disclosure activities were carried out by the Company's Labor Union in the form of special enterprise affairs disclosure meeting and Workers and Employees Representatives' Meeting, respectively, to disclose the major matters involving the vital interests of employees, such as the procurement of technological transformation in the half-year and full-year of 2022, the use of hospitality expenses, the implementation of wage agreement and specific distribution, the implementation of employee welfare guarantee system and account, and the use of welfare expenses.

Collective Negotiation Meeting on Wages

On December 23, 2022, the Collective Negotiation Meeting on Wages for 2023 was held in which representatives of the employees and the Company made collective consultation on the Company's Collective Agreement on Wages for 2023 (Draft) and Assessment and Distribution Plan for Wages and Benefits for 2023 (Draft). According to the wage income level of the same industry and large and medium-sized enterprises in Luzhou, the provincial and municipal wage guideline, the CPI (Consumer Price Index) of the year and other relevant data, the representatives of the two parties reached a consensus on issues such as job grade wages, performance bonuses, physical examination standards for employees and formed various draft texts to be submitted to the Workers and Employees Representatives' Meeting for deliberation.

Workers and Employees Representatives' Meeting

On December 29, 2022, the 2nd Meeting of the 20th Workers and Employees Representatives' Meeting and the 2nd Meeting of the 18th member representative conference of the Company's Labor Union were held. The delegates voted by secret ballot to approve the Collective Agreement on Wages for 2023 of Luzhou Laojiao Co., Ltd. (Draft) and its annex Assessment and Distribution Plan on Wages and Benefits for 2023 of Luzhou Laojiao Co. Ltd.



The 2nd Meeting of the 20th Workers and Employees Representatives' Meeting



Signing Ceremony of the Collective Agreement on Wages for 2023



Development together with employees

In 2022, focusing on the development theme of "quality improvement, culture enhancement, fast breakthrough", the Company established a training system, enterprise knowledge management system, lecturer system and course system based on the Navigation Plans to ensure the high quality development of the Company, so as to carry out tiered and graded training and promotion among the personnel.

In 2022, Luzhou Laojiao set up systems and platforms for employee development, some of which were:

The "Navigation" Plan and other training programs	Tiered, graded, and tailored training
Management system for enterprise knowledge	Transmission and iteration of enterprise knowledge
Course system	Combination of customized courses, universal courses and high-quality courses
Lecturer system	Full-time lecturers, honorary lecturers and external lecturers to complement each other
Learning platform of Luzhou Laojiao Network Business School	Unlimited learning with courses online

For its effective talent development work, the Company was awarded the "2022 China Talent Management Innovation Model Award" by the China Talent Management Model Enterprise Organizing Committee and Beisen Research of Talent Management in December 2022.



2022 China Talent Management Innovation Model Award

Management channel

To become management executives at all levels of the Company by improving management skills and leadership

Professional channel

To grow into experts at the company level and industry level through constant cultivation in the professional field

Smooth career path

To unlock the horizontal channel of employment movement, overcome the bottleneck of vertical promotion, break the barrier of talent development by seniority, and satisfy the development needs of staff in different professional fields, the Company has built a “dual-channel” career development system with both management channel and professional channel in parallel, so as to “make the best use of talents and abilities, and the right person for the right job”.

The Company has built a qualification system to serve as the main foundation for evaluating and cultivating employees’ abilities, as well as to specify the requirements of different levels of employees in terms of their qualifications and abilities.

Furthermore, the Company has regulated the promotion management mechanism of employees and clarified the implementation principles, cycle and process of initial evaluation, review and promotion evaluation. Employees can clearly understand “where they are” and how they can be promoted vertically within the existing development channels or move horizontally between different channels.

Regarding the core backbone and above, regular assessment and review of talent promotion by external experts and internal experts were conducted in a fair and scientific manner, so as to realize “there must be a position for a person with achievement”.

Complete training system

With regard to employees at different levels and in different business areas of the Company, training programs such as the Navigation Plans, the Happy Learning Plan and job qualification certification were organized to comprehensively and quickly improve employees’ skills, strategic vision and relevant job knowledge.

The training system offered by Luzhou Laojiao in 2022 partially included:

<p>Departure Plan</p> <p>Training plans for new employees allowed them to better perform their job roles and become competent for their positions sooner.</p>	<p>Submarine Plan</p> <p>Key business skills and general management enhancement training.</p>	<p>Voyage plan</p> <p>To improve self-management, work management and interpersonal management skills, expand the depth and breadth of professional knowledge, and enhance job competency.</p>	<p>Pilot program</p> <p>Enhancement training aimed at management vision expansion, management skill enhancement, and management method improvement.</p>	<p>Happy Learning Plan</p> <p>To improve employees’ professional skills and work efficiency for professional sequence employees.</p>
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Moreover, the Company has also provided public courses and training plans for distributors, etc. to facilitate the implementation of the Company’s strategy and improve the professional knowledge of the Company’s employees and distribution system.

Category	Unit	2020	2021	2022
Training course	Session	206	280	244
Special lectures	Item	14	10	10
Training person	Person	73,984	89,037	64,255
Training hours	Hours	1,537	1,847	1,971
Average number of training hours per employee per year	Hours	19.40 ^[Note]	47.84	30.89
Training investment	ten-thousand RMB	786.03	906.34	956.77

[Note] In 2020, the average number of training hours per employee per year was only calculated online, excluding offline data

 In 2022, the training investment of the Company was

9.5677 RMB million

In 2022, the Company invested 9.5677 million RMB in training, with a total investment of 26.49 million RMB in the past three years; during the reporting period, there were a total of 244 training sessions at the company level of Luzhou Laojiao (the subsidiary level was not included in the statistics), with 1971 class hours and 64,255 person. On the Network Business School learning platform, the total number of students studying in 2022 was 264,415.6 hours, and the pass rate of the after-school test was 98.23%.

 Investment in the past three years reached **2,649** RMB million

 The accumulated training reached **244** sessions

 Training hours reached **1,971** hours

 Training person reached **64,255**

 The pass rate of the after-school test was **98.23** %

 Total number of students studying in 2022 was **264,415** hours

Occupational health of employees

Adhering to the concept of “people-oriented and health first”, the Company promoted the implementation of the main responsibility of occupational disease prevention and control management, improved the working conditions of employees, and took measures in preventing, controlling, and eliminating occupational disease hazards, so as to create the working environment and working conditions conducive to employee health.

In strict compliance with the laws and regulations such as the Law on the Prevention and Control of Occupational Diseases and the Provisions on the Supervision and Administration of Occupational Health at Work Sites, the Company has installed the protective and monitoring equipment, established personal health records, and third-party professional institutions were regularly invited to conduct occupational disease hazard testing.

With the professional committee structure of the Safe Production Committee of the Company, the Occupational Health and Professional Safety Committee has been established to conduct unified management, monitoring, and inspection on the occupational health and safety of employees.

During the reporting period, some measures taken by the Company in terms of occupational health of employees include:

- ◆ 12 main responsible persons and occupational health management personnel of the Company were organized to participate in the 2022 main responsible persons and management personnel training for occupational health held by the Longmatan District Health Commission of Luzhou City, and obtained the training certificates.
- ◆ Occupational health management personnel of the Company were organized to carry out 2 specialized training sessions on occupational health management.
- ◆ Pre-job occupational health physical examinations were conducted for 542 people, off-the-job physical examinations were conducted for 460 people, and on-the-job physical examinations were conducted for 1891 people. The personal monitoring files for more than 2800 occupational hazard practitioners in various departments (units) has been established and improved.
- ◆ Occupational health supervision has been carried out 12 times and 18 hidden dangers have been identified, all of which have been rectified.

At the beginning of 2022, according to the requirements of 84 aspects of the 6 major sections of the Sichuan Provincial Health Enterprise Construction Standards, the Company has formulated the Provincial Health Enterprise Construction Work Plan of Luzhou Laojiao Co., Ltd. and 8 work guidance sheets. Experts were invited to conduct research on the production site and health management situation of the Company, comprehensively sort out the health management status of the Company, and finally the rectification was completed as required and on time. The Company was rated as a “Sichuan Provincial Health Enterprise” after acceptance and evaluation by the expert group of the Health Commission of Sichuan Province and announcement by the provincial health department.

During the reporting period, the Company regularly (on a quarterly basis, and in some factory areas on a monthly basis) entrusted Chengdu Huace Testing Technology Co., Ltd. to conduct tests on occupational disease hazards such as noise and dust. According to the limits of Class 2 and Class 4 in the Emission Standard for Industrial Enterprises Noise at Boundary GB12348-2008, the production environment of the Company did not exceed the national prescribed limits.

In 2022, there were zero production safety accidents, zero incidences of occupational diseases, and zero fatalities due to work-related injuries in the Company.

What is “Sichuan Provincial Health Enterprise”

The evaluation and assessment indicator system for “Sichuan Provincial Health Enterprises” consists of 8 second-level indicators, including organizational system guarantee, general health environment, workplace, occupational health management and services, public health management and services, occupational health promotion and intervention, corporate culture, and social responsibility, 5 first-level indicators, and 61 third-level indicators. In addition, 5 basic conditions such as no major occupational health and safety accidents have occurred in the past 3 years should be met.

Caring for employees

The Company has taken various measures to improve the living quality of employees in terms of caring for them besides work.

In order to meet the diverse needs of life and entertainment of employees, the Company has created the “Party Mass Service Center” and “Enterprise Culture Center” and other places covering an area of over 3000 square meters, providing facilities and equipment such as library, chatting room, decompression room, coffee bar, gym, basketball hall, etc. for employees to read, relieve stress, and exercise.

In terms of caring for employees, some measures taken by the Company during the year include:



Employee cafeteria located at the Company's headquarters



Coffee bar at the Company's headquarters

- ◆ The comfort and care to employees in the area were coordinated and provided, so that non-local employees can feel the warmth of the organization.
- ◆ During the high temperature weather period in August 2022, the Company carried out summer cooling activities at the grassroots level, and distributed heatstroke prevention and cooling drugs and items to over 2000 frontline employees at the grassroots level, so as to implement the relevant instructions and requirements of the Emergency Notice on Strengthening the Prevention and Response to High Temperature Weather issued by the Office of Luzhou Municipal People's Government of Sichuan Province.
- ◆ More than 450 employees on duty, in need, and over 80 years old were visited during the Spring Festival.
- ◆ The distribution of over 2400 sanitary supplies for female employees and incentive funds for parents with only child were completed.
- ◆ Employees were organized to participate in 520 special love and marriage event for overseas returnees in Luzhou, Qixi Festival friend making activities and other fellowship activities, such as “wine as a matchmaker for happiness”, which broadened the communication platform for single employees.



Provision of cooling supplies for frontline employees

In August 2022, in order to effectively ensure the safe production and heatstroke prevention of frontline employees and outdoor workers in summer, the Company purchased different types of “cooling” items and sent them to the workshop and team according to the needs of employees, job nature, and work areas, and took the initiative to do logistics support work to ensure a safe summer.

