

2024

Environmental, Social and Governance (ESG) Report



600年·活着的传承



SICHUAN SHUIJINGFANG CO., LTD.

About this report

Organisation scope

The scope of disclosure in this report is consistent with the annual report, the content covers the environmental, social and governance (ESG) performance of Sichuan Shuijingfang Co., Ltd. and its subsidiaries.

Reporting methodology

The report is compiled with reference to the United Nations Sustainable Development Goals (SDGs), the Sustainability Reporting Standards by the Global Reporting Initiative (GRI Standards), the 'Guidelines on Self-Regulation of Listed Companies—Sustainability Report (Trial) of the People's Republic of China', and the 'Guidance for Alcoholic Beverage Enterprise ESG Disclosure' published by China Alcoholic Drinks Association.

Time range

Unless otherwise specified, the time range of the data and content disclosed herein spanned from 1 January 2024 to 31 December 2024 (part of the content may extend beyond the above time range).

Publication cycle

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

Publication form

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

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

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

Note on information

The information and data cited herein are mainly from the Company's internal data collection systems, statistical reports and public information. The Company promises that the information and data cited in this report do not contain any false records, misleading statements or material omissions, and is responsible for the objectivity, authenticity and accuracy of the content. Unless otherwise specified, the monetary amounts shown in the report are presented in RMB. The report is prepared in Simplified Chinese and English, respectively. In the event of any discrepancy in interpretation between the Chinese and English versions, the Chinese version shall prevail.

Referencing

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

Suggestion and feedback

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



Contents

Chapter I

Cheers for the fulfilled life

About this report	01
Letter from CEO	04
ESG strategy and governance structure	06
ESG rating performance, honours and social recognitions in 2024	08
SJF 2035 Sustainability Targets: 2024 Key Progress	10
Materiality analysis and stakeholder communication	12
Special report: SJF low carbon transformation across the value chain	14

Premium products and services	18
Responsibility for consumers	22
Digital innovation	27
Key performance indicators	29



Chapter II

Cheers for the rewarding partnership

Creating an ideal workplace	
To be a trusted employer	32
Protecting occupational health and safety (OHS)	34
Empowering employee development and growth	38
Key performance indicators	42

Forging a robust supply chain

Supplier compliance management	43
Distributor management and empowerment	46
Key performance indicators	47

Chapter III

Cheers for the inclusive society

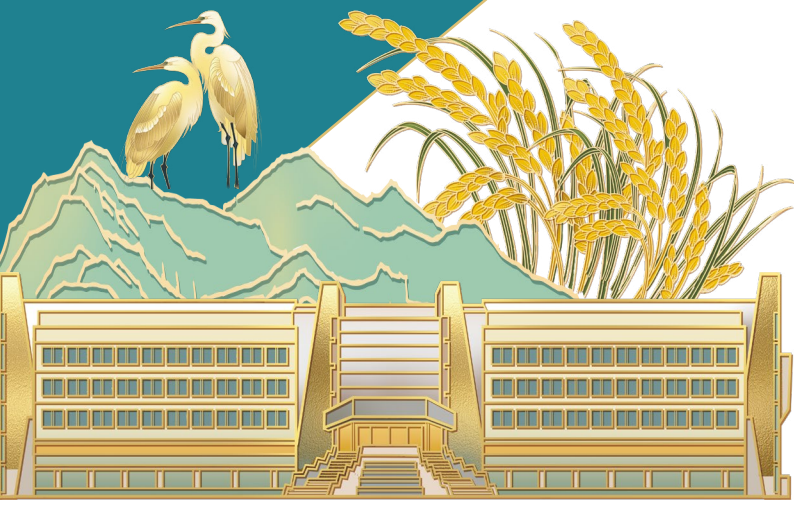
Public welfare philosophy and management	50
Building a diverse public welfare matrix	51
Promoting high-quality development of the industry	60
Key performance indicators	61



Chapter IV

Cheers for the green planet

Environmental management system	64
Environmental risk identification and assessment	65
Green production	66
Green offices and operations	72
Green supply chain	73
Green consumption	74
Key performance indicators	75



Chapter V

Cheers for the high-efficient governance

Active Party building	78
Continuously improving governance	80
Risk management, internal control and compliance	85
Strict compliance with the Code of Business Conduct	87
Data security	89
Intellectual property protection	90
Key performance indicators	91

Appendices	92
Index tables	92
About Shuijingfang	99
Greenhouse Gas Verification Statement	100
Report Assurance Statement	103

Letter from CEO



General Manager of Sichuan Shuijingfang Co., Ltd.
Tingzhou Hu

The year 2024 saw a multitude of interwoven risks in economics, politics, the environment and society on a global scale in the context of increasingly complex, volatile external circumstances. In the meantime, China was in the toughest stage of its 14th Five-Year Plan journey, where stabilising growth, restructuring the economy, encouraging innovation and improving people's lives became main tasks to drive the high-quality development of China's economy and society. As the main force driving economic development, businesses shoulder the dual responsibility of pursuing their own long-term, sound growth and contributing to high-quality socioeconomic development.

Currently, the Baijiu industry is still undergoing profound adjustments, a cycle that sees structural changes in consumption scenarios and consumer demand. Against this background, Shuijingfang developed an overall development strategy for the next five years in line with its business philosophy of longtermism, a move intended to fuel healthy development by leaps and bounds by optimising consumer experience and increasing growth drivers. While, a continued effort to get ESG activities done effectively will be a basic guarantee for us to meet this strategic goal.

With a value chain that spans the primary, secondary and tertiary industries, the Baijiu industry involves the wellbeing and future of many stakeholders. Shuijingfang has received positive reviews from mainstream ESG ratings agencies at home and abroad for its effort in actively managing diverse risks on the value chain and solidly building its ESG strategic

and routine management mechanisms. Under the guidance of 'SJF 2035 Sustainability Targets', ESG has become a shared understanding and action of all staff at Shuijingfang and has been driving the discovery and creation of shared business and social value in key areas of management.

A toast of fine liquor to life: from a seed to a fulfilled life

It is an invariable promise of Shuijingfang to consumers to produce premium alcoholic beverages that resonate with consumers and add meaning to their life. We firmly believe that 'Fine liquor begins with a seed'. For this reason, we act to meet the target of raw grain 100% pre-inspectable and manageable by comprehensively rolling out the raw grain order planting project. On top of this, we made further efforts to reduce the impacts of farming on the environment and obtain Green Food Certification for all raw grain purchased under the order planting project. We believe that rational or responsible drinking is a basic safeguard for consumers to lead a better life, so we set the target of expanding our responsible drinking awareness campaign to cover 100 million people by 2035. We are now pushing for solid progress in meeting the target through online and offline channels and a diverse mix of marketing innovations.

Cultural inheritance is at the root of Shuijingfang's 600-year-plus living legacy. 'Double heritage under state protection' defines the profound, unique cultural heritage of Shuijingfang and meets consumers' value propositions

for scarcity and diversity. In 2024, we continued to improve protection for our intangible cultural heritage (ICH) distillation technique and inheritors. This effort won us the title of 'Sichuan Baijiu (Chengdu Producing Area) Leading Enterprise in Ancient Cellar Protection'. The Shuijingfang Museum was also certified as 'Origin of Chinese Baijiu Distilleries'. These achievements show Shuijingfang's respect for and inheritance of traditional culture and add a deeper cultural touch to the brand.

A toast of trust to partners: co-creation and sharing for joint growth

Shuijingfang always believes that 'nothing impossible if everyone can contribute their intelligence'. We take seriously the development of every employee. We have put in place training and development plans covering all job levels and the entire career, as well as relevant mechanisms, including competitive pay packages and the Employee Stock Ownership Plan (ESOP), to enable our employees to benefit from the company's development. In 2024, we launched the Employee Assistance Plan (EAP), extending employee health management to mental health and workplace wellness. The 'Your Voice' survey recorded the highest levels we have seen in recent years in employee engagement, inclusion and diversity and employer's Net Promoter Score (NPS).

On the front of supply chain management, we improved the supplier management standard by incorporating ESG-related indicators into the access evaluation system, with a view to boosting the risk tolerance and development resilience of the value chain. Raw grain order planting suppliers and logistics providers are already beginning to adopt ESG evaluation criteria.

A toast of expertise to society: boosting social value with business innovation

Positive interaction between employers and society is key to lasting business success. In 2024, Shuijingfang continued to deliver its social value in six strategic areas of public welfare, i.e., rural revitalisation, the Friendly Neighbour Programme, disaster relief, ICH protection and inheritance, sports public welfare and social responsibility research. We established the 'Small Distillate Bubbles' employee volunteering service team. More than half of our full-time employees have joined it, actively engaged in causes for social good together with the Company.

It is worth noting that our ESG practice case 'A Review of the Past for the Future: Shuijingfang's Path of Discovery to ESG' was included in the China Europe International

Business School (CEIBS) case bank and CEIBS EMBA curriculum as the first benchmark case study on ESG management in the form of real-life teaching in the Baijiu industry. This is a high recognition of our ESG practices and a motivation for us to press ahead further on the path to sustainability.

A toast of greenness to the planet: guarding the future with green development

Green development is the lifeline of the Baijiu industry and an important strategy of Shuijingfang to pursue sustainable development. In 2024, we identified the target of 'reducing Scope 1 and Scope 2 greenhouse gas emissions by at least 60,000 tCO₂e from the 2024 level by 2030' and acted actively to drive Scope 3 emissions reduction across the value chain. Shuijingfang conducted a systemic GHG inventory and third-party verification targeting the whole value chain for the first time and blazed trails in taking inventory of GHGs related to land use changes (FLAG) in the Baijiu industry. We also obtained ISO 14064-1:2018 certification, an international recognition of our solid work in managing GHGs.

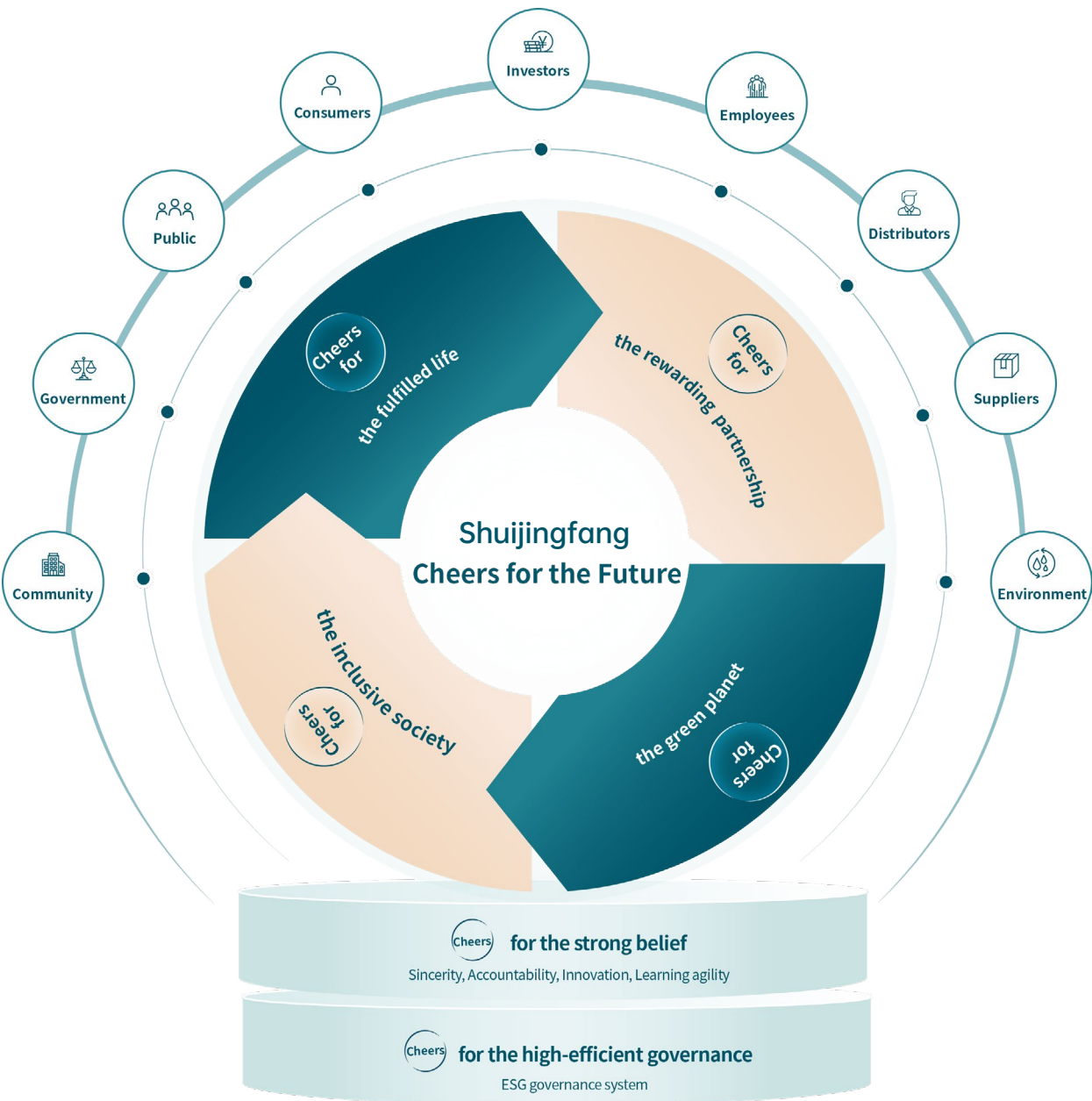
The year 2025 is the final year of China's 14th Five-Year Plan and a year of transformation at Shuijingfang. We have developed our long-term development strategy covering branding, products, channels, culture and strategic investment under a consumer-oriented approach. It shows our resolve to drive high-quality development with innovation.

We at Shuijingfang have full confidence in the future. With a fixed eye on the core goal of 'optimising consumer experience and increasing growth drivers' and in line with our business philosophy of longtermism, we will solidly implement our strategic plans, including ESG, to fuel the Company's healthy development by leaps and bounds and grow Shuijingfang into a business more worthy of long-term investment.

ESG strategy and governance structure

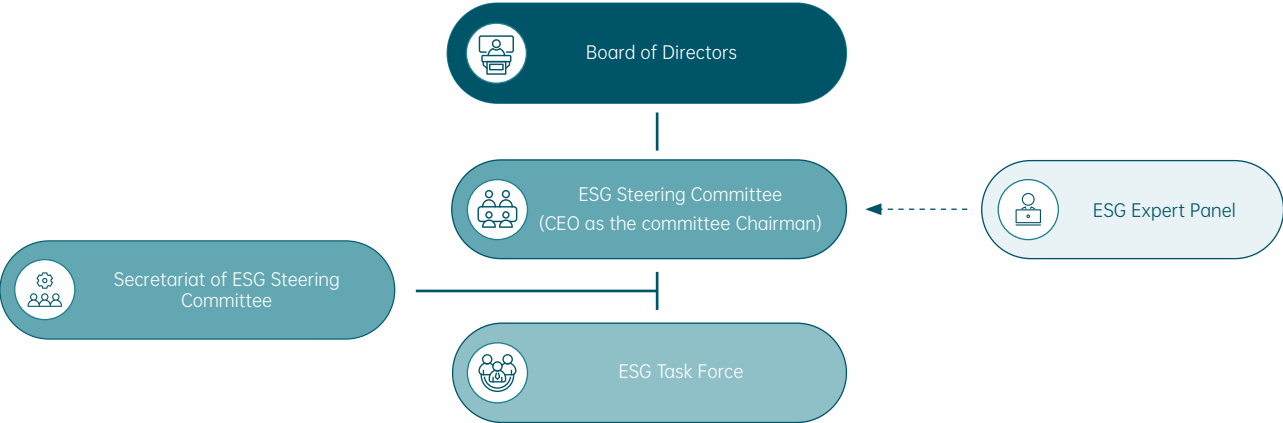
ESG strategy

In 2024, Shuijingfang continued to implement the 'SJF – Cheers for the Future' ESG strategy, under which we are committed to meeting consumers' needs for a fulfilled life with superior products and services; we collaborate with every partner in our value chain for the Company's sustainable, healthy development; we work with communities where we operate to contribute to a more inclusive society; we motivate the rest of the value chain to join us in building a more beautiful planet by championing green development.



ESG governance structure

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

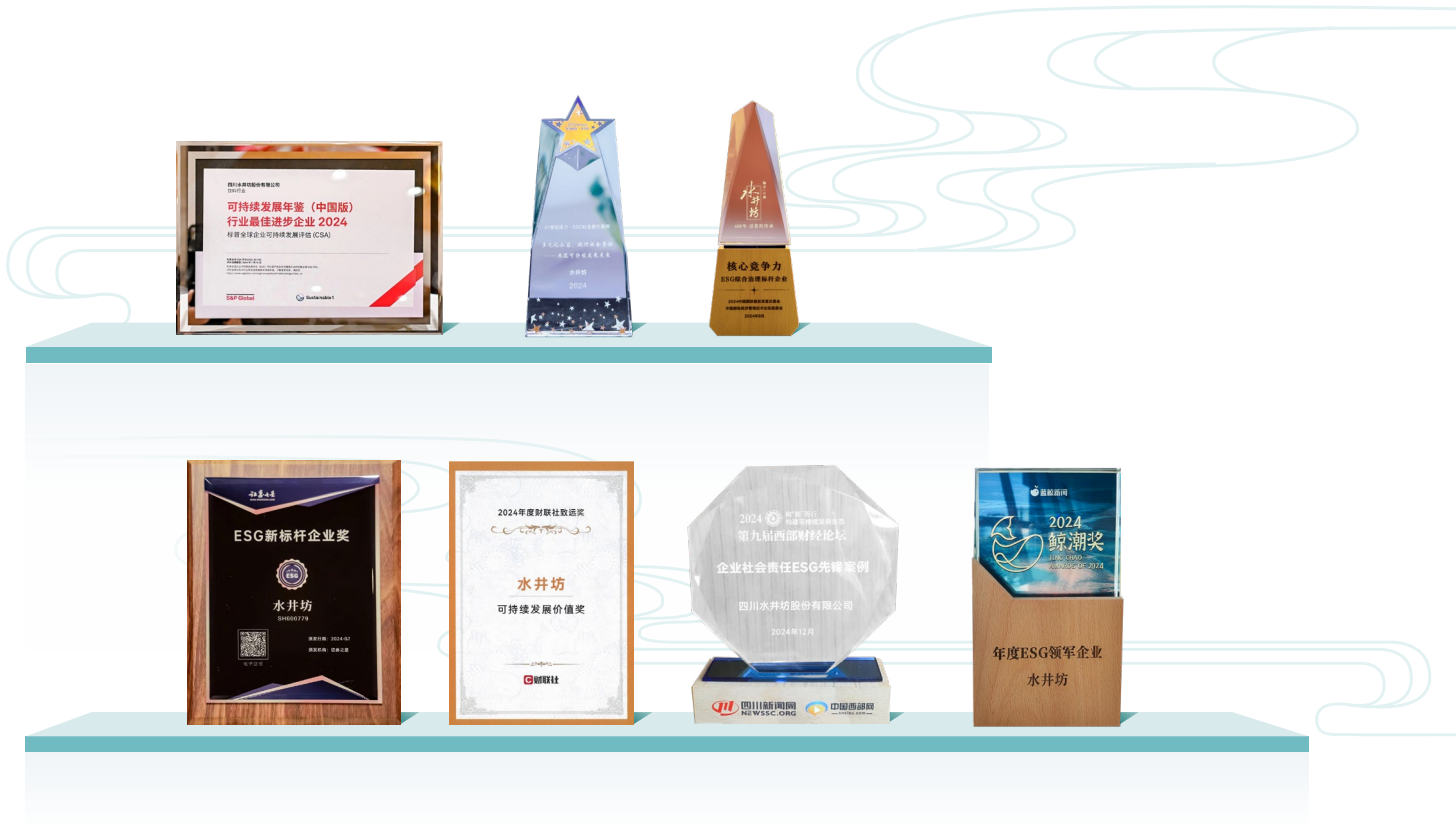


The Board of Directors	The Board of Directors supervises and guides ESG Steering Committee in ESG management in general.
The ESG Steering Committee	The ESG Steering Committee, chaired by the CEO, is composed of senior managers of all departments and works under the coordination by the Secretariat of ESG Steering Committee. The Committee sets Shuijingfang's overarching ESG goals and strategies, identifies ESG priorities, and ensures that ESG is embedded in the Company's major decisions and routine management matters. The quarterly meeting mechanism Since the launch of 'SJF 2035 Sustainability Targets' in 2023, the ESG Steering Committee has strengthened its planning and management of ESG progress at business units, developed a quarterly meeting mechanism, tasked the Secretariat of the ESG Steering Committee with the convening of relevant business units to report their milestones in meeting the targets, and discussed and decided on key issues at such meetings to ensure the orderly advance toward the targets.
The ESG Task Force	The ESG Task Force consists of persons in charge of ESG matters from all departments. It promotes ESG implementation in each department, executes and follows up on key indicators, and reports to the ESG Steering Committee on a regular basis.
The ESG Expert Panel	The ESG Expert Panel, composed of top-notch experts, provides professional advice for the ESG Steering Committee, supports the Committee's work and decision-making, and delivers professional capacity building training for the ESG Task Force by regularly sharing ESG best practices and developments.