In terms of employee assistance, a series of measures taken by the Company to ensure the smooth progress of this work:

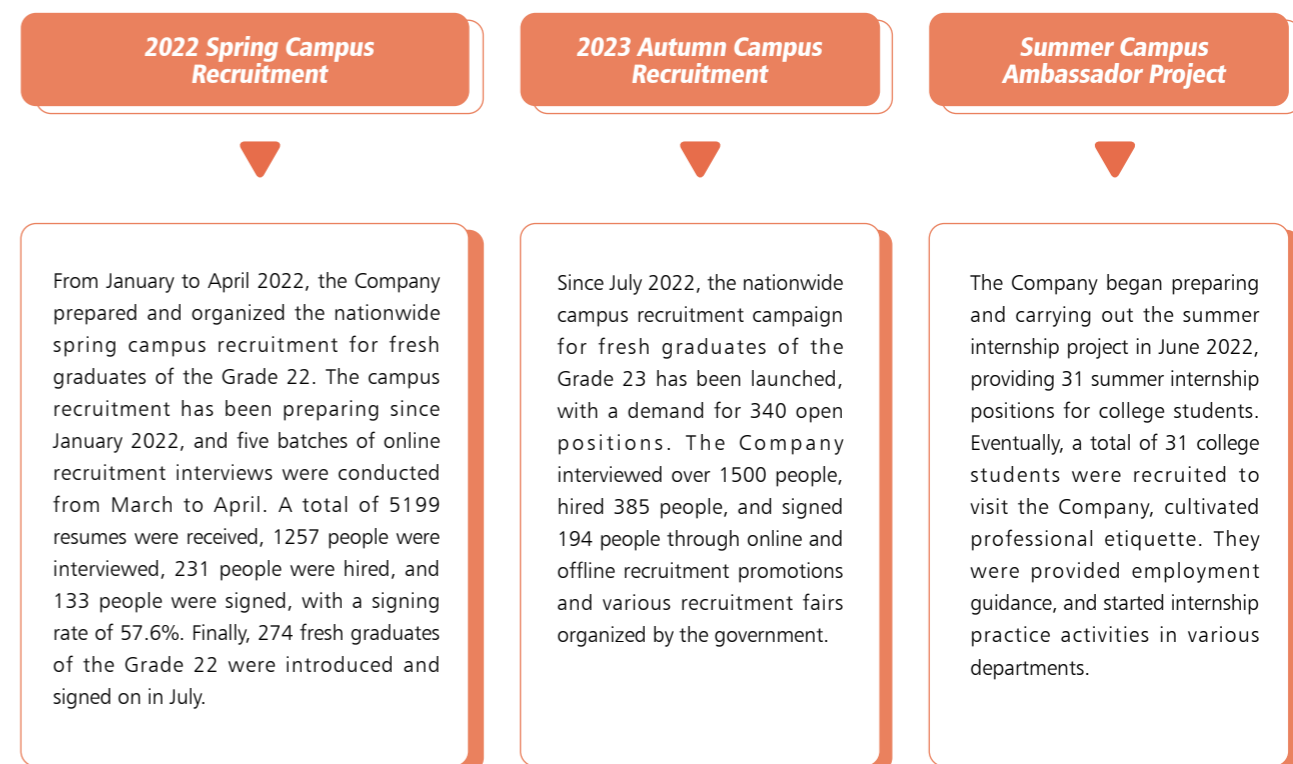
- ◆ **System guarantee:** The Company has formulated rules and regulations such as the Measures for Management of Assistance Funds for Needy Employees, Measures for Subsidy of Needy Employees, and Application Process for Needy Subsidies, which have made clear provisions on the assistance objects, assistance conditions, assistance standards, etc., to ensure the standardization and unity of assistance work.
- ◆ **Mechanism guarantee:** The Company has established the assistance center for needy employees, and the assistance fund, the welfare committee, and the assistance fund management committee were established. The working organization, assistance conditions, subsidy standards, and application process are public, and employees are welcomed to visit and supervise at any time.
- ◆ **Regularization of assistance:** The Company currently has forms of assistance such as monthly quota assistance, one-time large amount assistance, and golden autumn education assistance. The Company conducts comprehensive visits to families of needy employees, regularly conducts research on assistance objects, assistance amounts, and implementation status, and publicly publishes the research results to ensure that assistance work is fair, just, and open.

In 2022, the Company implemented dynamic management of electronic files for needy employees, with a filing rate of 100%. Employees in need were promptly provided with life assistance and medical assistance, ensuring that they were helped in times of need. Throughout the year, 52 families of employees in need were visited, and 1529 people were approved and granted quota subsidies for difficult situations. There were 36 people receiving large amount assistance and golden autumn education assistance, with a total amount of 722,900 RMB.

Assisting youth employment

Actively responding to the spirit of the Notice on Issuing Fifteen Policies and Measures for Further Stabilizing and Expanding Employment issued by the People’s Government of Sichuan Province and in combination with the Company’s strategic measures of youth talent quality, Luzhou Laojiao carried out the recruitment of campus talent and summer campus ambassador.

With excellent results in campus recruitment, the Company was awarded the “2022 Zhilian Recruitment On-campus Recruitment Case Award” by the China Annual Best Employer Organizing Committee of Zhilian Recruitment.






Joint Efforts for Win-win by Partners

Adhering to laws and regulations and supporting the development of local economic construction and social undertakings, Luzhou Laojiao keeps close strategic cooperative relationships with suppliers and distributors, maintains positive and high-quality interactions with the industry, universities, and scientific research institutions, so as to achieve "co-prosperity with the industry".

Sincere service for customer

Insisting on taking customers as the center and improving customer satisfaction and loyalty with high-quality and meticulous services, Luzhou Laojiao has established the Measures for Management on After-sales Service of Luzhou Laojiao Co., Ltd., and a series of customer service processes and a nationwide customer service system, including customer service hotline, WeChat official account, official website, official flagship store and other channels, so as to provide customers with services such as consultation, complaints, suggestions, etc.

<p>Customer service hotline</p>  <p>Customers can call the hotline 400-888-1573 for assistance.</p>	<p>WeChat official account</p>  <p>By searching "Luzhou Laojiao" on WeChat, you can follow the Wechat official account and find the option of "Contact Us" on the menu bar.</p>	<p>Company official website</p>  <p>By inputting https://www.lzlj.com/ on browser, you can access the official website of Luzhou Laojiao for services and assistance.</p>	<p>Official flagship store</p>  <p>By searching for "Luzhou Laojiao" on the top right corner of the Company's official website or e-commerce platforms such as Tmall and Jingdong, you can obtain a shortcut link to enter the Company's official flagship store. You can contact us in the corresponding store.</p>
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The Company also provides the following services to customers

- ▶ If you need to check the authenticity of Luzhou Laojiao products, please call the service hotline at 400-888-1573 and select the number 2 button.
- ▶ If you need to contact responsible person of each province, autonomous region, city or district: The Company has set regional contact persons throughout the country. Customers can log in to the Company's official website, select the "Service Support" column, visit the "Contact Regional" section, and click on the page to find the contact information of the regional contact person.

From 2020 to 2022, the Company's 400-888-1573 call center provided consumers with problem-solving and proper resolution of consumer disputes, achieving everything is settled and everything is answered. During the period:



The call center received a total of inquiries

101,935



The call center received a total of consumer complaints

3,702



The mediation rate

100%

Promotion of win-win by partners

Win-win with suppliers

Keeping a good partnership with suppliers is one of the essential prerequisites for the Company to achieve healthy development. In terms of supply chain management, the Company has established a complete and sound work system. Guided by appropriate strategic development goals, the Company always treats all suppliers with the principles of openness, fairness, and justice.

In terms of procurement, bidding and supplier selection, the Company has set up a series of management measures and rules such as the Management Rules for Procurement Subject to Bidding According to Law, Management Rules for Supply Chain Oriented Procurement, Management Rules for Supplier Warehouse, Management Measures for Selection and Assessment of Cost Consulting Suppliers (Trial), and Management Measures for Supplier Performance Security.

In terms of supplier management, the Company has established the supplier database and is equipped with a complete supplier assessment mechanism. Luzhou Laojiao established the supplier collaboration management platform in the company level to sort out 2000 spare parts materials and 3000 low-value consumables. Some supplier systems are connected with the Company's SRM system (namely Supplier Relationship Management), which can achieve data integration for purchase orders, inventory reporting, invoice reconciliation, and standard contract signing, improve the efficiency of suppliers and realize visualized procurement.

Win-win with distributors

Establishing a close, long-term, stable, and good cooperative relationship with distributors to drive the continuous development of the Company.

For a long time, the Company has continuously provided capacity building support to distributors, which empowers them, so that the win-win progress with dealers can be achieved.

Promotion of industry development

With the principle of “co-prosperity with the industry”, Luzhou Laojiao has always been committed to promoting the industry development, co-prosperity with the industry, and achieving win-win results.

In August 2022, the Company jointly held the “Forum on Innovation and Industrial Development of Traditional Brewing Food Technology” with Beijing Zhongliang Magazine House (the main publication China Brewing), as well as the 40th anniversary of the founding of China Brewing and the 2022 annual meeting of the National Engineering Research Center of Solid-state Brewing. The convening of this annual meeting provided new ideas and solutions for the intelligent transformation and upgrading of traditional brewing food, which is conducive to exploring scientific issues in the development of the traditional brewing industry, strengthening the trend guidance of development direction, and promoting production technology innovation and high-quality development of China’s traditional brewing food industry through technology empowerment.



Group photo of the meeting

The Company has launched a distributors training program to create an integrated collaborative team with manufacturers. In 2022, there was a total of

▼
Distributors training

11 sessions

Training hours

67 hours

Covering distributors

3,163 persons

The national cellar tour training trip project was organized and carried out. In 2022, there was a total of

▼
VIP customer training for national cellar tours

96 sessions

Training hours

144 hours

Trainees

3,054 persons

Academicians and experts gathered in Luzhou to seek new development

From August 19 to 21, the “Forum on Innovation and Industrial Development of Traditional Brewing Food Technology”, as well as the 40th anniversary of the founding of China Brewing, and the 2022 annual meeting of the National Engineering Research Center of Solid-state Brewing were held in Luzhou, sponsored by Beijing Zhongliang Magazine House, the National Engineering Research Center of Solid-state Brewing, and co-organized by Beijing Food Science Research Institute and Luzhou Laojiao Co., Ltd.

More than 400 participants from more than 100 colleges and universities, including the University of Chinese Academy of Sciences, the Chinese Academy of Engineering, Zhejiang University, Shanghai Jiao Tong University, Sichuan University, South China University of Technology, China Agricultural University, Jiangnan University, and enterprises such as Shanxi Xinghuacun Fen Wine Factory Co.,Ltd., Anhui Gujing Group, Co.,Ltd. etc.

There were three sub-themes of Baijiu, condiments and wine on the forum, and experts and scholars attending the forum carried out more than 60 special reports, comprehensively and deeply discussed and exchanged views on brewing technology and industrial development.

Liu Miao, Secretary of the Party Committee and Chairman of the Company, stated in his speech that Luzhou Laojiao adhered to inheritance and innovation, relied on innovative platforms such as the National Engineering Research Center of Solid-state Brewing and the National Postdoctoral Research Workstation, strengthened technological research and development, built a strong talent team, promoted achievement transformation, and strengthened digital intelligence empowerment to successfully build the largest and most intelligent modern Ecological Park for Huangyi Brewing in the industry.

In addition, relying on the platform of the National Engineering Research Center of Solid-state Brewing established by Luzhou Laojiao, the Company collaborated with 18 leading enterprises with solid state brewing characteristics, advantageous universities and institutions, and technological innovation service institutions to successfully establish the Sichuan Engineering Research Center of Solid-state Brewing. The center is the first provincial-level technological innovation center in the field of solid-state brewing in China, and will be committed to serving major



Luzhou Laojiao • Guojiao 1573 Research Institute

technological needs of the industry, research and development of key common technologies in solid state brewing, the transfer and transformation of technological achievements, as well as the opening and sharing of technological services, formed an innovative ecosystem of the solid-state brewing industry.

Luzhou Laojiao • Guojiao 1573 Research Institute

Luzhou Laojiao • Guojiao 1573 Research Institute (hereinafter referred to as the “research institute”) is a research, consulting, service, and non-profit enterprise think tank initiated and established by Luzhou Laojiao. With the purpose of “building a research platform”, “uniting a group of senior consultants” and “outputting a series of research results”, the research institute is committed to building a think tank platform of “big strategy, big platform, big wisdom, and big culture”, promoting the transformation and upgrading of Chinese Baijiu industry, boosting the industry development with high quality, and leading the industry to a stable future.

Since establishment on October 15, 2021, the research institute has achieved significant results in improving institutional mechanisms, focusing on the Company strategy, conducting research projects with cohesion and intelligence, and providing services to empower brand development. It has gradually established a strategic demand-oriented research system and achieved phased results under the guidance of experts and scholars from all walks of life.