ESG rating performance, honours and social recognitions in 2024

ESG rating performance

	2024	2023	2022
MSCI	BBB	BB	B
CSA	48 (outperformed 76% of peer companies rated)	41 (outperformed 74% of peer companies rated)	33 (outperformed 65% of peer companies rated)



Honours and social recognitions

ESG Excellence in S&P Global Sustainability Yearbook (China Edition)

S&P Global Corporate Sustainability Assessment (CSA)

ESG New Benchmark Enterprise Award

stockstar.com

21st Century Vitality CSR Case

21st Century Business Herald

Corporate Social Responsibility Pioneer Case

www.newssc.org; cnxibu.com

Top Listed Companies in ESG Management

Weekly on Stocks

ESG Outstanding Contribution Case

China National Radio (CNR)

Sustainability Value Award

cls.cn

ESG Integrated Governance Benchmark Enterprise

China International Fair for Trade in Services (CIFTIS) 2024
Organising Committee of China International Economics and Technology Administration Forum (CIETAF)

Case study included in the 2024 ESG Value Report of China's Food Industry

ESG Leading Enterprise of the Year

Lanjinger



SJF 2035 Sustainability Targets: 2024 Key Progress¹

Always provide our consumers with premium products and healthier life

- **88%** increase in raw grain harvested from the order planting project, compared to the 2023 level, and **100%** of them got Green Food certified
- **80** quality and safety training sessions organised, covered **1,535** participants
- As of the end of 2024, **96** Shuijingfang culture and aesthetics museums and experience museums had implemented across **23** provinces and municipalities in China



Create the shared value for everyone in our business ecosystem

- Targeted training sessions totalling **24,036.45** hours provided to our employees²
- SEDEX audits conducted on **59** key suppliers
- Sales empowerment courses provided to **690+** salespersons³



Continue to improve our business ethics and compliance management system

- **4** reporting and communication meetings held with investors, with a total of **483** investors attending online
- **6** training sessions organised for directors, supervisors and executives to enhance corporate governance
- Anti-corruption training and cyber and information security training covered **100%** of our employees



Incorporate environmental protection into our business and day-to-day operations

- Purchased power from clean resources through the International Renewable Energy Certificate (I-REC)⁴, reducing **11,773.54** tCO₂ equivalent
- **821,060** tons of cooling water recycled by the brewing workshop at the Qionglai plant, and about **50%** of wastewater from packaging and bottle washing reused at the Tuqiao plant
- About **70** tons of ABS plastics and **1.7** tons of PE plastics reduced through simplified packaging



Leverage our strength to better serve our community and the whole society

- Charitable donations in cash totalling RMB **1,880,000**
- As of the end of 2024, SJF volunteer team reached an cumulative total of **1,000+** employees
- Employees' volunteering hours totalling **759** hours
- 'The Guide to the Utilisation and Management of the Group Standard for Famous, High-quality Old Cellars for Nongxiangxing Baijiu in Chengdu' released as a unified standard for the protection and utilisation of old cellars

¹ Key performance data is the annual data of the reporting year unless otherwise specified
² Including trainees at SJF, excluding third-party employees
³ Including those of distributors and stores

⁴ Combined purchases of Tuqiao and Qionglai plants from 1 July 2023 to 30 June 2024

Materiality analysis and stakeholder communication

In 2024, we revisited and updated the ESG Materiality Matrix in light of the industry's features, the development stage of the industry, our own business model and the value chain we belong. We analysed and prioritised every issue using double materiality assessment ('financial materiality' and 'impact materiality') to better respond to stakeholder expectations and provide reference for the Company's priorities in ESG management.

Importance analysis of material issues

Understand internal and external environments

Create a list of material issues

Assess the importance of issues

Confirm and disclose the issues

We analysed the Company's external environment and business development strategy and identified stakeholders of high priority who interact most frequently with us in the Company's business activities.

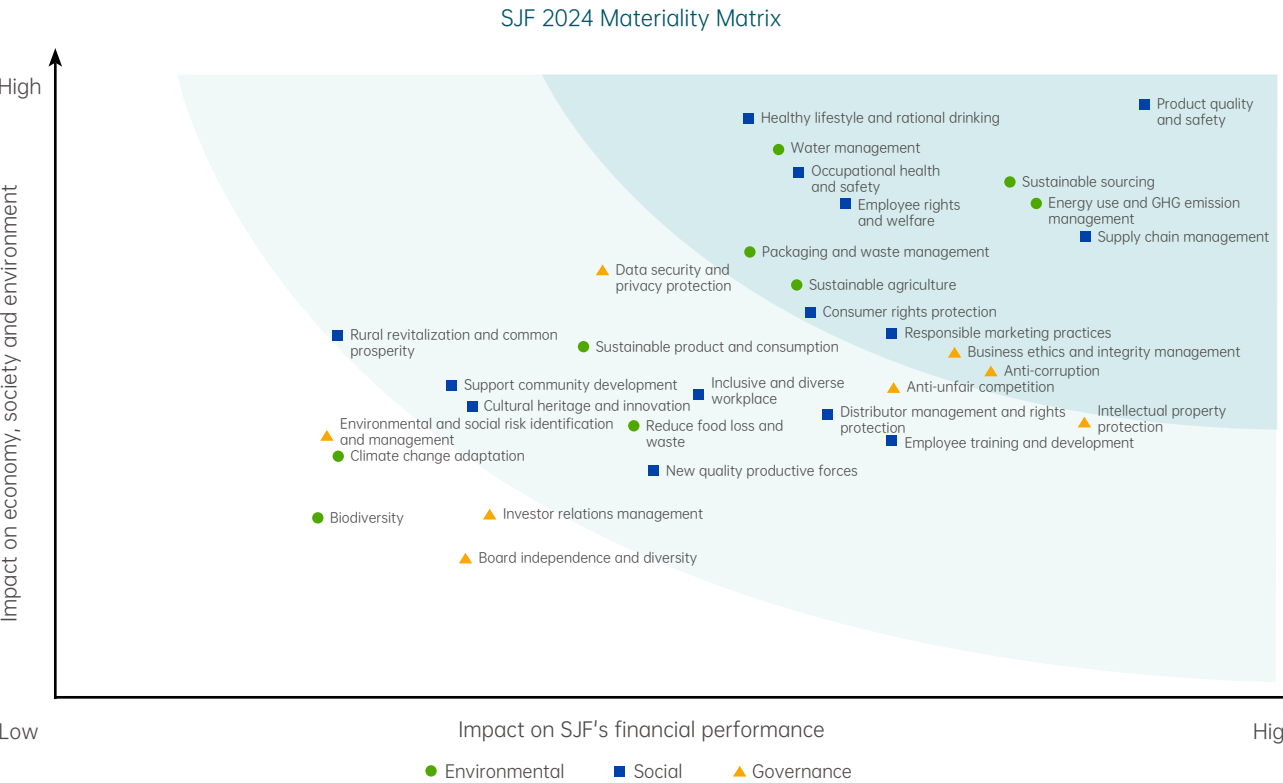
We identified 31 issues with financial or impact importance in line with international standards, macro and industrial policies and peer practices, among others, and in light of the industry's features and development stage, our own business model and the value chain.

We conducted a stakeholder survey and received more than 300 questionnaires from internal and external stakeholders under 13 categories, including the Company, consumers, business partners and governments.

Assessment of impact materiality: the impacts of Shuijingfang's performance in relevant issues on the economy, society and environment

Assessment of financial materiality: the impacts of relevant issues on the Company's financial position

We submitted the results of importance assessment to the ESG Steering Committee and finally identified issues of high and medium materiality as the basics of the Company's sustainability governance and management and as key dimensions of disclosure of the ESG report.



Key issues of concern by stakeholders and means of communication

Stakeholders	Key issues of concern	Means of communication
Consumers and clients	- Product quality and safety - Healthy lifestyle and rational drinking - Consumer rights protection - Responsible marketing practices - Sustainable products and consumption	- Shuijingfang official website - Service hotline - Online customer services on WeChat public account - Official Weibo account - Social media - Online customer services on e-commerce platforms - Member clubs (Yue Fang Hui, Aesthetic Museum, tennis club, etc.) - Consumer events such as tasting and branding activities
Governments, regulators, and industry associations	- Energy use and GHG emission management - Water management - Packaging and waste management - Supply chain management - Product quality and safety	- Regular visits and communication - Information disclosure - Written reports - Conferences and forums - Participation in industry policy research and inputs
Shareholders and investors	- Board independence and diversity - Environmental and social risk identification and management - Business ethics and integrity management - Anti-corruption - Investor relations management	- General meetings of shareholders, investor briefings, roadshows, and analyst meetings - Annual reports, interim reports and other announcements - Telephone calls, meetings and visits - Board of Directors' office mailbox
Partners, suppliers and distributors	- Product quality and safety - Supply chain management - Distributor management and rights protection - Business ethics and integrity management	- Supplier training - Distributors' conferences - Supplier ESG performance assessment
Employees	- Employee rights and welfare - Occupational health and safety - Employee training and development - Inclusive and diverse workplace	- Employees' congress 'Your Voice' surveys - Employee training - WeChat public account - Daily communication and feedback
The public and media	- Product quality and safety - Healthy lifestyle and rational drinking - Consumer rights protection - Packaging and waste management - Responsible marketing practices	- Shuijingfang official website - Social engagement activities - Media events and meetings - Field visits on factory open days - Visits to the museum