In the future, the research institute will continue to gather the strength of high-end think tanks, adhere to the three major development principles of brand leadership, quality foundation, and cultural soul casting, and help build the “six in one” Luzhou Laojiao of brand, quality, culture, innovation, digital intelligence, and harmony.



Zhong Mian, Vice Chairman of the Sichuan Provincial Political Consultative Conference, Song Shuyu, Chairman of the China Liquor Industry Association, Yang Linxing, Secretary of the Luzhou Municipal Party Committee, and others visited the Luzhou Laojiao Exhibition Hall



Luzhou Laojiao Exhibition Hall

Luzhou Laojiao Appeared at the 17th China International Alcoholic Drinks Exposition

From July 15 to 17, 2022, the 17th China International Alcoholic Drinks Exposition was held in the wine city of Luzhou. The Company set up an independent exhibition hall at this expo, showcasing the highly recognized products of Luzhou Laojiao, such as Guojiao 1573, Centennial Luzhou Laojiao Jiaoling Baijiu, Luzhou Laojiao Tequ, Tequ 60s, Gaoguang, and Ming Niang.

At the Expo, Luzhou Laojiao innovatively displayed Luzhou Laojiao's wine culture with new forms of science and technology as the display carrier, which was not only a collision between science and technology and tradition, but also established a new image of Chinese Baijiu in science and technology, leading innovation and creating the future together.

In 2022, the Company engaged in extensive and in-depth cooperation with various sectors of the industry, including:

- ◆ In January, March and June Langjiu Group, Moutai Group and Yanghe Group respectively led teams to visit Luzhou Laojiao and carry out investigation and exchange, in order to seek high-quality development of Chinese Baijiu industry.
- ◆ In June The "11th Chinese Baijiu T8 Summit" was held in Luzhou, where leading liquor enterprises such as Moutai, Wuliangye, Yanghe, Luzhou Laojiao, Fenjiu, Gujing, Langjiu, Niulanshan, etc. gathered together to provide advice and suggestions for industrial development, and reached many consensuses.
- ◆ In July Luzhou Laojiao and Kylin Spirits Group officially signed a strategic cooperation agreement on the Chinese whiskey project, further deepening communication and cooperation between the two sides.

Promoting school enterprise cooperation

Universities are one of the important birthplaces of innovation. With the goal of continuously promoting the high-quality development of the Company, the Company invested a lot of resources in cooperation with universities.



In 2022, the Company also collaborated with other parts such as universities:

The project Analysis and Application Research on the Core Elements of Strong Aroma Brewing Ecology has been signed in cooperation with the Chengdu Institute of Biology, Chinese Academy of Sciences, Sichuan University, and Sichuan Provincial Institute of Food Inspection. The research is currently underway.

We held technology demand contact meetings and seminars on the utilization of distiller's grains resources with institutions such as the Affiliated Hospital of Southwest Medical University, the Chinese Academy of Sciences, and Huazhong University of Science and Technology.

The Company collaborated with Sichuan University and Qianhe Condiment and Food Co., Ltd. to tackle key challenges such as poor controllability in the traditional brewing food industry community.

The Company cooperated with Jiangnan University in the field of brewing microorganisms, deeply studied the traditional brewing process mechanism of strong aroma Baijiu and the influence of cellar age on the quality of cellar mud and base liquor, established a multidimensional evaluation method for cellar mud quality and cellar age by using large sample of microbiological data, and developed an efficient enrichment method of functional flora and a new technology of artificial cellar mud culture.

Tsinghua University - Luzhou Laojiao Intelligent Testing Joint Research Center

Established jointly by the Company and Tsinghua University in 2019. The center will make new theoretical and technological breakthroughs in the field of intelligent detection and traditional process data mining, providing a new framework and ideas for the technical issues of "internationalization and standardization" in traditional industries. By the end of 2022, the center entered its third year and has completed the second batch of projects. The third batch of projects is currently underway.

Luzhou Laojiao - Nanjing Normal University Cultural and Technological Innovation Research Center

Established jointly by the Company and Nanjing Normal University in 2019, it is a new type of production university research cooperation platform to deepen Baijiu culture and scientific and technological innovation. By the end of 2022, the center was operating well, with 6 projects underway during the year.

Sichuan University - Luzhou Laojiao Culture and Technology Innovation Research Center

Established jointly by the Company and Sichuan University in 2021. The establishment of the center not only provides a high-level talent training platform, but also will inevitably improve the scientific research level of Luzhou Laojiao and expand the depth of cultural research, which will play an invaluable role in accelerating the research of the whole Chinese Baijiu industry. The first seven projects have been approved by the Central Management Committee.

Joint Research Center for Gastrointestinal Health of Drinking Population

Established jointly by the Company, Shanghai Jiao Tong University, and VACURE Biotechnology in 2022. By the end of 2022, the center organized 3 tripartite discussions on "Shanghai Jiaotong University-VACURE Biotechnology - Luzhou Laojiao", formed a joint agreement on the construction of a "Joint Research Center for Gastrointestinal Health of Drinking Population", and launched two first phase cooperation projects.

Enthusiasm about Social Welfare

Only by shouldering a sense of social responsibility can enterprises achieve stability and long-term development. Throughout its history, Luzhou Laojiao has always adhered to the corporate philosophy of “liquor brewed with the universe, spirit generated by the world”, and has been actively engaged in various public welfare activities such as earthquake relief, donation for education, and volunteer service, with a continuously growing economic volume to give back to society. It has taken on the important mission of serving national strategies and people’s livelihoods.

In 2022, the Company actively participated in public welfare student assistance activities such as “Charity Day Donation”, “Small Schoolbags, Great Love”, and “Provincial Poverty Relief Fund”. It continued to support multiple high and secondary schools to establish various teaching and research, student assistance, and scholarships, and donated a total of RMB 3.21 million to support the development of local education. In recent years, it has won honors such as the “Chinese Charity Award”, “Chinese Red Cross Medal”, and “Advanced Grassroots Party Organization for Earthquake Relief in Luxian County on September 16”.



Accumulated donations in 2022

3.21 million RMB

Provincial Poverty Relief Fund

The “Provincial Poverty Relief Fund” is a large-scale public welfare project initiated nationwide in July 2001 by the Sichuan Poverty Alleviation Foundation in collaboration with relevant units, with the care and support of relevant leaders of the Sichuan Provincial Party Committee and the Provincial Government. It is aimed at assisting and cultivating students from universities with excellent moral character and poor families.



Luzhou Laojiao-Red Camphor Award Teaching Fund

From 2021 to 2025, Luzhou Laojiao donated funds to establish the “Red Camphor Award Teaching and Learning Fund” at Sichuan Province Luzhou Senior Middle School. The fund was divided into the “Luzhou Laojiao-Red Camphor Seedling Protection Award” scholarship and the “Luzhou Laojiao-Red Camphor Teaching Master Award” scholarship. The former provided assistance to students with excellent moral character and family difficulties, inspiring them to work hard, pursue their dreams diligently, and strive to fulfill their dreams. The latter provided assistance to teachers with excellent ethics, outstanding performance, and outstanding scientific research, helping the teaching team better fulfill the sacred mission of cultivating morality and educating people.



Support for Rural Revitalization



Since 2016, the Company and its partners have cumulatively invested and donated assistance funds

720 RMB million

Luzhou Laojiao firmly implemented the national strategic deployment and actively engages in the main battlefield of rural revitalization. Since 2016, Luzhou Laojiao has taken the initiative to undertake poverty alleviation and assistance tasks for three poverty-stricken counties and 18 poverty-stricken villages in Hongyuan County, Aba Tibetan and Qiang Autonomous Prefecture, Sichuan, and Gulin County and Xuyong County, Luzhou City, located on the eastern edge of the Qinghai Tibet Plateau. The Company and its partners invested and donated a total of 720 million RMB in assistance funds, building infrastructure, strengthening industries, and assisting governance, promoting the removal of all poverty-stricken counties and the withdrawal of all poverty-stricken villages. The targeted areas were lifted out of poverty with high quality and on schedule, and were awarded the National Advanced Collective for Poverty Alleviation, the National Advanced Collective for Social Poverty Alleviation, and the exemplary organization of the "Five Ones" Support Force for Poverty Alleviation in Sichuan Province.

After the comprehensive victory of the poverty alleviation campaign, the Company continued to explore and optimize assistance measures. In 2022, a total of 2.5515 million RMB was invested in assistance funds to help rural revitalization. Through purchase instead of donation, industrial assistance, and intellectual assistance, the Company consolidate and expand the achievements of poverty alleviation, comprehensively promote rural revitalization and achieve results. It was awarded the "Advanced Collective for Designated Assistance Work" in Sichuan Province.



Launch New Year condolences



The Company organized new high school graduates from Xiangtian Village in Longshan Town to visit Luzhou Laojiao and carried out the theme expansion activity of "Love Forges Dreams, Passion Ignites Future, and Shared University Dreams"



Symposium on Rural Revitalization Work



A brand new Xiangtian Village



Donate through purchase



Granting financial aid to assisted students



Industrial assistance for the "rice field fish farming" project

Inheritance of Intangible Cultural Heritage

In 1996, the Ming Dynasty cellar of Luzhou Laojiao, founded in 1573, was designated by the State Council as a "National Key Cultural Relics Protection Units". At this time, Luzhou Laojiao Exhibition Gallery, the predecessor of Luzhou Laojiao Museum, was officially completed and opened to the public in the office building of Luzhou Laojiao Hotel, becoming one of the first enterprises in the Chinese Baijiu industry to have exhibition gallery.

In 2004, the Luzhou Laojiao Exhibition Gallery was relocated to the newly opened Luzhou Laojiao Tourist Area. In 2021, the exhibition gallery was upgraded to Luzhou Laojiao Museum and the upgrading and renovation would be initiated. After the upgrade, the newly arranged museum has an exhibition area of nearly 1,000 square meters.



Luzhou Laojiao Museum



The exhibition in the museum is divided into three parts. The first part emphasizes tradition and showcases the historical origins of Luzhou liquor culture. The second part is a re-continuation, showcasing the legendary story of Luzhou Laojiao. The third part is re-passed down, showcasing the fruitful achievements of Luzhou Laojiao's development over the years.

The Luzhou Laojiao Museum currently has a large number of precious historical wine vessels, literature, old wine, and image materials. The collections include only 118 bronze goblets from the Shang Dynasty with the inscription "Tian Bian Fu Geng", only over 300 blue and white goblets of Yuan Dynasty, underglaze red heart turning high foot cups of Yuan Dynasty, and a dragon and phoenix patterned blue and white large wine tank of the same age as the national treasure cellar of Ming Dynasty in Luzhou Laojiao.

For many years, the Company has formed a dedicated team to study liquor culture and established the first professional cultural and museum team dedicated to the domestic liquor industry:

- ◆ Continuously conducting comprehensive and systematic research on the connotation of the world, China, and Luzhou Laojiao liquor culture, and publishing monographs such as National Cellar Archives - Appreciation of Calligraphy and Painting Art, National Cellar Archives - Appreciation of Old Liquor Collection, and National Cellar Archives - Customized Art of Luzhou Laojiao;
- ◆ Through national archaeological institutes, the Company participated in field archaeological excavations and reproduce the Longyao site during the Tang and Five Dynasties period, the Southern Song Dynasty tomb stone carving site, the Han tomb site, and the Ming Dynasty tomb site;
- ◆ The protection of cultural heritage was strengthened, and the construction of museums and their supporting facilities were based on national key cultural relics protection units for protection and display.



As the only member organization of the China Museum Association in the industry, Luzhou Laojiao built museums, created a professional cultural and museum team, deeply explored the history and culture of Chinese liquor, and driven other liquor companies to build museums, strengthening the protection of the diversity of liquor culture. In this cultural environment, Luzhou Laojiao Museum born the responsibility of preserving traditional values and inheriting historical culture with a platform for the public to understand traditional liquor culture.

Taking the inheritance of intangible cultural heritage as its own responsibility, some of the honors obtained by the Company's intangible cultural heritage inheritance work in 2022 include:

- ◆ The Luzhou Laojiao Scenic Area was selected for the list of national industrial tourism demonstration bases announced by the Ministry of Culture and Tourism, and the "National List of Selected Projects for the Integration of Intangible Cultural Heritage and Tourism" announced by the China Intangible Cultural Heritage Protection Association.
- ◆ The Luzhou Laojiao Sealing Ceremony was selected as a representative project list of the sixth batch of provincial intangible cultural heritage released by the Sichuan Provincial Department of Culture and Tourism.
- ◆ The case of Luzhou Laojiao's "cultural tourism integration intangible cultural heritage casting soul" was selected as an excellent case of Sichuan intangible cultural heritage and tourism integration in 2022.



Professional Committee for Baijiu Brewing Skills of China Intangible Cultural Heritage Protection Association was officially established
On July 15, 2022, the establishment meeting of the Professional Committee for Baijiu Brewing Technology of the China Intangible Cultural Heritage Protection Association, hosted by the China Intangible Cultural Heritage Protection Association and undertaken by Luzhou Laojiao, was successfully held in Luzhou, the wine city. The establishment of the Professional Committee for Baijiu Brewing Technology was aimed at building a platform for cohesion and seeking the inheritance and development of intangible heritage for Chinese Baijiu.

Advocation of Responsible Drinking

Luzhou Laojiao emphasizes the promotion of responsible drinking, integrating the concept of "caring for growth and not drinking for under age" into brand promotion activities, and promoting moderate, rational, scientific, and healthy drinking methods to consumers. Since 2015, the Company has continuously carried out the "National Rational Drinking Promotion Week" activity, committed to making rational drinking, healthy drinking, and civilized drinking become new cultural characteristics of the Chinese liquor industry, allowing consumers to harvest happiness and enjoy a high-quality and beautiful life through healthy drinking.

Luzhou Laojiao Launches "2022 Responsible Rational Drinking Promotion Week"

In December 2022, as the rotating chairman organization of the China Liquor Industry Association and Social Responsibility Committee, the Company collaborated with the China Liquor Industry Association to launch the "2022 Responsible Rational Drinking Promotion Week" activity, with the theme of "caring for growth and not drinking for under age", aiming to call on society to care for the growth of under age and say "no" to their drinking. Moreover, the theme activity of "Ten Thousand Shops Promise Not to Sell Alcohol to under Age" was carried out at online and offline alcohol terminals nationwide, to effectively fulfill the social responsibility of the alcohol industry through practical actions.



IV

Coexistence of Interests

Co-creation of Excellent Brand

A good corporate governance can strengthen the internal control of an enterprise, reduce its operating costs, improve its business performance, enhance its core competitiveness to realize its sustainable development. By adhering to the leadership of Party building and deepening the three-year action of state-owned enterprise reform, Luzhou Laojiao empowered corporate governance with technology and continuously enhanced its ability to anticipate and resist various risks to promote the lean development of the enterprise with high efficiency.



In response to UN sustainable development goals*



Strengthening of Leading Role of Party Building

The Party Committee of the Company deeply implemented the spirit of the 20th National Congress of the Communist Party of China, focused on the overall requirements of Party building in the new era, closely adhered to the development goals and tasks of the enterprise during the 14th Five Year Plan, took integrated development as the path, coordinated and promotes political construction, ideological construction, organizational construction, discipline construction, and other work, achieved deep integration of Party building and production and operation, and lead the high-quality development of the enterprise with high-quality Party building.

Strengthening political construction

The Party Committee of the Company adhered to the fundamental attribute of "state-owned enterprise under the leadership of the Party", continued to implement the "two-consistency", continuously strengthened political construction, guided Party members, cadres, and employees to deeply understand the decisive significance of the "two-establishment", enhanced the "four-consciousnesses", strengthened the "four-confidences", and achieved the "two-maintenance".



The Company organized all Party members, cadres, and employees to watch the opening meeting of the 20th National Congress of the Communist Party of China



The Company organized grassroots Party organizations to actively study and implement the spirit of the 20th National Congress of the Communist Party of China



Strengthening theoretical armed forces

The Company's Party committee system established a long-term mechanism for learning and implementing president Xi's socialist ideology with Chinese characteristics in the new era, which includes "Party committee leading learning, branch promoting learning, and all staff giving lectures". Focusing on the theme of welcoming, promoting, and implementing the spirit of the 20th National Congress of the Communist Party of China, the Company organized expert guidance and report meetings, special lectures, and experiential learning activities, and carried out the fourth "Micro Party Class" grassroots propaganda competition in a branded manner. The Party Committee of the Company strictly implemented the "first issue" system, and the team members demonstrated and took the lead in their respective fields of responsibility. Each Party branch, based on the actual situation of the team, promoted the spirit of the 20th National Congress of the Communist Party of China to enter the workshop, team, area, and mind by conducting "Mobile Party School", "On-site Learning Sessions", and "Quarter Hour Classroom", guiding Party members, cadres, and employees to firmly arm their minds with the ideology of learning and leveling socialism with president Xi's socialist ideology with Chinese characteristics in the new era, guiding practice Promote work and promoting the implementation and effectiveness of the deployment requirements of the 20th National Congress of the Communist Party of China in the Company.



The Fourth Luzhou Laojiao Micro Party Course Competition "Welcoming the New Journey of the 20th National Congress of the Communist Party of China and Achieving Merit in the New Era"

Boosting the integration of Party leadership into corporate governance

The Company conscientiously implemented the 40 key tasks of “looking back” arrangement and deployment, fully implemented pre-requirements researched and discussed by the Party committee, completed the “Party building to rules” for all eligible independent legal entity level 2 and 3 enterprises, and completed the “shoulder to shoulder” task for all eligible Party branches. By formulating the Implementation Measures for the Three key Points and One Large Decision System (Trial) of the Company, the Company sorted out and clarified the list of rights and responsibilities for each matter, ensuring that the “three meetings and one layer” perform their respective duties, responsibilities, and coordinated operations, and that the leadership of the Party is integrated into the Company’s governance mechanism, effectively playing the role of the Party committee in guiding direction, managing the overall situation, and ensuring implementation.



The Company normally organized and held the meeting of the Party Committee

Managing political life within the Party

The Company strictly implemented the basic systems of “Three Meetings and One Lesson”, heart to heart talks, democratic evaluation of Party members, fixed Party day activities, and dual organizational life for leaders and cadres. It deeply carried out activities such as “political birthday”, revisiting the oath of joining the Party, and “I do practical things for the people”, continued to strictly enforce organizational discipline, standardize Party member management as well as promoted the improvement of Party spirit.



A “Three Meetings and One Lesson” notebook was developed

Activities to review the oath of joining the Party were organized

Strengthening ideological construction

Luzhou Laojiao adhered to laying the foundation of ideology, combined with the annual development theme of the Company, strengthened work innovation, and exerted cohesion to provide strong ideological guarantee and strong spiritual strength for strengthening, optimizing, and expanding state-owned enterprises, and promoting high-quality development.

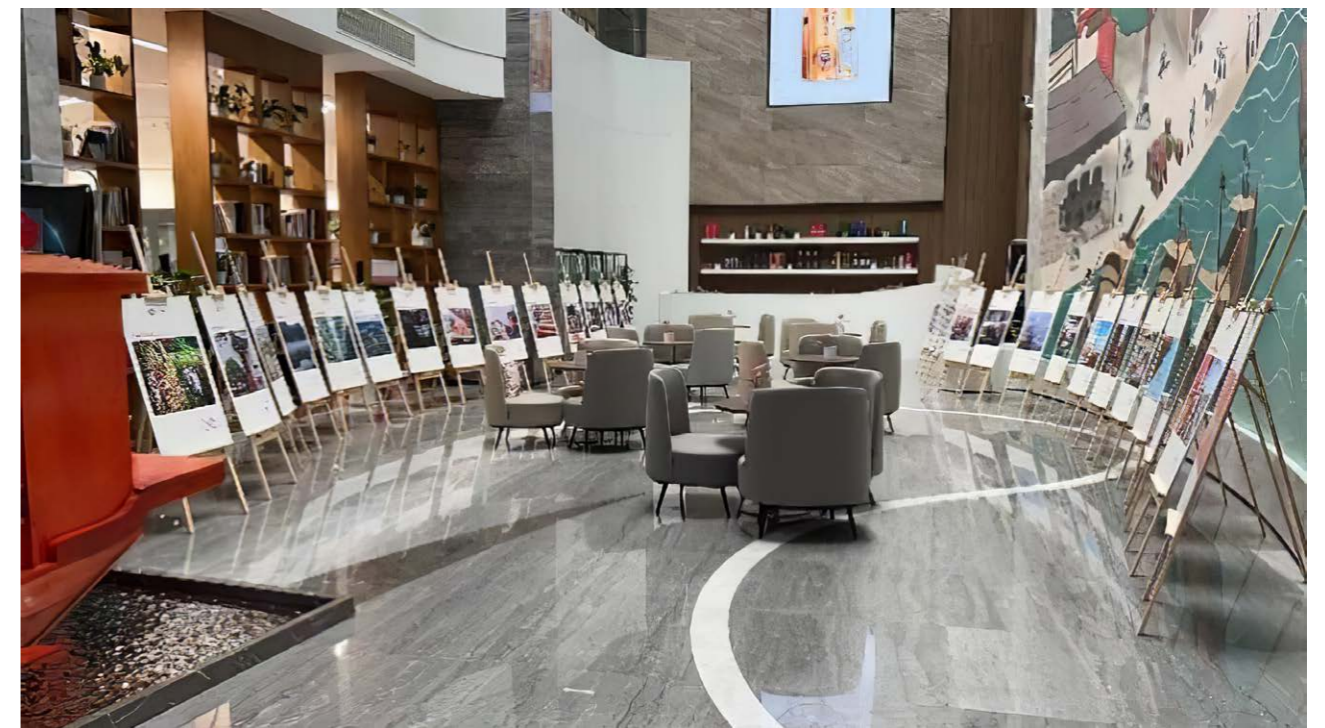
Deepening publicity work and ideological and political education

By establishing and utilizing Party building propaganda platforms and platforms, the Company launched over 200 promotional campaigns such as “state-owned enterprise responsibility” and “branch style”. It diversified the use of various online propaganda platforms, Party member positions, blackboard newspapers, and other promotional ideas to spread positive energy and create a strong Party building atmosphere. During the year, the Company organized the “Welcoming for the 20th National Congress of the Communist Party of China and Achieving Merit in the 14th Five Year Plan” to search for the Drunken Luzhou Laojiao, selected over 60 outstanding works, and encouraged and guided Party members, cadres, and employees to firmly believe and inherit the red gene; Carry out immersive learning and experience activities such as “Our Festival - Dragon Boat Festival” with distinctive corporate characteristics to promote and promote



The theme activity of “Our Festival - Dragon Boat Festival” was carried out

excellent traditional Chinese culture, and cultivate a good spiritual outlook. The Company regularly carried out care activities such as “four necessary talks and four necessary visits”, employees’ ideological dynamic research, and employees’ psychological classification counseling to create a warm and inspiring organizational atmosphere, effectively laying an ideological and mass foundation for the harmonious and stable development of the enterprise.



2022 “Searching for Drunken Luzhou Laojiao” Photography Award Winning Exhibition

Strengthening organizational construction

The Company continued to strengthen organizational construction, with a focus on improving organizational strength, focusing on grassroots and consolidating the foundation. It always promoted Party building work and production and operation coordination, allowing organizational strength to be organically embedded and strongly driven in key tasks such as production innovation, marketing breakthroughs, and management upgrades, transforming into the driving force for enterprise development.