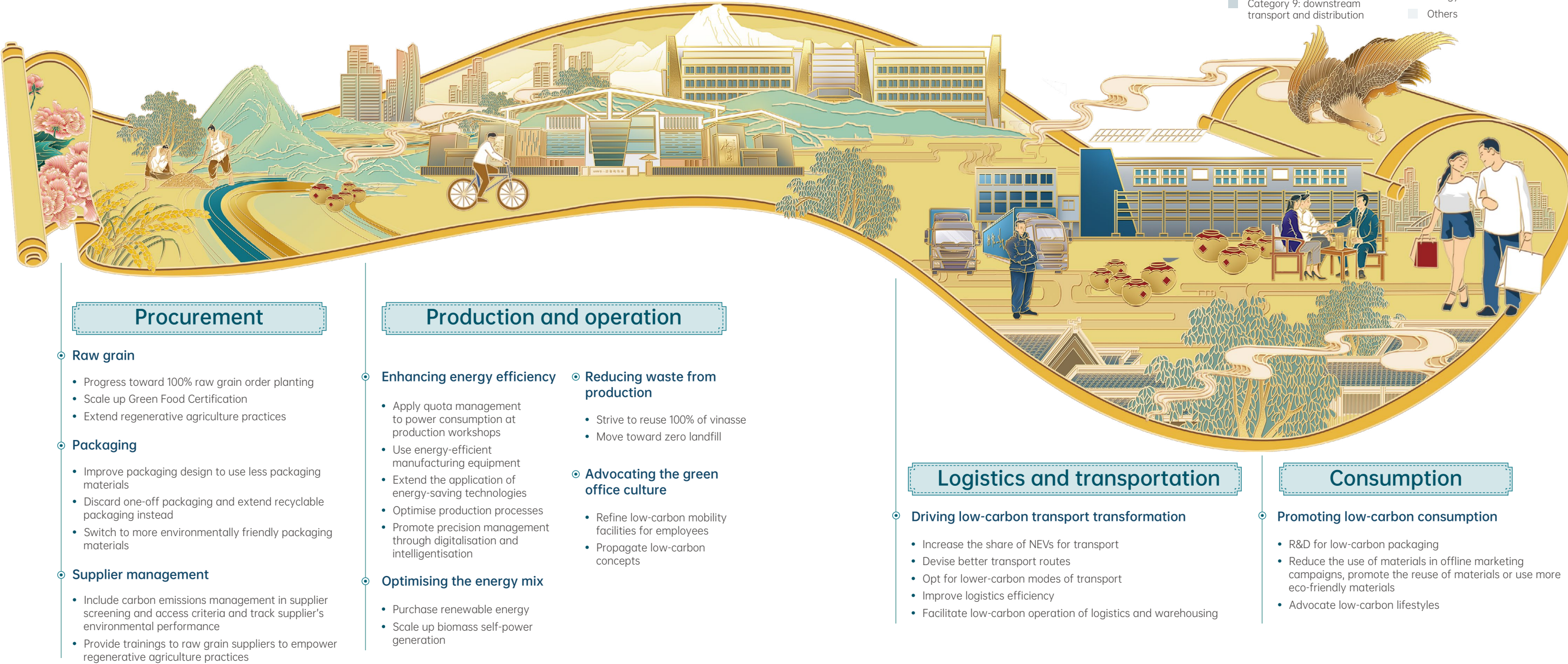
Special report

SJF low carbon transformation across the value chain

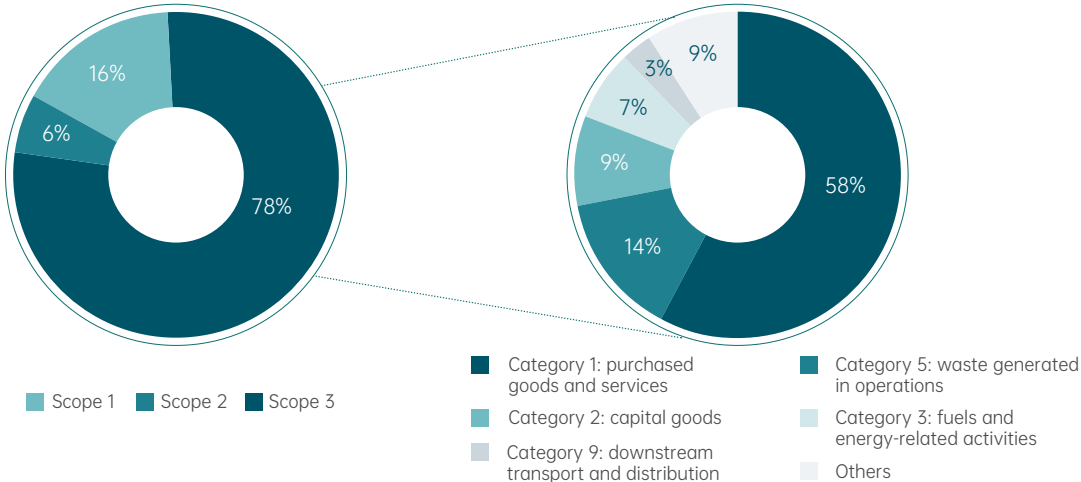
SJF carbon emissions reduction targets

- Scope 1 and Scope 2: From 2024 to 2030, reduce a cumulative amount of Scope 1 and Scope 2 GHG emissions by at least 60,000 tCO₂e.
- Scope 3: working with upstream and downstream partners to drive low-carbon transformation across the value chain.

Low carbon transformation roadmap across the value chain



SJF's carbon emissions across the value chain



Chapter I

Cheers for the fulfilled life

As a leader in Chinese Baijiu industry, Shuijingfang always views product quality as the lifeline of brand development. We comprehensively ensure product quality and safety through an end-to-end whole-process quality control system, and on this basis, continuously increase investment in product R&D and innovation to provide better consumer experience and respond to consumers' needs for quality living. Also, as an alcoholic beverage producer, Shuijingfang actively advocates rational drinking by strictly implementing responsible marketing to effectively protect consumers' legitimate rights and interests. Moreover, we are committed to the inheritance and innovation of traditional culture, hopefully bringing new drivers to industrial transformation, and delivering the brand's cultural mission and development vitality.

- Premium products and services
- Responsibility for consumers
- Digital innovation
- Key performance indicators

Responding to the UN Sustainable Development Goals (SDGs)

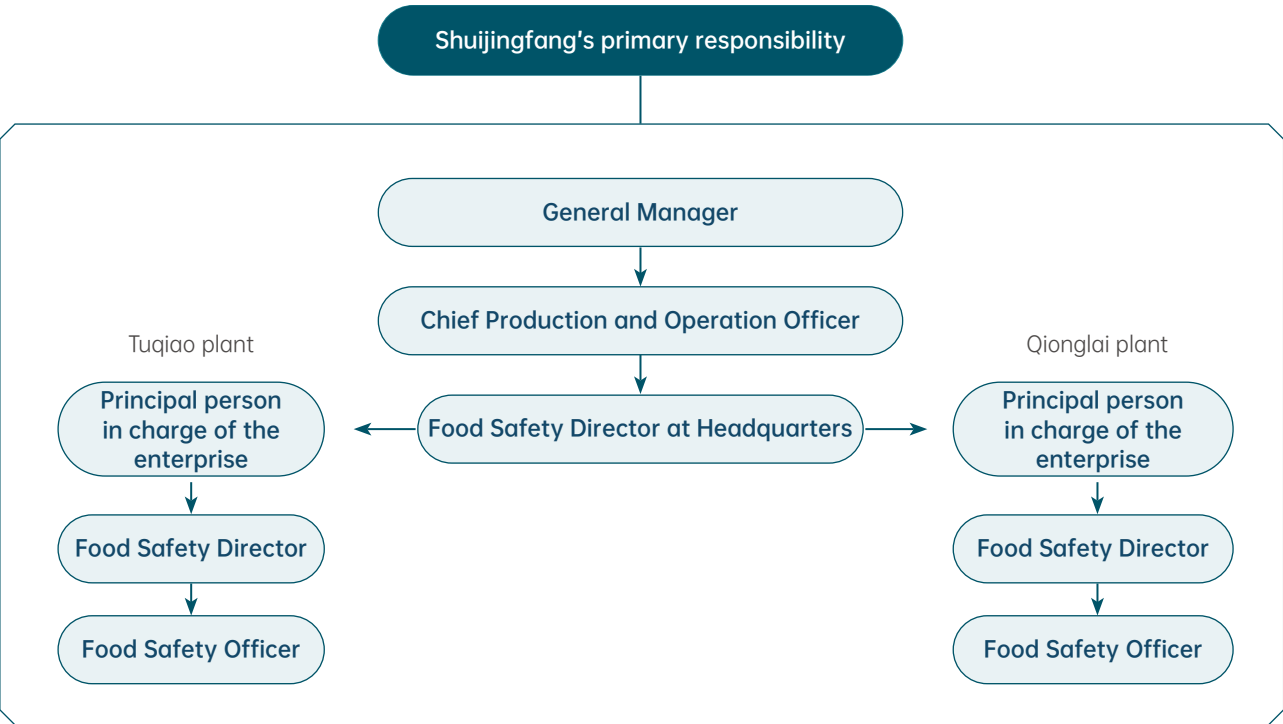


Premium products and services

Always upholding the purpose of 'equal weights on quality and safety, customers first, building strength inside and out, and pursuit of excellence', Shuijingfang is committed to ensuring the delivery of high-quality products through end-to-end quality control across the supply chain, from supplier quality management to incoming inspection, in-process monitoring and inspection, and final inspection. In 2024, we continued to take further efforts in awareness campaigns for relevant laws and regulations, end-to-end food safety and in-process quality control, and food safety culture, continuously reinforcing quality and safety management.

Product quality and safety management regulations

In response to the 'Measures for Enterprises to Take Primary Responsibility for Food Safety and Its Supervision and Management', issued by the State Administration for Market Regulation, Shuijingfang has established a sound food safety management responsibility mechanism for strict implementation.



Shuijingfang's food safety management responsibility mechanism

On the front of policy system, Shuijingfang strictly complies with relevant laws and regulations, including the 'Food Safety Law', and has developed the 'Shuijingfang Quality Policy'. This internal quality policy has imposed specific requirements for quality improvement in all aspects from suppliers to consumers, from product design to production, in a bid to fulfil our quality goals – maintaining compliance, meeting customer needs and consumer expectations, and protecting brand reputation.

Key dimensions of 'Shuijingfang Quality Policy'

- **Brand and reputation:** We use packaging materials, packaging designs and Baijiu formulations in line with brand value and reputation.
- **Design quality and product change control:** Design quality must conform to global standards, procedures and principles. Any significant change to products must be documented.
- **Quality of packaging materials:** Packaging materials are required to be safe and properly tested to ensure that they are compatible with liquid components and their functional properties are suitable for the supply chain journey.
- **Food safety and compliance:** We ensure the shelf life is labelled in a compliant and accurate manner and assess the safety risk of products each year and attach tracking codes to them.
- **Production and distribution:** We make sure that all raw materials, processing aids and packaging materials are sourced from reputable and approved suppliers; we use safe production equipment that is compatible with raw materials and products; we properly package and protect products to ensure their intactness during transport and storage.
- **Communication with and response to customers:** We have set up a communication and response mechanism with customers to promptly respond to all parties' concerns and expectations on product quality.

In addition, the Company has developed and strictly enforced the 'Product Recall Process', which serves as an institutional guarantee for the handling of food safety-related crises, in order to tighten oversight over food safety at Shuijingfang and eliminate and reduce the hazards posed by unsafe food.

In 2024, Shuijingfang had
0 product recalls or food safety incidents.

Product quality and safety management system

Shuijingfang continuously improves and applies advanced quality management approaches to effectively drive steady progress in products, service quality and performance in strict accordance with national standards on food safety and product quality, including 'Quality Management Systems—Requirements' (GB/T 19001-2016) and 'Hazard Analysis and Critical Control Point (HACCP) System' (GB/T 27341), as well as relevant provisions under the 'GBT10781.1-2021 Quality Requirements for Baijiu – Nongxiangxing Baijiu'. In 2024, Shuijingfang passed third-party audits for the HACCP and ISO 9001 systems.

The Company owns a testing centre that covers raw materials, packaging materials and production processes. The testing centre has been certified by China National Accreditation Service for Conformity Assessment (CNAS). In 2024, Shuijingfang invested more funding in upgrading testing equipment to boost testing capacity and ensure product quality.

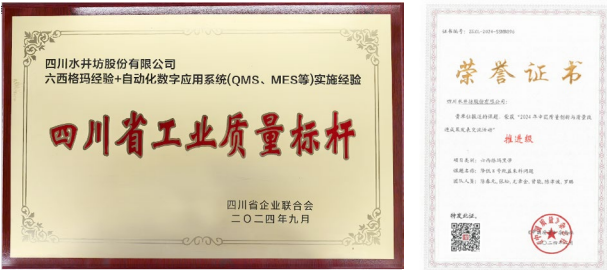
Moreover, Shuijingfang made good use of digital tools to empower product quality. This move helped achieve quality management and traceability across the product chain, from raw material inspection to production process control and final product quality management, significantly boosting the Company's quality management.

LIMS	The LIMS (Laboratory Information Management System) is used in laboratory data and process management to improve lab efficiency and data accuracy.
MES	The MES (Manufacturing Execution System) is used in production process monitoring and control to boost production efficiency and quality consistency.
QMS	The QMS (Quality Management System) is used in managing and optimising organizational quality processes to ensure that products and services comply with quality standards and regulatory requirements.



In 2024, Shuijingfang received several awards and recognitions by virtue of its leading practices in quality and safety management, setting a good example for the industry's quality management capability and overall quality performance.

- National Model Enterprise for Product and Service Quality Integrity
- National Advanced Enterprise in Quality Integrity
- National Credible Products with Assured Quality for Consumers
- National Quality Inspection Stable and Qualified Products
- 2024 National 'Quality Month' Enterprise Quality Integrity Initiative
- Industrial Quality Benchmark of Sichuan Province
- Six Sigma Black Belt (SSBB) 'Advanced Level' Award at China Quality Innovations and Improvements Release Conference



Quality management and stable supply of raw materials

The security of grain, one of the fundamental necessities for human survival, has a direct bearing on a country's stability and development. As a Chinese Baijiu leader, Shuijingfang has always adhered to the idea that 'Fine liquor begins with a seed'. Therefore, the Company takes seriously product quality control at the source, continuously explores sounder, higher-quality ways of growing food, and ensures the stability of raw grain supply, contributing positively to safeguarding grain security and the healthy development of the Baijiu industry.