Building a rigorous organizational network

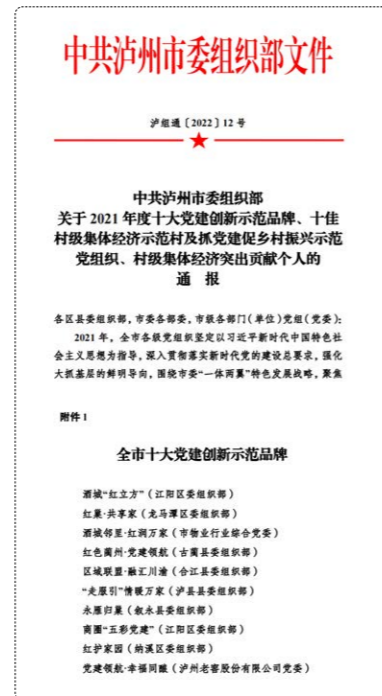
Focusing on tangible and effective coverage, the Company dynamically set up Party organizations in major projects, sales areas, and other areas, adjusted Party cadres and staff in a timely manner, ensured that "everything that should be built was built", improved the organizational system, and enhanced work strength. The Company deepened the creation of Party building brands, promote grassroots Party organizations to firmly grasp the first priority of "service development", focused on the key points, difficulties, and key points of business work, identified the focus and driving force of Party building work, and achieved Party building leadership to promote development as well as business integration to increase momentum.

Building a strong vanguard and exemplary team

In order to implement the requirement of "two-way training", the Company recruited 30 Party members among frontline and backbone employees in production and operation throughout the year, established 605 Party member demonstration positions and 120 Party member vanguard teams, and fully devoted themselves to key business actions such as the "Hundred Cities Plan in Sales" and the "Intelligent Packaging Center Project", effectively tackling and implementing annual target tasks.



A vanguard team of Party members on the marketing front line was established



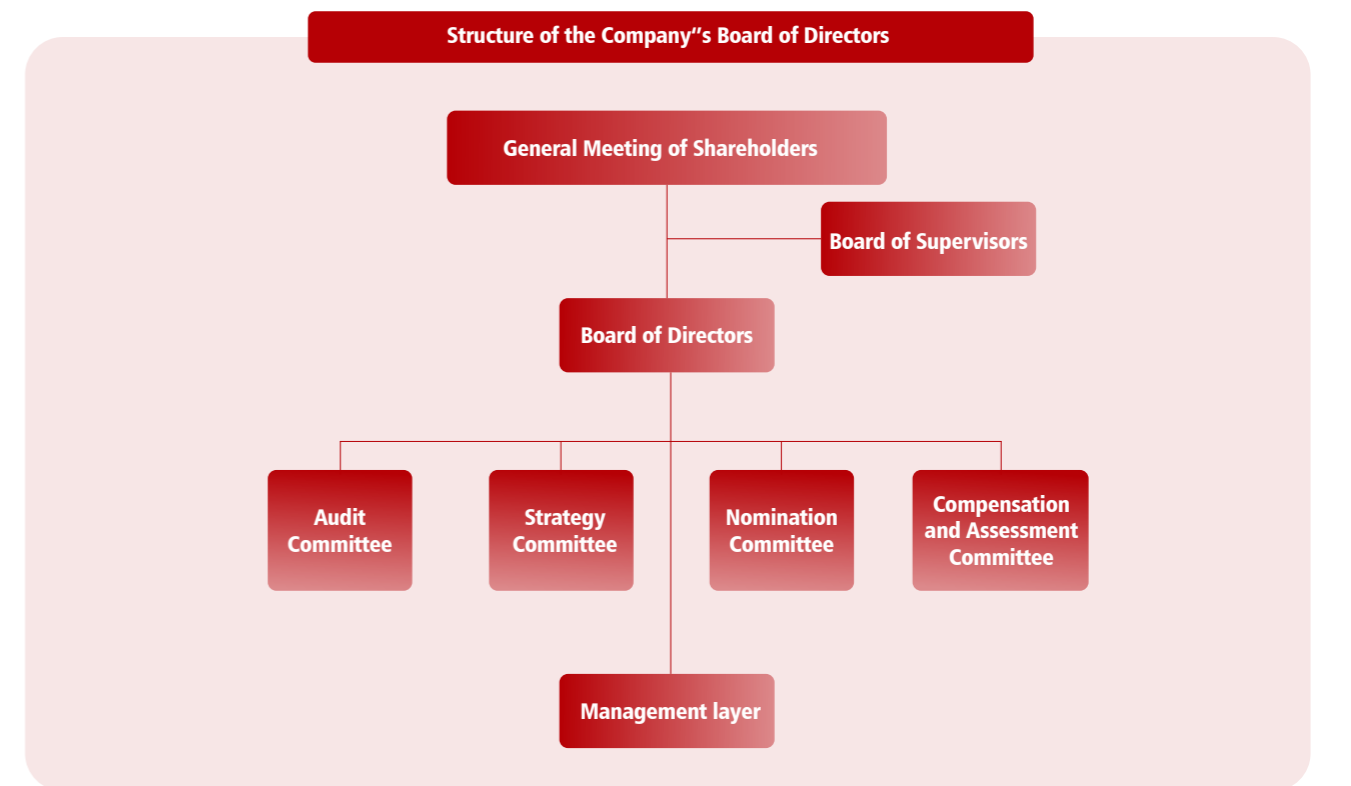
The Party building brand of the Company's Party Committee was awarded the top ten Party building innovation demonstration brands in 2021

Optimization of Corporate Governance

Luzhou Laojiao strictly adhered to the requirements of the Company Law, Securities Law, Code of Corporate Governance for Listed Companies, as well as relevant laws and regulations, departmental rules, and normative documents. Based on the actual situation of the Company, it continuously improved the modern enterprise system construction and corporate governance structure of the Company, and continuously improved the level of corporate governance.

Governance structure

In accordance with the Company Law and relevant regulations on corporate governance for listed companies, the Company continued to improve its governance structure, with the General Meeting of Shareholders as the highest authority, the Board of Directors, the Board of Supervisors, and the management team having clear and balanced powers and responsibilities. The Board of Directors has a Strategy Committee, a Nomination Committee, an Audit Committee, and a Compensation and Assessment Committee. It established various governance systems and formulated corresponding rules of procedure around the operation of the three committees, further clarified their respective powers and responsibilities, ensuring that the General Meeting of Shareholders, Board of Directors, and Board of Supervisors exercise decision-making, decision-making, and supervisory powers, enhancing the independent operation and mutual supervision level of the three committees as well as fully protecting the legitimate rights and interests of shareholders.





General Meeting of Shareholders

The Company held two general meetings of shareholders by online video conference and deliberated 30 proposals in 2022. The Company has become one of the listed companies that held the general meetings of shareholders online earlier in Sichuan.

Board of Directors

The Board of Directors of the Company has 11 directors, including 4 internal directors, 4 independent directors and 3 external directors, including 2 female directors. In 2022, the Company held meetings of Board of Directors for 14 times and deliberated 66 proposals. The Company held 13 meetings of Special Committee of the Board of Directors and deliberated 20 proposals.

Board of Supervisors

The Board of Supervisors of the Company has five supervisors, including two employee supervisors. In 2022, the Company held meetings of Board of Supervisors for 9 times and deliberated 18 proposals.

Information disclosure

Luzhou Laojiao established a reasonable information disclosure regulation management system in strict accordance with the requirements of China Securities Regulatory Commission, Shenzhen Stock Exchange and other rules, regulations, guidelines and measures, with all systems effectively executed; Luzhou Laojiao strengthened the process of collection, feedback, sorting and review of major information, promoted the institutionalization, process and formalization of information disclosure to make the information disclosure responsibility specific to people and things. Under the precondition of legal compliance, Luzhou Laojiao reasonably strengthened the pertinence of information disclosure to ensure true, accurate and complete, timely and fair disclosure, and continuously improve the transparency of the Company information disclosure.



2022
The Board of Directors of the Company actively fulfilled the information disclosure obligation, with regular reports and interim reports prepared and issued.

Total 131 reports



In the information disclosure assessment of listed companies in Shenzhen Stock Exchange, for many years, the Company has obtained

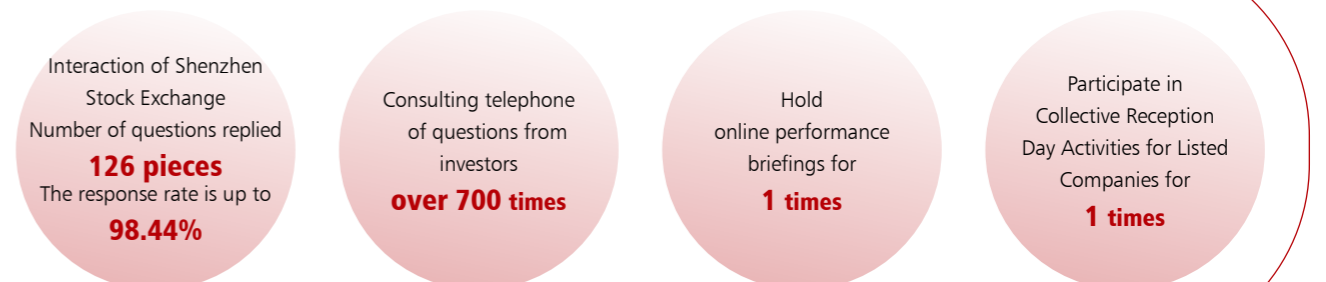
the highest grade

A level

Investor relations

Luzhou Laojiao insisted on carrying out investor exchange activities with the mode of "investment promotion" and "go out". The Company fully communicated with investors with regard to hot issues in the industry, the Company's development strategy and operating conditions through all channels, such as field research, investor meeting, investor interaction platform of Shenzhen Stock Exchange, investor hotline and collective reception day activities, with a view to realizing effective communication between listed companies and investors and market stakeholders. The Company extensively listened to investors' opinions and suggestions, regularly prepared reports on analysis of investors' suggestions and key issues, and transmitted investors' voices to management and relevant functional departments of the Company, thus boosting continuous improvement of management level in the Company.

During the year, concerning information disclosure, for the Company:



Shareholder return

Consistently following the concept that “only by highlighting the reasonable return on investment to investors and maintaining the continuity and stability of profit distribution can the sustainable development of enterprises be realized”, Luzhou Laojiao actively implemented the profit distribution policy and balanced shareholders return and sustainable development of the Company. The cash bonus ratio of the Company has been up to 100% without transferring its share capital in recent years.

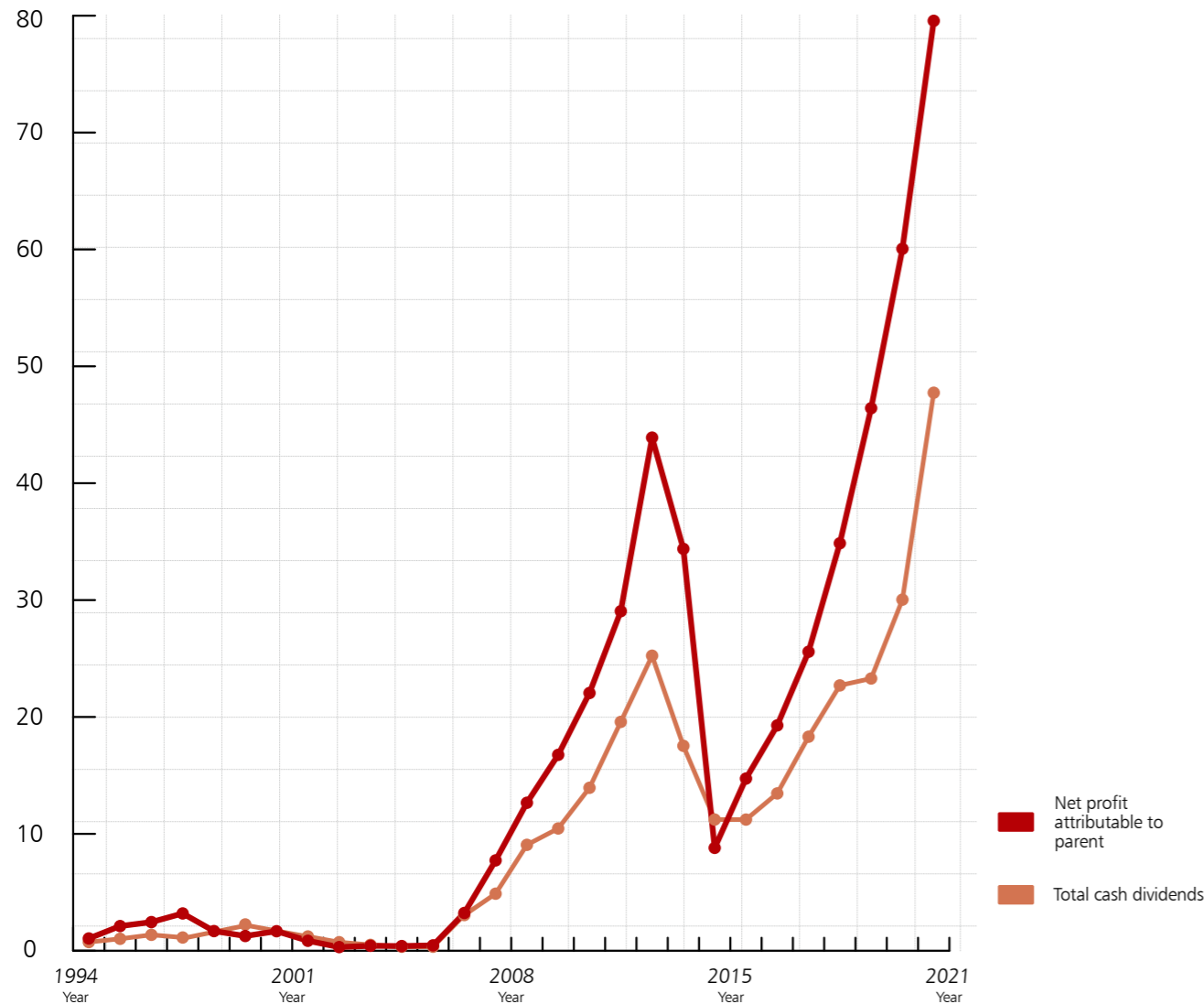
Since listing in 1994
cumulative distribution of

cash bonus of
29.133 RMB billion

total bonus rate up to
52.30%

Dividend details over the years

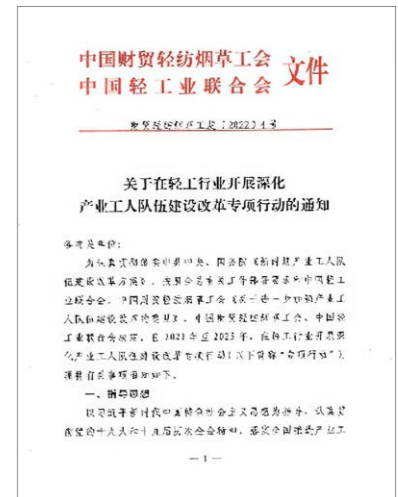
Unit: hundred million RMB



Reform of state-owned enterprises

2022 is the year when the 20th CPC National Congress and the 12th Congress of Party Representatives of the province are held, and it is also the closing year of the three-year reform of state-owned enterprises. Luzhou Laojiao developed amid endeavors and was reborn amid change, providing the strength of state-owned assets and state-owned enterprises for Luzhou to implement the characteristic development strategy of “one body and two wings” and build a regional central city in the new era.

In 2022, under the guidance of political construction, centering upon the Party Committee, the Board of Directors and the Manager’s Office Meeting, Luzhou Laojiao continued to deepen the reform of governance mechanism, employment mechanism and incentive mechanism, improved the digitalization, accuracy and professionalism of management and boosted the overall leap of enterprises, being selected as one of the first batch of key enterprises in the national special action of “reform of construction of industrial workers” of light industry. In addition, it was also included in the list of 100 enterprises of Sichuan Federation of Trade Unions concerning the “Thousand Enterprises Action” to deepen the reform of construction of industrial workers in Sichuan Province.



It was selected as one of the first batch of key enterprises in the special action of deepening the reform of construction of industrial workers in China light industry in 2022.

Reform of governance mechanism

The Company followed the development theme of “quality improvement, culture enhancement, fast breakthrough”, and mobilized all staff to fully participate in and implement various reform tasks of the Company in business management, talent selection and incentive innovation. In addition, the Company vigorously broke through system and institutional obstacles, and achieved leap-forward development.

Reform of employment mechanism

The Company actively cultivated a team of high-quality and high-skilled talents and carried out reform in the talent selection system and management mechanism. The results of the reform of employment mechanism are as follows:

- ▶ The Company implemented special actions such as “Thought Leads the Project of Casting Soul” and “Skill-based Laojiao” within the Company, and made full endeavors to effect the reform measures, with the two-way empowerment of the “reform of construction of industrial workers” realized.
- ▶ The Company reformed the tenure system and contractual management of managers in subsidiaries. In 2022, contract signing of total 37 managers from 22 subsidiaries of the Company was completed, and the cadre management was changed from “horse judging” to “horse racing”, with a post management system connecting top to bottom formed.

Reform of incentive

The Company launched the restricted stock incentive plan in 2021 to further establish and improve the Company’s long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of the Company’s management and core personnel, effectively combine the interests of shareholders, the Company’s interests and the personal interests of the core team, and make all parties pay close attention to long-term development of the Company. 500 management and core key personnel participated in this restricted stock incentive plan in total, with 7,297,603 restricted shares granted.

Construction of a clean and honest administration

In 2022, for important areas and key links of production logistics support, comprehensive management and marketing, the Company conducted normal supervision and forward supervision on production and operation management activities such as asset purchase, assessment and settlement, restructuring and reform. The Company also formulated the Regulations on Management of Honest Practice which made detailed provisions on anti-bribery, anti-corruption and honest practice behavior norms, implementation and supervision, and clarified the handling methods for different levels of incidents.

In 2022, through comprehensive mobilization, signing the Letter of Commitment to Integrity, unblocking the feedback channels of partners' clues, and re-checking personnel information, the Company organized employees and cooperative partners to carry out self-inspection and self-correction for 266 times, with integrity risks prevented and resolved promptly and violations of discipline prevented from the source.



The Company participated in the special lecture of State-owned Assets Supervision and Administration Commission of Luzhou



With focus put on targeted efforts, the Company effectively prevented and controlled integrity risks, and boosted normal and long-term management of integrity risks.

Integrity Education of the Company in 2022 (Partial)

- ▶ Carried out 12 sessions of "monthly study" conference with the theme of integrity education.
- ▶ Conducted 64 special trainings on integrity for new recruits, new Party members, new promotion personnel and personnel at posts with major integrity risks.
- ▶ The Discipline Inspection Commission of the Company improved 150 personal integrity files dynamically and issued integrity review opinions of 978 persons-times, and organized the signing of integrity co-construction agreements with 1,896 business entities.
- ▶ Organized integrity talks of over 12,000 persons.
- ▶ Organized the study of warning education books and warning education films for 105 times.

National Cellar · Lasting Bouquet

Luzhou Laojiao earnestly implemented the spirit of Opinions on Strengthening the Construction of Clean Culture in the New Era issued by the General Office of the Central Committee and built a brand of clean culture centering upon "National Cellar · Lasting Bouquet" and focusing on "those who are good at brewing are honest, those who are good at operation are upright, and those who are good at handling affairs are righteous", with clean genes deeply planted in enterprise management to enhance work style of personnel in the Company. In 2022, the Company made continuous efforts to deepen the construction of family tradition, and cooperated with primary-level Party branches and trade unions to implement a clean home visit themed with "Clean Practice Brings Warm· Family Tradition Promotes Integrity". Through talking about family matters, visiting families, inspecting family tradition, warning risks and presenting "family integrity assistance package", the Company's staff and their relatives were guided to pay attention to the cultivation of family tradition, thus cultivating clean, responsible and upright style with good family tradition.



Signature of Family Tradition Initiative Wall



Family integrity assistance package

Luzhou Laojiao held the second "910 · Integrity" Clean Culture Festival

Focusing on the brand of clean culture of "National Cellar · Lasting Bouquet", the Company held the second clean culture festival with the theme of "Clean Individuals · Harmonious Family · Prosperous National Cellar". Staff actively participated to feel the clean culture, feel the influence of clean culture and enhance their sense of self-integrity through online and offline activities such as script interpretation, clean publicity and clean co-construction.

Clean Practice Brings Warm

Family Tradition Promotes Integrity

Clean home visit

those who are good at brewing are honest

those who are good at operation are upright

those who are good at handling affairs are righteous

Clean Individuals

Harmonious Family

Prosperous National Cellar

Anti-corruption system

The Company established an anti-corruption system within the Company in accordance with national laws and regulations and carried out relevant policy education and training, with an anti-fraud mechanism clearly established in the Regulations on Management of Employees' Integrity and Measures for Management of Petitions and Visits to standardize the reporting, investigation, handling, reporting and remedial procedures of fraud cases.

In 2022, no major cases of fraud and corruption occurred in the Company

If employees of Luzhou Laojiao are found to violate disciplines and laws, related personnel can report to Discipline Inspection Commission of the Company by telephone, letter or email

- ▶ **Report Tel:** 0830-2398612
- ▶ **Report email:** jiwei@lzlj.com
- ▶ **Communication and contact address:** Office of Discipline Inspection Commission, Floor 6, Luzhou Laojiao Marketing Building, No.9 Nanguang Road, Longmatan District, Luzhou City, Sichuan Province

Compliant operation

The Company made continuous efforts to improve the internal control management process and carefully sort out the internal audit work manual to standardize the relevant contents and practical operation guidelines clearly. In addition, through expanding the number of internal auditors outside and strengthening the study and training inside, it also improved the comprehensive level of internal auditors, thus ensuring the efficiency, standardization and standardization of internal audit of the Company.

In 2022, part of the Company's compliance work includes:

- ▶ Establishing a Compliance Committee, drafting the Measures for Management of Compliance of Luzhou Laojiao Co., Ltd. (Trial), and establishing a compliance joint meeting mechanism.
- ▶ Organizing the directors, supervisors, senior managers and core employees of the Company to participate in all qualification studies and professional trainings organized by the regulatory authorities in an orderly manner through the combination of online and offline, regular and irregular forms, and boosting construction of the Company's compliance culture.
- ▶ Conducting risk case analysis every quarter.
- ▶ Participating in the Seminar on Enterprise Compliance Management under the New Development Pattern and the first Sichuan Law and Business Integration Forum organized by the State-owned Assets Supervision and Administration Commission of Sichuan Province, Law Society of Sichuan Province and the Federation of Industry and Commerce of Sichuan Province
- ▶ Providing publicity risk avoidance training and the training for course of Intellectual Property Risk Prevention and Control of Promotional Products for employees of the Company.

In 2022, no dispute or litigation dispute about contract review was found in the Company.



The risk control rate of contract review and management was

100%

The Company reviewed and revised contract texts of

over **6,300** pieces

Number of filing contracts signed

total over **13,000** pieces

Strict Control of Food Safety



The Company has applied for the organic certification of Beijing Zhonglv Huaxia Organic Food Certification Center since August 2008.

With consistent focus put on standardizing the internal control evaluation workflow, the Company formulated the quality management system, and strictly controlled the quality and safety of products. In addition, the Company effectively improved the Company's risk prevention and safe production management level to ensure the orderly operation of the Company.

Quality management

Luzhou Laojiao strictly followed Food Safety Law of the People's Republic of China and Provisions on the Supervision and Administration of the Implementation of Main Responsibility for Food Safety by Enterprises and implemented the construction of food safety responsibility system to effectively guarantee the food safety of products and safeguard the legitimate rights and interests of consumers. In 2022, the Company was awarded the title of the food safety integrity organization

In 2022, the Company actively promoted the construction of food safety responsibility system;

Responsibility implementation: establishing a safety management system with the Company's senior food safety director and food safety officer assisting in food safety management.

Responsibility division: subdividing food safety responsibilities into primary-level organizations and workshops, formulating a list of food safety responsibilities for front-line posts, and carrying out regular food safety training and assessment.

Responsibility standard: strictly implementing quality and safety management standard systems such as ISO9000 quality management system and ISO22000 food safety management system.