Quality management for raw materials

In terms of raw grain, Shuijingfang is committed to making raw grain 100% pre-inspectable and manageable through end-to-end whole-process quality controls and comprehensive tracking of the natural environs, climate conditions and farming practices of grain-growing areas, in order to identify and respond to risks in a timely manner. The Company requires that all suppliers' farming processes must comply with local laws and regulations governing pesticide use, water management and grain delivery criteria, among others. As for packaging raw materials, the Company prioritises packaging materials without deforestation risk and certified as eco-friendly. So far, all packaging material suppliers of Shuijingfang have signed food safety requirements and standards and obtained ISO 9001 certifications.

Case

Raw Grain Order Planting Project

Following the shift of the procurement mode for sorghum and glutinous rice from trading toward order planting in 2023, Shuijingfang continued to expand the acreage of order planting in 2024 and saw an increase of 88% in raw grain harvested from the 2023 level. On top of raw grain order planting, the Company further conducted Green Food Certification, getting all raw grain under the order planting model Green Food certified in 2024.

- Filed visits and digital monitoring:** In 2024, the interdisciplinary order planting team paid field visits to raw grain bases at key junctures of growing grain, including sowing, maturation and harvesting; the team also monitored grain growth and quality traceability non-stop using a range of IoT devices, such as online tracking and traceability systems, remote cameras, soil moisture content (SMC) monitoring devices and insect monitoring devices.
- Inclusion of quality management in supplier screening criteria:** In 2024, Shuijingfang developed a grading system for the supplier screening process of order planting projects. This system incorporates key indicators related to quality management, including quality safety traceability system, farming management and green product certification, to ensure whole-process quality assurance for raw grain under the order planting model.
- Explorations in science-based breeding:** In addition to gradually expanding the quantity and varieties of raw grain under the order planting model, Shuijingfang has been exploring science-based breeding, aiming for selectively breeding exclusive raw grain varieties suitable to the Company's unique distillation technique in the coming 3-5 years, to ensure the quality of Shuijingfang's Baijiu products.

Stable supply of raw materials

Shuijingfang continued to improve the upstream supply chain by developing the 'Procurement Strategy for Raw and Auxiliary Materials'. This strategy locks up part of grain supply and opens up major varieties of raw grain and packaging materials to multiple suppliers to realize cross-backup of supply sources. It also devises a safety inventory to ensure production continuity in cases of supply interruptions from a single supplier, thereby supporting the Company's growth strategy.

Strengthening the product quality and safety culture

Shuijingfang takes seriously the publicity of quality and safety culture to in-house employees and external partners. In 2024, the Company continued to improve its quality management and food safety training plans, with 80 training sessions totalling 2,172 hours organised for 1,535 participants. The themes of training covered such areas as quality, food safety laws and regulations, quality tools and risk management for Baijiu production processes.

Also, Shuijingfang devoted itself to strengthening its total quality management (TQM) system for suppliers to ensure quality control over key processes, including incoming material inspection, in-process inspection and pre-delivery inspection. The Company provided all-round quality and safety training to suppliers and targeted coaching according to suppliers' quality complaints. This effort was intended to raise suppliers' awareness of quality and safety and ensure that all links of the supply chain can meet high quality and safety standards. In 2024, Shuijingfang continued to invite relevant experts to train suppliers on Good Manufacturing Practice (GMP) controls, which helped effectively maintain the high quality of the Company's products.

In 2024, the Company continued to improve its quality management and food safety training plans, with

80 training sessions totalling

2,172 hours organised for

1,535 participants

Responsibility for consumers

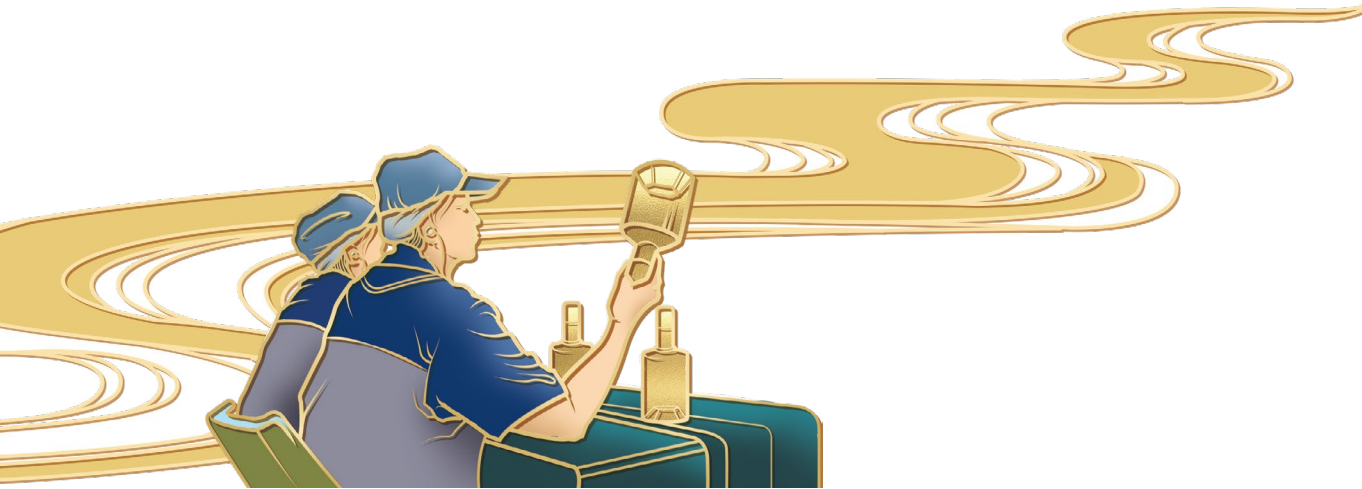
Shuijingfang scrupulously abides by national legal and regulatory requirements for and resolutely protects the legitimate rights and interests and privacy of consumers. Also, as a leader in the Baijiu industry, the Company actively advocates rational drinking, observes responsible marketing rules, and improves consumer experience through diverse consumer events to strengthen emotional connections with consumers.

Protecting consumer rights and interests

Shuijingfang continued to improve its product authentication and quality complaint process, as part of its effort to enhance the efficiency and experience of after-sales services. In 2024, to address inquiries and complaints from customers, the Company's High-End Product Business Unit assigned dedicated staff for activities related to Q&As on incentive policies and shipment and transportation tracking, and set up a communication group to ensure quick response within five minutes upon receiving a customer question. Besides, the Company continuously deepens communication and cooperation with the customer services department, functions related to order management, and suppliers, among others, and promptly follows up with progress of incidents and solutions implemented to ensure that 100% of customers' problems are addressed in a timely manner.

Shuijingfang's product authentication and quality complaint process

Step	Position/Department	Description
1	Customer Service Team	Collect consumer appeals and related information and generate an authentication work order
2	Brand Protection Team	Preliminarily assess the authenticity of the product and issue authentication results
3	Customer Service Team	Transfer the authentication results to the Quality and Safety Department, and inform the consumer to send the product back to the Company for physical authentication
4	Quality and Safety Department & Brand Protection Team	Conduct physical authentication before giving an opinion on whether there is a quality problem on the part of Shuijingfang Yes: Communicate with the consumer on compensation No: Send the product back without compensation
5	Customer Service Team	Inform the consumer of feedback handling results and compensation plan



Pursuing responsible marketing

To fully ensure the legitimacy and compliance of our marketing activities, the Company has developed and strictly followed the 'Shuijingfang Marketing Code'. This is intended to make sure that all marketing activities joined or organised by the Company (including product packaging, advertising, brand cooperation, digital marketing and public relations) strictly meet relevant requirements, as part of the effort to regulate the Company's marketing behaviour.

Key dimensions and requirements under 'Shuijingfang Marketing Code'

Target audience

- Must target adults only and be designed for and placed to adults only

Marketing content

- No hints on health, treatment, diet or functions
- No implied association with success in socialising
- No discrimination against gender, religion, ethnicity, race, nationality or persons with disabilities

Marketing campaigns

- Strict review and approval procedure
- Responding to negative information in a timely manner

Product labels

- Provide clear and truthful information on alcohol content on packages, at websites or through other channels as appropriate

Responsible drinking

- Incorporate reminders and/or advocacy on responsible drinking only
- Describe drinking in safe, appropriate conditions only

To ensure the effective implementation of our 'Marketing Code', Shuijingfang organises periodic employee training sessions and tests. We also provide training courses on responsible marketing through our core management departments to the Company's external partners. When working with third-party partners on marketing, Shuijingfang requires that such partners include provisions on compliance with our 'Marketing Code' in project contracts. During project execution periods, the Company's project supervisors would provide detailed briefings and instructions to suppliers to ensure relevant rules are followed throughout such projects.

Advocating responsible drinking

Developing a healthy, rational drinking culture is crucial to long-term development of the alcoholic beverage industry. In this regard, Shuijingfang is always committed to raising consumers' awareness of responsible drinking and healthy lifestyles and bringing public attention to healthy, rational drinking. The Company's 'Marketing Code' specifies that Shuijingfang must abide by relevant provisions and restrictions in all marketing campaigns it participates in or organises, including relevant laws and regulations, targeting adults only and responsible drinking. This rule provides a strong guarantee for the brand to avoid risks and cement the image of a responsible brand across the board in marketing campaigns.

In 2024, Shuijingfang took innovative steps in advocating the healthy living idea of responsible drinking through diverse online and offline channels and means, helping create a responsible drinking culture across the society.

We carefully planned and organised a range of 'responsible drinking' themed community public welfare campaigns, building the 'Friendly Neighbour Track' in Tazishan Park, Jinjiang District, Chengdu, and planning a series of interactive facilities propagating responsible drinking. All these moves enabled residents to enjoy day-to-day exercises while learning through play about the core knowledge and correct concepts of responsible drinking.

Offline + Online

We enhanced guidance and training for e-commerce platform operators. All marketing materials, display pages and product detail pages inside and outside platforms are required to mark and check if there are any reminders on responsible drinking. We also ban livestreaming hosts from urging audiences to drink alcoholic beverages. Instead, we advocate rational drinking.

Protecting consumer privacy

Shuijingfang strictly complies with the 'Personal Information Protection Law' and other applicable national laws and regulations, and has developed and enforced the 'Regulations on Personal Information Protection', which is applicable to employees at all levels at Shuijingfang and its related subsidiaries, including contract workers, employees without a fixed-term contract, dispatched workers, temporary workers and interns. This policy is designed to regulate how the Company handles personal information and protect consumer information from leakage or infringement.

Basic principles of Shuijingfang's 'Regulations on Personal Information Protection'

- Personal information shall be processed following the principles of legality, justification, necessity, and good faith.
- The processing of personal information must be restricted by an express and reasonable purpose that is directly related to the purpose of processing. Personal information shall be collected in a way that has the least impact on the rights and interests of individuals, and shall be limited to the bare minimum required to achieve the processing goal, and excessive collection of personal information is forbidden.
- Personal information must be processed in accordance with the principles of openness and transparency. The rules for processing personal information must be disclosed, as well as the purpose, method and scope of processing.
- The personal information to be processed should be of adequate quality to avoid negative impacts on personal rights and interests caused by inaccuracies or incompleteness.
- The Company shall be responsible for its processing of personal information and take necessary measures to keep the personal information processed secure.
- Do not unlawfully acquire, use, process, or transmit others' personal information, and do not illegally buy, sell, provide or disclose others' personal information.
- Do not engage in personal information processing activities that jeopardise national security and public interests.

On CRM (Consumer Relationship Management) terminals, Shuijingfang strictly protects the privacy and data of members and online consumers. When customers/consumers use Yi Dong Xiao, Ying Xiong Hui or B-C connection terminals, the system will push policies or agreements on the protection of personal information and privacy. Such agreements would make clear that the system will only acquire relevant information with consent from the user, and will take effective actions to ensure the security of confidential information or sensitive personal information under such agreements. Customers/consumers can only use relevant platform services after they have clicked on Consent. Moreover, the Company has strict rules governing the retention period of private data and may delete such data as required by users.

Enhancing consumer experience

As a Baijiu brand with historical and cultural depth, Shuijingfang keeps pursuing excellence and is committed to offering consumers higher-quality, more culturally meaningful Baijiu products and services. The Company embraces digital transformation by taking further an online plus offline consumer communication approach. Online, we improve brand interaction through e-commerce platforms, social media and other channels. Offline, we enhance consumers' awareness and favourability of the brand by staging a range of consumer cultural experience events and sponsoring sporting events, among other means. In addition, the Company leverages big data and artificial intelligence (AI) technologies to generate accurate profiles of consumers and provide them with personalised products and services, which has helped boost consumer satisfaction and loyalty.

'Chinese Baijiu Academy', a Baijiu knowledge diffusion platform

The Chinese Baijiu Academy is the first platform spreading Baijiu knowledge in China's Baijiu industry. It was exclusively created by Shuijingfang in partnership with China Alcoholic Drinks Association (CADA), Yuankun Baijiu Consulting, a domestically leading Baijiu education and technology service platform, Baijiu arbiters and industry experts. As of the end of 2024, Shuijingfang's Chinese Baijiu Academy had held 765 sessions with more than 20,000 participants combined, recording an NPS (Net Promoter Score, or customers' likelihood of recommending it to others) of 94.77%. In March 2024, at the first anniversary of 'Chinese Baijiu Academy: the No. 1 Distillery', Shuijingfang staged a special course for celebration at Du Fu Thatched Cottage in Chengdu to help participants fully feel the charm of Baijiu culture.



The first Baijiu-specific tourist route in Chengdu

Shuijingfang not only develops Baijiu culture, but also actively promotes Chengdu's city image. In 2024, under the auspices of Chengdu Municipal Bureau of Culture, Broadcast-TV and Tourism, Shuijingfang and Chengdu Tourist Attractions Association co-launched the first Baijiu-specific tourist route in Chengdu—'A Pot of Baijiu in Spring for a 600-year-plus Time Travel'. This route starts from the Shuijingfang Museum and connects a few of Chengdu's cultural landmarks and cultural tourism resources, including Du Fu Thatched Cottage, Heming Teahouse and Hejiang Pavilion. It is designed to revive the splendid trajectory of alcoholic beverage culture by bringing to life and empowering local culture and the culture of the producing area. This tourist route presents a Ba-Shu culture that is both traditional and modern for the world to see, and showcases the aesthetic roots of Chengdu's strong-flavour Baijiu.



Case

Powering the development of sports undertakings

- Shuijingfang actively responds to the national strategy of 'Fitness for All' by establishing the Shuijingfang Tennis Club as a forum that brings together tennis lovers and bridging sports cultural exchanges facilitated by international sporting events. During the 2024 Rolex Shanghai Masters, the Company organised more than 300 sports fans from across the country for deep engagement in diffusing sports knowledge and advocating healthy lifestyles.
- The year 2024 was the final year of the three-year strategic cooperation between Shuijingfang and WTT (World Table Tennis). As WTT's Global Premier Partner and global designated celebration alcohol provider, Shuijingfang participated in the WTT China Smash. In line with the event, the Company carefully planned immersive offline table tennis experiences to create a 'ping-pong for all' sporting atmosphere and fuel China's sports undertakings.



Case

Immersive cultural experience

Shuijingfang is committed to embedding aesthetics in products and life by creating immersive cultural experiences for consumers. As of the end of 2024, the Company had implemented 96 Shuijingfang culture and aesthetics museums and experience museums across 23 provinces and municipalities in China. We will gradually make these museums 'Shuijingfang centres for cultural inheritance and innovative experience' that allow consumers to have a full understanding of liquor-making techniques, taste all sorts of fine Baijiu products, and attend lectures on alcoholic beverage culture, among other things.



Digital innovation

As the global consumer goods industry goes intelligent and green at accelerated speeds, Shuijingfang actively responds to the call of the 14th Five-Year Plan for digital transformation of industries. To this end, internally, the Company improved its intelligent infrastructure to empower operating efficiency; externally, the Company adopted a consumer-centred approach to arranging strategic priorities of digitalisation to enhance consumer experience.

Digital operations

In 2024, Shuijingfang continued to better apply digital technologies and tools, including online platforms, data analytics and automated processes, to improving and enhancing the Company's operations.

Qionglai Digitalisation Project for Fixed Asset Capitalisation

In this project, Shuijingfang digitalised liquor body management through better production scheduling and automated gathering of Baijiu collection data. The project also improved production scheduling for Qujiu to facilitate efficient utilisation of productive resources and enhance the efficiency of quality inspection process.

Digital e-Invoice Project

In response to the national policy on accelerating the development of smart taxation, Shuijingfang completed the switch to digital e-invoices in 2024. This project realised automated grouping and management of voices through digital tax accounts, which simplified the invoice claim process and improved operating efficiency while reducing administrative costs. Moreover, the shift to digital e-invoices further ensured the accuracy and integrity of invoice information and boosted the Company's financial management and risk control capabilities.

To better empower employees to embrace digital transformation, in 2024, Shuijingfang provided company-wide training sessions to all employees on office software and made videos for learning the operation of multiple digital systems (e.g., SAP, Ariba, OA and verification platforms) available at Fang Xue Tang, an online learning platform, to help employees master digital tools faster, thereby improving working efficiency.



Digital marketing

In 2024, Shuijingfang made continued efforts in developing omnichannel digital touchpoints and boosting consumer convenience through consumer full-lifecycle management. Besides, the Company actively embraced emerging channels like e-commerce and group purchase by establishing sound online sales platforms, such as WeChat stores and Mini Program malls. Such platforms, together with a range of offline experience stores, provide more convenient, personalised shopping experiences to consumers.

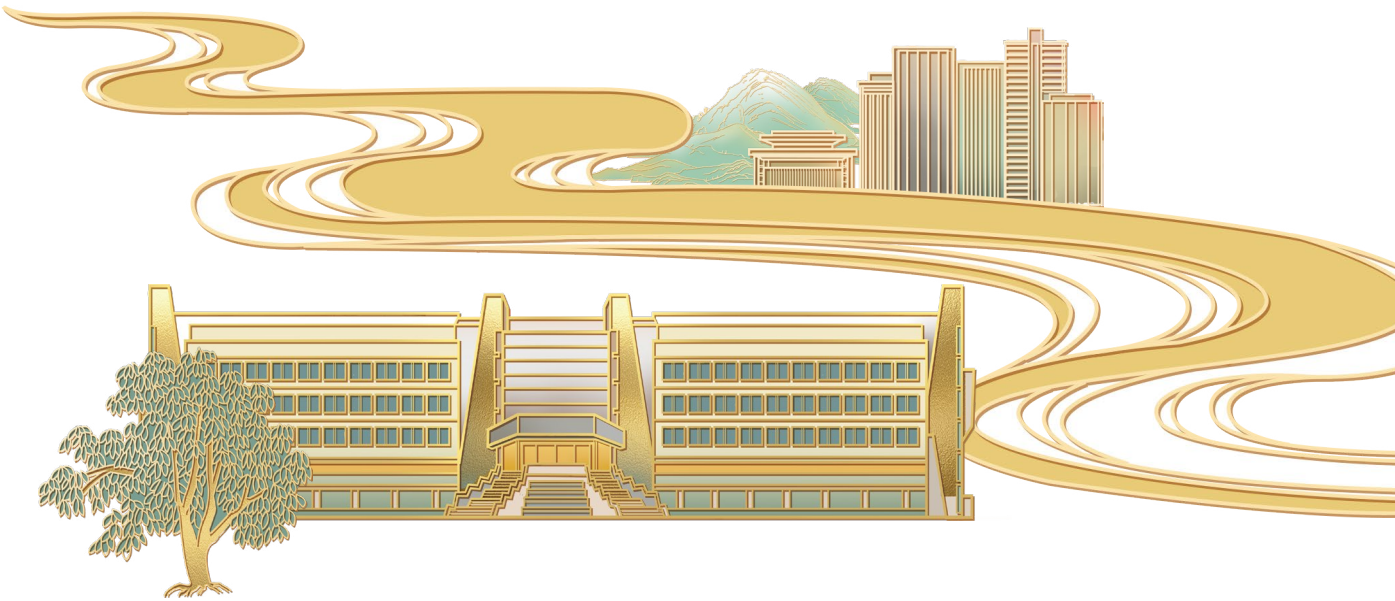
Case

The 'Fang Ke You Li' mini program

Shuijingfang's Fang Ke You Li mini program is an important digital platform for the brand to interact with consumers. This platform enhances consumer experience and spreads the brand's culture through a mix of features, including member services, event participation and benefits redemption. In light of the brand's major events, the mini program would launch exclusive member activities that offer members distinct brand experiences and member services through premium brand content, creative interactions and abundant member benefits. As of the end of 2024, this platform had served more than 9.5 million fan-members.

Key performance indicators

Indicators (unit)	2024	2023	2022
Number of incidents in which fines, penalties, and warnings were imposed due to violations of laws and regulations concerning product safety and health	0	0	0
Number of incidents in which fines, penalties, and warnings were imposed due to violations of product service information and labelling regulations	0	0	0
Number of consumer personal information leakages or information security incidents	0	0	/
Customer Favourable Rate (%)	JD: 99 Jiuxian: 100 TMall: 93.83	JD: 99 Jiuxian: 100 TMall: 88.24	JD: 99 Jiuxian: 100 TMall: 99.41
Number of products to be recalled due to safety and health concerns throughout the year	0	0	0
Percentage (%) of the quantity of recalled products to the quantity of all products sold throughout the year	0	0	0
Value of products to be recalled due to safety and health concerns throughout the year (RMB 10,000)	0	0	0
Percentage (%) of the value of recalled products to the value of all products sold throughout the year	0	0	0



Chapter II

Cheers for the rewarding partnership

Shuijingfang always views its employees, suppliers and distributors as a vital force driving sustainable development. Upholding a people-oriented corporate culture, we are committed to creating an equal, inclusive workplace and listening to the voice of every employee to enhance their sense of identity and teamwork spirit. Also, we highly value employees' health, safety, and personal and career development, as well as provide diverse training and promotion opportunities. For suppliers and distributors, we have put in place strict access and assessment systems, in addition to providing continuous empowerment training. By doing so, we work with partners on the value chain to create long-term shared value.

Creating an ideal workplace

- To be a trusted employer
- Protecting occupational health and safety (OHS)
- Empowering employee development and growth
- Key performance indicators

Forging a robust supply chain

- Supplier compliance management
- Distributor management and empowerment
- Key performance indicators

Responding to the UN Sustainable Development Goals (SDGs)



Creating an ideal workplace

In the current context of increasing competition and profound adjustments in the Baijiu industry, businesses are facing the dual challenge of mounting brain drain and rising compliance costs. Always viewing talent as the Company's core competitiveness, Shuijingfang is committed to creating a healthy, safe, equitable and promising working environment that allows the Company and employees to grow together. To this end, the Company has established an efficient human resources structure to strengthen organisational effectiveness and provide robust support for business expansion; made further efforts in recruiting and training high-calibre professionals and improving pay incentives to form a competitive talent retention and staffing mechanism; and implemented systemic training to develop employees' professionalism and leadership and create a supportive, positive corporate culture.

To be a trusted employer

Shuijingfang practises the hiring concept of diversity and equality by creating an ecology of rights and interests protection and collective wisdom for employees, establishing channels for employees to voice their feedback, and respecting the personality of individuals and strengthening teamwork, which helps form a positive cycle of talent development and organisational development.

Unbiased talent selection and staffing

Shuijingfang values equality and inclusion in recruitment and employment processes. All departments at the Company adhere to the consensus of 'non-discriminatory treatment regardless of age or gender', and our recruitment advertisements ban such words as 'males/females only', 'up to the age of XX' and 'married with children'. In all aspects of labour relations, we treat everyone in a fair, non-discriminatory manner regardless of any factors irrelevant to a certain position. We select and staff professionals simply depending on if their competence meet specific job requirements and criteria.

As of the end of 2024

Shuijingfang had **2,155** employees including **140** part-time employees

and **329** new hires There were **158** blue-collar workers and **231** Chengdu natives



Always people-oriented

Shuijingfang has put in place human resource-related policies including the 'Employee Discipline Policy', the 'Guideline for Preventing Conflict of Interest' and the 'Employee Protection Policy' to ensure that all employees are treated fairly in line with legal requirements and the Company's values. We are committed to effecting comprehensive, open communication with our employees by multiple means at individual, team or business development levels. We respect our employees' right to join a union and to resort to collective bargaining in defence of shared legitimate interests.

As of the end of 2024,

94% of our employees had joined the union

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

Case

In 2024, Shuijingfang held nine sessions of workers' congress to solicit opinions and advice on policies or matters concerning employees' immediate interests, including the 'Code of Business Conduct', the 'Attendance Policy', the 'Leave Policy', the 'Discipline Policy', the 'Implementation Scheme for Special Working Hours', the 'Implementation Measures for Violations Reporting and Investigation' and the 'Guide to Preventing Conflict of Interest'. These policies were adopted upon discussions with employee representatives.

Improving employee satisfaction

Shuijingfang pays attention to not just employees' job performance and more importantly their all-round development, and helps enhance employees' sense of identity and belonging at the organisation. All departments encourage and recognise colleagues with active performance and important contributions to business development through the Company's recognition programme. In 2024, the Company focused more on boosting employee engagement by organising 11 diverse employee activities that attracted 9,880 participants. This move helped enhance employees' sense of belonging and their determination to pursue long-term development at the Company.

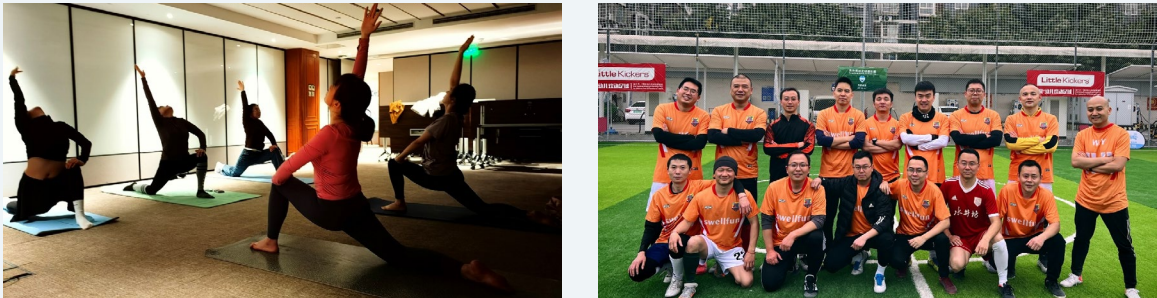
Shuijingfang conducts the 'Your Voice' survey covering all staff every year. In 2024, 99% of our employees participated in the survey. The results of the three dimensions of the survey were: employee engagement index at 91%, inclusion and diversity index at 89%, and employer's NPS at 58, all of which were the highest scores over the past four years. Specifically, the employee engagement index rose by 5% from the previous year; the inclusion and diversity index up by 2%; and the employer's NPS up by 24 points. After the survey concluded, the Company actively implemented programmes for improvement based on employees' voices and feedback:



Case

Diverse club activities

In 2024, Shuijingfang's trade union continued to enrich employees' life after work by organising activities for 16 sports societies and associations, including the Dance Club, the Football Association, the Basketball Association, the Tennis Club, the Badminton Association, the Rock Climbing Association, Qionglai Balls Association, Yibin Society and the Battling Rope Association. These activities attracted more than 700 participants in the year.



Protecting occupational health and safety (OHS)

Shuijingfang adopts a multidimensional defence matrix covering physical environments, operating procedures and emergency response under a sound OHS management system through strict OHS certification audits. This matrix cements the first line of defence for employees' work safety. In 2024, Shuijingfang's Qionglai plant was named a Healthy Enterprise of Chengdu and Sichuan Province.

Occupational health and safety management system

To ensure the effective implementation of OHS management work, Shuijingfang has established an EHS management structure composed of the CEO, the Chief Production and Operation Officer, the EHS Manager, the EHS Department and other in-house departments. Indicators such as work-related injuries are incorporated into the assessment scope of EHS management and control objectives. These indicators also serve as a basis for employees' annual KPI appraisal, with direct impact on their salary adjustment and year-end bonus.

CEO	oversees the Company's EHS activities on a whole
Chief Production and Operation Officer	examines and approves EHS management targets and indicators
EHS Manager	organises the planning/revision of EHS management targets, indicators and programmes; examines and approves EHS management programmes
Other in-house departments	develop and implement their respective EHS targets, indicators and programmes
EHS Department	responsible for tracking, overseeing and checking the progress and results of implementation of management programmes by other departments

In terms of the policy system, in 2024, Shuijingfang created 24 procedure documents in the three-tier EHS documentation system that covers all regular and outsourced employees and addresses multiple operating scenarios, providing more comprehensive support to employee OHS.



To facilitate more standardised OHS management at the Company, we conducted audits on the planning and implementation of EHS management at the Tuqiao and Qionglai plants according to internationally leading OHS management system standards. Both factories obtained the ISO 45001 certification in 2024.



The Tuqiao plant's ISO 45001 certificate



The Qionglai plant's ISO 45001 certificate

Identification of OHS risks

Shuijingfang conducts comprehensive OHS hazard identification and risk assessment every year. This exercise covering all production processes is intended to get a full picture of safety risks at plants and promptly develop effective risk controls accordingly. Besides, the Company regularly organises safety inspections, including management inspections, monthly safety inspections, special safety inspections, weekly checks for special equipment and weekly fire checks. Such inspections cover all staff, from senior management to first-line employees. For problems and hazards identified in such checks, the Company would follow up for rectifications in a timely manner to effectively reduce safety risks in all areas of the Company.

Case

- In 2024, the Qionglai plant continued to identify and update safety hazards. Specifically, it promoted weekly checks mechanism for special equipment and Management safety inspections to ensure ongoing rectification of safety hazards; conducted safety checks for special machinery and pneumatic components to effectively boost equipment safety; and conducted periodic checks on the safety interlocks, gratings and procedures, among others, of automated equipment.
- In 2024, the Tuqiao plant conducted special checks on operations in confined spaces, operations at heights and fire control, among others; increased special weekly checks for special equipment and fire control; and developed a special improvement plan based on risks identified in the Packaging Workshop, in a bid to comprehensively enhance machinery and electrical safety at the workshop.

OHS safeguards

Shuijingfang has developed OHS safeguards involving multiple dimensions, including emergency response management, investment in safety support, employee health tracking and logistics support, with a view to creating a safe, healthy working environment for employees.

Emergency response management

Shuijingfang takes seriously the prompt response to and effective handling of emergencies by developing work safety emergency response plans and organising regular drills to ensure employees' all-round safety in cases of emergency.

Case

- In 2024, the Qionglai plant prepared an annual emergency drill plan and organised drills on fire evacuation, rescue in confined spaces and handling of chemical leakages for 1,500 participants. Moreover, during the Work Safety Month campaign, the plant guided in-house employees and suppliers' employees, totalling 1,700 participants, to practice using fire extinguishers and hydrants, in a bid to enhance staff's emergency response capabilities.
- While, the Tuqiao plant developed a procedure for operations in confined spaces and conducted rescue drills to improve the on-site emergency response plan.

Investment in safety safeguards

Shuijingfang takes seriously funding for work safety and continuously refines first-aid measures to improve indoor and outdoor working environments.

Case

- In 2024, the Qionglai plant replaced part of the slippery floor in the Qujiu Workshop with anti-slip ceramic tiles to reduce the risk of slipping caused by starch; provided blowers, four-in-one gas detectors and safety nets, among others, for operations in confined spaces in cellars to avoid possible accidents; and equipped all employees accessing automated equipment areas with safety locks and backup locks on site to ensure that machinery is 100% locked out and tagged out, thus avoiding damage to machinery.
- While, the Tuqiao plant upgraded its air-conditioning system to better protect employees from high temperatures in summer; upgraded the explosion protection system to make the fire control system more stable; and upgraded the lifeline of the Qujiu maintenance platform to lower the risk of maintenance staff working from heights.

Employee health tracking

Shuijingfang strictly complies with OHS-related legal and regulatory requirements by monitoring employees' occupational health and providing sound occupational health check-ups. In 2024, the Qionglai plant invited doctors from Sichuan University West China Hospital and the local health centre to the factory for training the staff on chronic diseases and infectious diseases and providing health consultation and free clinic.

Logistics management support

Shuijingfang manages its security work following the principle of putting prevention first and combining prevention with control, trying to ensure in-house security and stability at all times. In 2024, the Company's security situation remained stable without any major security accident.

In 2024,
0 major security accident

OHS culture development

Shuijingfang takes seriously the development of its OHS culture. The Company has made OHS a company-wide shared understanding through knowledge dissemination, special training sessions and co-creation campaigns, among other things.

Knowledge dissemination

The Company pushes and disseminates safety knowledge through its Enterprise WeChat platform, online training platforms and multimedia to raise the staff's awareness of safety. In 2024, the Qionglai plant pushed 64 safety precautions via the Enterprise WeChat platform, attracting **6,353** pageviews.

Special training

The Company provides OHS training sessions of varying themes to first-line employees to raise their awareness of OHS. In 2024, the Qionglai plant provided training sessions on prevention and treatment of occupational diseases, fire emergency, operations in confined spaces and overhead crane operations, among other themes, for **5,402** participants combined (including in-house employees and those of contractors). While, the Tuqiao plant provided training on safety, fire control and occupational health to **3,149** participants in the year, with a focus on employees' field operation safety and emergency handling.

Co-creation campaigns

The Company conducts Behaviour Based on Quality and Safety (BBQS) observations every year, encourages employees on the first line of production to advise on safety hazards and actively participate in the Company's OHS development. In 2024, the Tuqiao plant organised the EHS Workshop to have in-depth discussions with employees on such areas as the EHS system, occupational health and the environment, emergency response management, and safety culture, and worked out thematic module-specific opportunities for improvement. Moreover, the Tuqiao plant's production system conducted a score-based safety culture survey for the first time. The survey was intended to understand and assess the maturity level of the plant's safety culture by means of online survey, field interviews and field observation.

Empowering employee development and growth

In 2024, the Company made continued efforts to help employees with potential develop and grow within the Company. We strove to create a full range of career opportunities for employees and keep enhancing employees' personal worth and career development capability through skills training, professional qualification and internal competitive employment.

Full support to employee growth

Shuijingfang takes seriously talent development. For this reason, we have established an 'offline plus online' training system covering different stages of employees' entire careers to help them grow in an all-round way. In 2024, the Company provided 24,036.45 hours of targeted training sessions covering 100% of our full-time employees. That means an average training time of 11.93 hours per employee. Specifically, the hours of orientation training for new hires totalled 8,271.95 (including online self-study programmes), covering 329 new hires; the hours of leadership and generic skills training totalled 4,256.00, covering 437 employees; and the hours of professional skills training totalled 11,508.50, covering 1,446 participants.



Selected major training courses for employees at Shuijingfang, 2024

No.	Category	Training programme	Number of sessions
1	New employee orientation training	New employee orientation training	151
2	Leadership and generic skills training	PRIDE (leadership learning programme)	10
3	Leadership and generic skills training	First-brew Manager	6
4	Leadership and generic skills training	Insights Discovery	3
5	Professional skills training	TRACC System	8
6	Professional skills training	EHS Training	2
7	Professional skills training	Top Sales	21
8	Professional skills training	Shuijingfang Coaching Process and Skills	2
9	Professional skills training	Lean Six Sigma	5
10	Professional skills training	Taster provincial assessment training	2

New employee orientation

In 2024, Shuijingfang launched the Young Talent Programme, under which 19 outstanding fresh graduates were recruited. The new employee orientation programme empowers new hires through online learning, offline training and field visits, among others, to help them quickly understand the Company's products, corporate culture, work safety, compliance policy, compensation and benefits, corporate social responsibility (CSR) and employees' personal development and competence growth pathways, so they can quickly fit in the organisation and their teams.



Case

Leadership and generic skills training highlights

- Executive MBA (EMBA) training: We leverage domestic and foreign resources to empower executives' upskilling on an ongoing basis through the EMBA training programme in light of our business development strategy and the stage of personal growth executives are in.
- PRIDE leadership learning: For our leaders at all levels, the Company provided thematic courses, including 'Super Efficient Communication', 'Powerful Expression', 'Efficient Conference', 'Boost Your Productivity' and 'IDP (Individual Development Plan)', to boost leadership effectiveness by bringing in external consultancies and drawing upon internal course teaching and research.



Case

Case

Professional skills training highlights

- TRACC system onboarding: To continuously improve the effectiveness of operations management, drive excellent performance and move toward excellent manufacturing, the Qionglai plant provided training on the TRACC system in 2024 to help team members steadily advance module-specific activities, establish the lean culture of continuous improvement, and boost plant performance across the board.
- Business skills training: We continued to build and upgrade our unique Baijiu professional sales course 'Top Sales (Junior, Intermediate & Senior)' and introduced such programmes as 'Shuijingfang Coaching Process and Skills' to empower our business teams, distributors and stores, working to develop good relationships with distributors and stores.



- Taster provincial assessment training: To build a stronger team of Sichuan's provincial Baijiu judges, in 2024, Shuijingfang organised a two-day intensive training session to secure a place in the provincial assessment reshuffle appraisal exercise launched by the Alcoholic Drinks Association of Sichuan Province. The daily post-training drills recorded an attendance rate of 100%. The Company added eight Baijiu Judges of Sichuan Province and one Invited Baijiu Judge of Sichuan Province through appraisals in 2024. As of the end of 2024, Shuijingfang had 24 Baijiu Judges of Sichuan Province, 10 Senior Baijiu Judges of Sichuan Province and one Invited Baijiu Judge of Sichuan Province.



As for the modes of training, we made further efforts in beefing up mobile learning platforms, including the provision of more flexible learning resources for employees to learn anywhere and anytime through Fang Xue Tang, an online learning platform. Also, we kept improving training efficiency by operating digital training programmes, a move that effectively saved training consumables, reduced business trips and contributed to meeting the SJF 2035 Sustainability Targets.

In 2024, Fang Xue Tang

had **2,130** active users recording an active rate of **99.81%**⁵ and online hours totalling **963,292** minutes and **453.1** minutes per user

⁵ Active percentage = number of active users/number of activated users

Helping employees develop their careers

Shuijingfang is committed to enhance employees' professionalism and core competitiveness across the board and providing internal employees with career development opportunities and increasing their satisfaction with the workplace through internal referral and internal employment policies. In 2024, the Company launched the Young Talent Programme across lines of business, which attracted, trained and developed 19 outstanding college graduates through campus job fairs. These new hires, thanks to organisational empowerment, will grow into a main force of Shuijingfang going forward. The Young Talent Programme helped Shuijingfang stay fresh and vibrant while creating good jobs for society, reflecting our sense of CSR.

On the front of employee performance management, Shuijingfang conducts performance appraisals twice every year, one mid-year and the other year-end, for 100% of its full-time employees. In between such appraisals, employees and their line managers would keep routine communication with each other for feedback to ensure clear targets and effective execution.

In 2024, Shuijingfang established competence models for positions including Production and Operation Director and High-End Product Account Manager. By elaborating competence indicators of key positions, such models provide a scientific basis for targeted recruitment, directional training, and talent reserve and development for future positions. Going forward, we will gradually scale up the design and implementation of competence models for more positions.

Employee compensation and benefits system

Shuijingfang recognises all employees' contributions to the Company and ensures that its staff are paid equitably and fairly. The Company assesses the job grades of important positions every year while continuously benchmarking with external markets by keeping an eye on market changes and adjusting compensation strategies in a timely manner. This effort balances the external competitiveness and internal equity of the Company's compensation system.

On 24 May 2024, the second lock-up period of Shuijingfang's ESOP expired and the unlocking goal was met, with 273,300 shares under the ESOP unlocked. After the unlocking conditions were met, the Board of Directors' Office completed subsequent ESOP activities, including unlocking the shares, convening the 'three meetings' for deliberation and disclosing unlocking announcements to external parties.

In addition to basic salary and performance bonus, Shuijingfang has put in place a sound employee benefits system to enhance cohesion between the Company and employees. Our employee benefits system includes cash, non-cash and health benefits:

Cash benefits	Non-cash benefits	Health benefits
Including allowances for transport, communications and meals, as well as allowances for employees' daily commuting and work.	Market-beating benefits, including leave or vacation benefits, festival benefits, birthday benefits and hardship subsidies.	We provide commercial health insurance for employees, as well as commercial insurance to their children, annual physical health check-ups, and One-Million-Yuan Medical Insurance for employees, among other health insurance plans.

In 2024, based on the existing compensation and benefits system, the Company launched the brand-new Employee Assistance Plan (EAP), and set up a psychological counselling hotline, extending employee health management from physical to mental and occupational and providing all-round health support to employees. Besides, for employees who died of accidents or who have long been critically ill, the Company would provide grants twice a year depending on their family's financial status.

We provided grants totalling RMB

48,400

Key performance indicators

Indicators (unit)		2024	2023	2022
Total number of employees		2,155	2,080	1,988
Full-time employees	Number of full-time employees	2,015	1,953	1,877
	Male/Female ratio (%)	71:29	71:29	70:30
	Under 30/30-50/Above 50 ratio (%)	12:74:14	11:74:15	11:75:14
Part-time employees	Number of part-time employees	140	127	111
The Management	Male/Female ratio (%)	68:32	66:34	67:33
	Under 30/30-50/Above 50 ratio (%)	0:82:18	0:87:13	0:85:15
New employees	Number of new employees	329	433	724
	Male/Female ratio (%)	71:29	80:20	/
	Under 30/30-50/Above 50 ratio (%)	37:63:0	26.1:73.44:0.46	/
	Percentage of junior managers (%)	1	/	/
	Percentage of senior managers (%)	1	/	/
Gender ratio of managers and professionals (male: female)	Junior managers (%)	66:34	61:39	62:38
	Senior managers (%)	80:20	66:34	67:33
	Managers of revenue-related functional departments (%)	63:27	75:25	74:26
	STEM professionals (%)	64:36	64:36	62:38
Employee benefits	Average paid annual leave (hour)	91.7	90.1	87
	Maternity leave (hour)	26,032	27,296	16,856
	Childcare leave (hour)	6,228	6,620	8,392
Employee turnover rate (%)		11.76	17	16.8
Percentage of employee voluntary turnover (%)		7.3	13	/
Percentage (%) of employees who received regular performance and career development appraisal		100	100	100
Employee satisfaction rate (%)		91	86	89
Number of employees engaged in scientific research		90	88	68
Percentage (%) of employees engaged in scientific research		4.2	4.2	3.62
Percentage (%) of employees who pay social security contributions		100	/	/

Forging a robust supply chain

Shuijingfang has always been committed to stabilising and improving the value chain and working with supplier partners to shape a win-win value ecosystem. The Company attaches due importance to cooperation with and management of suppliers. Thus, we conduct periodic compliance reviews on suppliers as a whole, make prompt rectifications to eliminate potential risks, and apply integrated performance management to suppliers. All this is intended to enhance the efficiency of coordinated management, ensure a stable supply chain and facilitate the Company's healthy, robust operation and long-term development.

Supplier compliance management

Supplier access and screening

Shuijingfang has set up a rigorous supplier access and screening mechanism. The Company comprehensively assesses suppliers through background investigation and onsite assessment and adopts a differentiated, hierarchical approach to managing suppliers based on assessment results.

Background investigation

Each new supplier must provide basic information as required by Shuijingfang's policies, including business licence, bank account information and financial statements. In addition to such basic documents, suppliers of packaging materials and raw and auxiliary materials are required to provide information about quality, safety and occupational health management systems. Before a supplier's master data is created in the SAP system, the Procurement Department would run the KYBP (Know Your Business Partner) procedure on the supplier to ensure that the Company's cooperation with the supplier is within the scope of compliance.

Onsite assessment

Prior to the formal partnership with suppliers of packaging materials and raw and auxiliary materials, a cross-departmental team will be formed by members from the Procurement Department, the Quality and Safety Department, the Environmental, Health and Safety Department (EHS) and the Technology Department to perform an onsite audit on the supplier's quality control system, EHS system and overall competence, among other aspects. Only suppliers with audit scores equal to or higher than the qualification score will be included into the 'List of Qualified Suppliers'.

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

In 2024, Shuijingfang adopted a comprehensive scoring system in the process of screening order planting suppliers. This system incorporates ESG-related managerial indicators, including quality management and sustainable agriculture, and emphasizes the assessment of suppliers' sustainability performance. In March 2025, the Company added another dimension of ESG scoring to technical proposals for selecting logistics and courier service providers.