Certification of quality and food safety management systems of the Company



Luzhou Laojiao was awarded the title of the 2021-2022 food safety integrity organization

Improvement of quality and safety management process

The Company carried out whole product life cycle management, whole process traceability and whole industry chain risk control through consistently following the food (quality) safety management strategy of putting prevention first and combining prevention and control, strictly controlled the links of source management, production management, ex-factory management and accident handling, with the quality and efficiency of food (quality) safety management improved.

Procedure	Measures and results
Source management	<p>The Company carried out food safety risk index testing on harmful substances such as heavy metals, methanol and cyanide in the original wine according to the national standards concerning migration amount of harmful substances such as pesticide residues and heavy metals in raw and auxiliary materials, and the national third-party testing institutions implemented strict control to ensure the food safety of products.</p> <p>In 2022, two quality appraisals of Qu Yao were completed, and the proportion of high-quality Qu reached 100%, up 1.68% year-on-year, with stable quality of Qu Yao.</p>
Production control	<p>Production technicians conducted 24-hour production inspection, and output standardized and modular process files, with all aspects of production clearly controlled, and the whole production process recorded to form a traceable system and guarantee traceability of food production safety issues.</p> <p>The cumulative average process execution rate of the Company's three major brewing bases was over 99%, and the external audit pass rate of quality management was 100%.</p>
Packaging management	<p>The Company made clear and unified inspection standards and requirements for suppliers of product cartons, caps, wine bottles and gift boxes, and urged suppliers to follow them. To reduce quality problems resulting from influence of the external environment in the production process of wine-body contact packaging materials, the Company required bottle cap and bottle suppliers to build dust-free workshops in key links.</p> <p>In 2022, the Company completed quality audits of 23 packaging material suppliers and filling enterprises, and issued 23 audit reports, with 51 unqualified items found and rectified.</p>
Ex-factory management	<p>The Company regularly organized sampling inspection of various products, packaging materials, water samples, etc., to guarantee that the product quality reached the standard, with a product quality appraisal, authenticity appraisal, after-sales complaints and inquiries implemented actively.</p> <p>In 2022, the Company accepted 406 inquiries about product quality appraisal, authenticity appraisal and after-sales complaints and inquiries.</p>



Silhouette of Activities for Chief Quality Officer of the Industrial Chain

Knowledge Link: What is Qu Yao?

▶ Qu Yao is one of important raw materials in the process of Baijiu brewing. As leavening agent mixed in the grain during the traditional Baijiu brewing process, Qu Yao is rich in various microorganisms and microbial metabolites. Under the combined action of various microorganisms, the grain can be transformed into Baijiu after distillation.

Improving quality management ability

Boosting construction of standardization system

The Company organized keeping pace with international advanced standards of BRC (Global Standard for Food Safety) and IFS (International Food Standard) and drew on international advanced experience. With possible food hazard risks in the process of product production and circulation analyzed, the Company's quality management level was improved and product risks were reduced through closed-loop rectification. In addition, the Company actively implemented quality standard research and participated in the formulation and revision of standards and regulations, facilitating improvement of quality management of the Company and the standardized development of industry quality management.

In 2022, the Company participated in drafting and revising 9 national standards and 2 group standards.

Accelerating the cultivation of quality culture

The Company pursued the qualification certification of employees in the industrial chain and deepened the cultivation of chief quality officers in the supply, production and sales industrial chain, with the construction of primary-level quality management talents strengthened.

The Company organized quality management competitions to improve the actual ability of quality talents in the industrial chain.

The Company carried out "Quality Month" activities, and invited quality management experts to teach and share experience.

The Company regularly promoted quality management market information and organized quality problem analysis meeting.

Index	Unit	2020	2021	2022
Number of quality training activities	Times	10	19	14
Cumulative number of people participating in quality training activities	Person	550	303	425

Luzhou Laojiao pioneered the qualification certification system for industrial chain quality practitioners in the industry. The Company pioneered the qualification certification system for industrial chain quality practitioners, and organized members from universities in cooperation with the Company and experts from authoritative institutions to give lectures for industrial chain quality practitioners. After passing the examination, trainees can obtain the qualification certificate for industrial chain quality practitioners of Luzhou Laojiao, and they can maintain their qualifications by completing corresponding continuing education courses every year. The certification of the Company's quality practitioners effectively solved the problem of uneven level of quality practitioners in industrial chain enterprises.



Quality inspection qualification certification training for industrial chain quality practitioners

In 2022, Luzhou Laojiao launched a series of special activities of Quality Month with the theme of "Gathering Wisdom, Strengthening Skills and Empowering Quality Luzhou Laojiao", covering standard training. It invited experts with experience in quality management to give lectures, and organized an industrial chain quality and safety forum



Quality Briefing of Luzhou Laojiao Co., Ltd.



The Company organized enterprises in the industrial chain to hold quality problem analysis meetings, and proposed quality improvement measures at the meetings

Safe production

Insisting on people orientation and implementing safety responsibility management, Luzhou Laojiao actively carried out activities such as "safe production list system management", "potential safety hazard investigation and management" and "safe production month" to stabilize safe production situation of the Company. In 2022, the number of production safety accidents of the Company was zero.

Index	Unit	2020	2021	2022
Safe production input	Ten-thousand RMB	1,561.48	1,542.30	1,330.30
Serious fire accidents	Occurrence	0	0	0
Serious safe production accidents	Occurrence	0	0	0

Safety management

With regard to safety management, the Company formulated the Work Plan for Safe Production in 2022, and prepared 1,036 safe production management lists in eight categories, such as List of Main Responsibilities of Enterprises, List of Responsibilities for Safe Production Management and List of Responsibilities for Safe Production Posts. It organized relevant departments to sign the Responsibility Letter for Target Management of Safe Production, to compact safety responsibilities layer by layer and effectively enhance the awareness of safe production and safety development of all employees.

Potential hazard investigation

With focus put on safety risk management and control, investigation and management of potential hazards, the Company organized activities to rectify potential hazards within a limited time, tracked, guided and supervised the rectification of potential hazards throughout the process, with a long-term mechanism for safe production established.

Index	Unit	2020	2021	2022
Rectification rate of potential safety hazards	%	100	100	100

In 2022, the Company carried out company-level safety inspection and potential hazard investigation of **103** times and all unqualified items were rectified.

Number of general potential hazards found and rectified
859 items

Number of department-level safety inspection implemented
over 2,000 times

Number of potential hazard investigation
over 2,700 items

Number of special safety inspections such as flood control geological disasters and fire safety implemented
99 times

Number of potential hazard investigation
773 times

In 2022, the Company mainly carried out the inspection of potential safety hazards

Carrying out potential hazard identification

The Company organized primary-level employees and technicians to identify dangerous and harmful factors in production links, equipment and facilities, and working environment, scientifically evaluated and sort out identified risk factors to determine the safety risk level, and conduct classified management and control.

Flood control and disaster reduction investigation

The Company boosted production safety in flood season and organized disaster prevention and mitigation and prevention of geological disasters in flood season, with safety inspections during and after rain strengthened, and problems found and handled promptly.

Implementing potential hazards rectification

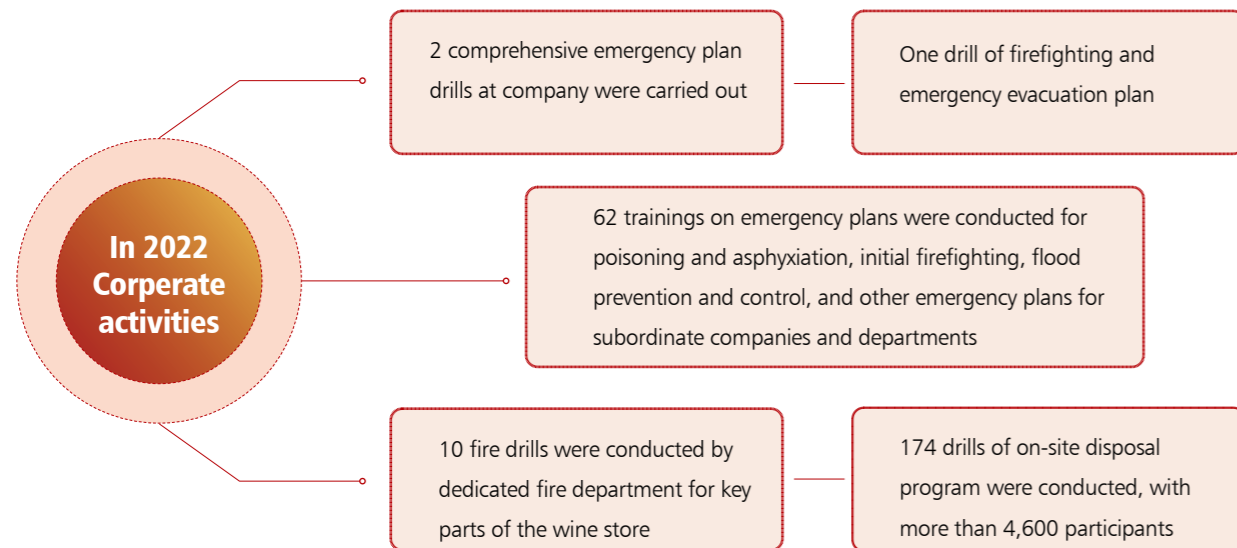
The Company organized the investigation and rectification of potential safety hazards and gradually sort out the problems, with a potential hazard account established, the responsible organization and person determined according to their respective responsibilities, and rectification conducted within a limited time.

Potential fire hazard investigation

The Company carried out in-depth investigation and rectification of potential fire hazards. Micro fire stations and full-time fire rescue teams strictly followed 24-hour emergency duty during holidays and major events to guarantee timely rescue and disposal in case of danger.

Emergency drill

The Company regularly organized emergency drills, and enhanced the on-site response and disposal ability of emergency personnel, the with emergency rescue knowledge and skills of employees strengthened through a series of emergency plan drills. Moreover, it also tested the pertinence, scientificity and practicability of emergency plans to prevent accidents, reduce injury risks, improve emergency rescue mechanisms, train teams and educate employees.



Safety publicity

With focus put on the construction of safety culture, and creation of a "national safety culture construction demonstration enterprise" as the starting point, the Company prepared the Strategic Plan of Safety-Based Culture, and formulated the Implementation Plan of Safety-Based Culture Construction. The Company carried out safety training and explored innovative ideas to build cultural brands and cultivate the atmosphere of safe operation.

Holding the safety concept and practicing the safety mission of "carry forward the safety culture and inherit the ingenuity of the national cellar", the Company was intended to realize the safety vision of "safety-based happiness and peace".

Luzhou Laojiao characteristic safety culture

Safety culture mode:

Construction mode of safety culture with characteristics of "two-aspects-driven" and "five-gathering construction"

Safety culture position:

Establish safety culture positions such as safety culture corridor, safety corner, safety education platform, and WeChat micro-course all-media publicity matrix

Safety concept:

Life is supreme, and happiness is the same

Safety vision:

Safety-based happiness and peace

Safety mission:

Carry forward the safety culture and inherit the ingenuity of the national cellar

The Company carried out all safety training activities according to the actual production and job requirements and constantly improved the construction of safety and environmental protection training system. In 2022, the Company carried out 16 safety and environmental protection training activities such as safety training for new employees, safe production month and World Environment Day on June 5, with 1,280 volumes of books for safety instructions distributed to employees, and 9 random assessments for safety and environmental protection knowledge, and 100% coverage of safety and environmental protection education and training.



Special training on safe production



The Company won the title of pioneering organization for safety culture publicity activities of national "Ankang Cup" competition



On-the-job training for safety management personnel

Establishment of Digital Intelligence-based Enterprises

Consistently regarding scientific and technological innovation as the core driving force for the Company to achieve sustainable development, through continuously promoting digital construction and increasing investment in scientific research and innovation, the Company has continuously created a new situation for high-quality development of scientific and technological innovation of Luzhou Laojiao.

During the reporting period, Luzhou Laojiao was included into List of Organizations for Intelligent Manufacturing Demonstration Factory in 2022 issued by the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Finance and the State Administration for Market Regulation, becoming the first finalist in the Baijiu industry.

Promoting digital operation

Focusing on the main strategic objective of “empowering business innovation and boosting digital transformation”, the Company optimized the operation process by digital means, increased the integrated application of intelligent equipment and systems in the whole industry chain, with management efficiency improved, operating costs controlled, and the creation of leading enterprise in intelligent technological revolution and demonstration enterprise in industrial model innovation and upgrading further accelerated.

Digital management

With “Building a Digital and Intelligent Luzhou Laojiao” as guideline, and data application value as guidance, the Company insisted on promoting governance by application and improved the data-oriented management structure to deepen the formation of an implementable and supportive management mechanism, and consolidate the foundation of digital operation.

In 2022, the Company further improved data management:

- ▶ Formulation of system documents: Formation of standard documents such as Data Management Bylaws (Draft), Index Data Specification Template and Data Standard Specification Template.
- ▶ Clarification of organization and leadership: Upgrade the Data Management Committee to a company-level professional committee, and preliminarily clarify the hierarchical data management and execution mechanism according to the principle of “managing business means managing data”. The Data Management Office is responsible for the company-level and cross-domain data-related work, and the centralized management organizations in various fields are responsible for the data-related work in the corresponding business domains, to gradually improve the standardization of data management through refined business management and improve the data quality from the source of data generation.
- ▶ Effectiveness of data empowerment: Complete the master data development and launching work of packaging materials, spare parts and low-value consumables as planned, empower related businesses, complete the master data linking work of 46 business systems, and guarantee the consistency of master data of major business systems.

Luzhou Laojiao Building big data Decision-making support platform

The Company built a data service and management platform (data center) in 2022 to establish an enterprise-level reusable data asset center and data capability center, laying the foundation for digital operation of enterprise business.

Data of product sales, finance, consumers, human resources, auditing and supply chain were accessed in the platform. In 2022, with the application of company data analysis deepened, the Company also designed and planned the data application and governance organization of supply chain system and sales system in more details, and built a three-level management system of decision-making, management and execution. Therefore, the data governance could be implemented from top to bottom, laying a good foundation for building data assets and exerting data value.

Digital transformation

The Company gradually promoted the comprehensive digital construction of functional management system and production execution, with the Company’s operational efficiency improved through digital management platform, the Company’s operating costs reduced through digital production mode, and high-quality development realized through digital transformation.

▶ Digital management platform

Knowledge management platform: The Company promoted the construction of knowledge management platform and improved the module of knowledge management platform through demand research, with knowledge assets accumulated through the digital system integrating “knowledge management+ online learning”, thus avoiding knowledge loss, boosting knowledge learning, sharing, training and innovation of enterprises and employees, effectively reducing organizational operating costs, and strengthening knowledge management ability and competitiveness of the Company.

Safe production management platform: The Company accelerated the digital construction of safe production, and completed the construction of safe production management platform and its popularization and application in Huangyi Park and Luohan Park. With application of safe production management platform, the gathering and sharing of safe production data in the park and the 3D visual model of the park were realized, along with the visual perception of the safe production situation in the park.

▶ Intelligent factory

The Company made continuous efforts to boost the digital transformation of production, improve data management in the production field, and promote the construction of digital factories. In 2022, data collection was conducted at 120,000 real-time data points of 10 business systems in all existing production areas, providing a solid data governance foundation for the digital operation of production.

▶ Security integration platform

In 2022, the Company carried out the blueprint planning of digital construction of safe production and completed the construction of safe production management platform and its promotion in Huangyi Park and Luohan Park. Therefore, the online closed-loop management of safe production and environmental protection business, intelligent inspection of potential risks, online handling of special operation tickets, and implementation of the responsibility system of safe production list were realized. The safety integration platform project will help to realize the gathering and sharing of safe production data, with a 3D park engine and a 3D visualization model of Huangyi Park built, and a video image AI analysis engine created to achieve the visual perception of the safe production situation in the park.



Digital production work (Partial) carried out by the Company in 2022:

Luzhou Laojiao Huangyi data center

The capacity of the computing and storage resource pool of the Company increased by over 50%, with a two-places three-centers standard data center structure built to drastically improve the efficiency of warehousing business.

EWM (Extended Warehouse Management) project of three-dimensional warehouse

The automatic operation of the whole process from packaging material warehousing-in to finished product warehousing-out was realized to minimize labor, build an intelligent three-dimensional warehouse, and realize the automatic, intelligent and visual operation of the whole process of physical logistics, information flow and data flow.

Supply-chain collaborative management platform project

The production, procurement, warehousing, transportation, sales and other management systems of upstream and downstream users could be connected, and platforms could be connected to realize the data connection of purchase orders, inventory filling, reconciliation invoices and standard contract signing, with the efficiency of suppliers and visual procurement improved.

MES (Manufacturing Execution System) Project of Intelligent Packaging Center

MES system can integrate management functions such as production scheduling, product tracking, quality control, equipment failure analysis, network report on a unified platform. With MES project in intelligent packaging center, the batch management of packaging materials and Baijiu sources can be realized and the effective coordination of packaging materials supply, Baijiu source guarantee and packaging production can be improved. The quality control and traceability of the whole production process from the Baijiu source and packaging materials to the finished product off the assembly line can be realized.

Luzhou Laojiao Intelligence orientation Packaging center

In 2022, Luzhou Laojiao carried out the technological transformation project of intelligent packaging center. For the project integrating procurement, filling, warehousing, logistics and information system, it is also the first time that the Company integrates automation technological transformation with information construction. In 2021, the Company completed the digital construction plan of intelligent packaging center, and clarified how to realize the digital intelligent factory. In 2022, the Company further completed the design of the business operation scheme and operation execution flow of the intelligent packaging center. Currently, the construction of all information sub-projects was carried out in an orderly manner as scheduled.

Intelligent marketing

While adhering to the tradition, Luzhou Laojiao constantly made attempts to spread traditional culture and pursue intelligent transformation through technology and scientific and technological means. Luzhou Laojiao enhanced the consumer experience through digital capabilities, thus catering to needs of market consumption upgrading.



Deepening in operation system of core consumers:

Carry out research and system optimization and transformation for refined operation of core consumers, and deepen the refined operation of core consumers through realizing the unification of consumer classification and grading and the formulation of task system.

Deepening in member operation system:

Formulate the dual-position operation strategy of Guojiaohui applet and Luzhou member applet for the member operation. Set up the operation of brand areas in Luzhou and build a differentiated operation system conforming to the characteristics of each brand; The Guojiaohui applet is independent, satisfying the characteristic needs for operation of Guojiaohui members.

V Appendix



Table of Key Performance

Environmental performance

Classification	Index name	Index unit	2020	2021	2022
Waste	Hazardous waste discharge	Ton	21.939	40.99	24.13
Packaging material	Recycling quantity of packaging materials	Ton	688.05	609.29	723.81

Governance performance

Classification	Index name	Index unit	2020	2021	2022
Governance performance	Holding a general meeting of shareholders	Times	1	2	2
	Board of Directors	Times	8	18	14
	Board of Supervisors	Times	3	8	9
	Holding performance briefings and roadshows	Times	1	1	1
	Open channel information disclosure	Item	221	218	131
Economic performance	Gross revenue	Hundred million RMB	166.53	206.42	251.24
	Total profit	Hundred million RMB	79.39	105.51	138.55
Scientific and technological innovation	R&D investment	Ten-thousand RMB	11,241.81	16,912.55	20,624.85
	Proportion of R&D investment in operating income	%	0.68	0.82	0.82
	Number of personnel involved in research and experimental development projects	Person	474	494	480
Product liability	Number of quality training activities	Times	10	19	14
	Cumulative number of people participating in quality training activities	Person	550	303	425

Social performance

Classification	Index name	Index unit	2020	2021	2022
Classification	Index name	Index unit	2020	2021	2022
Employment	Total number of employees	Person	3,330	3,434	3,605
	Women	Person	1,102	1,273	1,295
	Men	Person	2,228	2,161	2,310
	Percentage of men	%	67	63	64
	Percentage of women	%	33	37	36
Development and training	Staff training times	Person	73,984	89,037	64,255
	Employee training input	Ten-thousand RMB	786.03	906.34	956.77
	Average number of training hours per employee per year	Hours	19.40	47.84	30.89
	Helping needy employees	Ten-thousand RMB	74.50	79.07	72.29
Health and safety	Safe production input	Ten-thousand RMB	1,561.48	1,542.30	1,330.30
	Safe production training rate	%	100	100	100
	Number of safety emergency drills	Times	207	60	174
	Number of participants in safety drills	Person	5,700	3,000	4,600
	Number of employee casualties	Person	0	0	0
	Work-related serious injury rate	%	0	0	0
	Work-related mortality	%	0	0	0
	Work-related injury rate	%	0	0	0
	Serious fire accidents	Occurrence	0	0	0
	Serious safe production accidents	Occurrence	0	0	0
Rectification rate of potential safety hazards	%	100	100	100	
Number of times to carry out safety fire drills	TimeS	9	10	10	

Index of Metrics

Report contents		United Nations sustainable development goals	CASS-CSR4.0	Page
About the Report		-	P1.1-P1.3	01
About Us		-	P4.1-P4.5,G1.1-G1.2	06
Leader's Speech		-	P2.1-P2.2,G3.1	14
Responsibility Management		-	G1.2,G2.1,G2.3,G3.1, G6.1-6.2,A3	18
Green Dependence - Co-creation of Low-carbon Future	Strengthening of Environmental Management	SDGs 12,13,14,15	E1.1-E1.4,E2.8E2.9, E2.11-E2.18	26
	Promotion of Energy Conservation and Carbon Emission Reduction		E1.6-E1.10,E2.1E2.6, E2.21,E2.23-E2.25	33
	Implementation of Environmental Protection Publicity and Education		E1.5,E1.7,E3.3-E3.4,E3.6	38
	Deepening of Green Operation		E2.19,E3.1-E3.2	41
Together Now - Co-creation of Beautiful World	Empowerment to Employee Growth	SDGs 3,4,5,8,11	S1.5-S1.6,S2.1-S2.5, S2.7-S2.8,S2.10-S2.12, S2.14-S2.18,S2.20	46
	Joint Efforts for Win-win by Partners		M2.1-M2.2,M2.14-M2.18, M3.1,M3.4-M3.6, M3.10-3.13,M3.16	56
	Enthusiasm about Social Welfare		S4.6-S4.11	62
	Support for Rural Revitalization		S4.5,S4.12-4.14	64
	Inheritance of Intangible Cultural Heritage		G2.3,S4.9	66
	Advocacy of Responsible Drinking		M2.8-M2.10,M2.12	69
Coexistence of Interests - Co-creation of Excellent Brand	Strengthening of Leading Role of Party Building	SDGs 9,11,12	M1.3	72
	Optimization of Corporate Governance		M1.1,M1.4-1.8,S1.1-S1.4	77
	Strict Control of Food Safety		M2.1-M2.3,S3.1-S3.7	85
	Establishment of Digital Intelligence-based Enterprises		M2.4-M2.7	92
Appendix	Table of Key Performance	-	A2	98
	Index of Metrics	-	A5	100
	Opinion Feedback	-	A6	101

Opinion Feedback

Dear readers:

Hello! Thank you for reading 2022 Annual Environmental, Social and Governance Report of Luzhou Laojiao Co., Ltd. We highly value and expect to receive your feedback. Your comments and suggestions are an important basis for us to continue to boost social responsibility management and practice. You can copy and fill in the following table and give us feedback by email or fax. We welcome and sincerely thank you for your valuable opinions!

Choice questions (please tick "√" in the corresponding position)

1. Do you think the Report can reflect the significant impact of Luzhou Laojiao on economy, society and environment?

Yes General No

2. Do you think the analysis of stakeholders identified in the Report and their relationship with Luzhou Laojiao is accurate and comprehensive?

Yes General No

3. Do you think the information disclosed in the Report is comprehensive?

Yes General No

4. Do you think the information disclosed in the Report is readable?

Yes General No

Open questions

1. What other information do you think you are concerned about has not been disclosed in the Report?

2. In what aspects do you think can improvement be made in the Report?

Mailbox:

Telephone: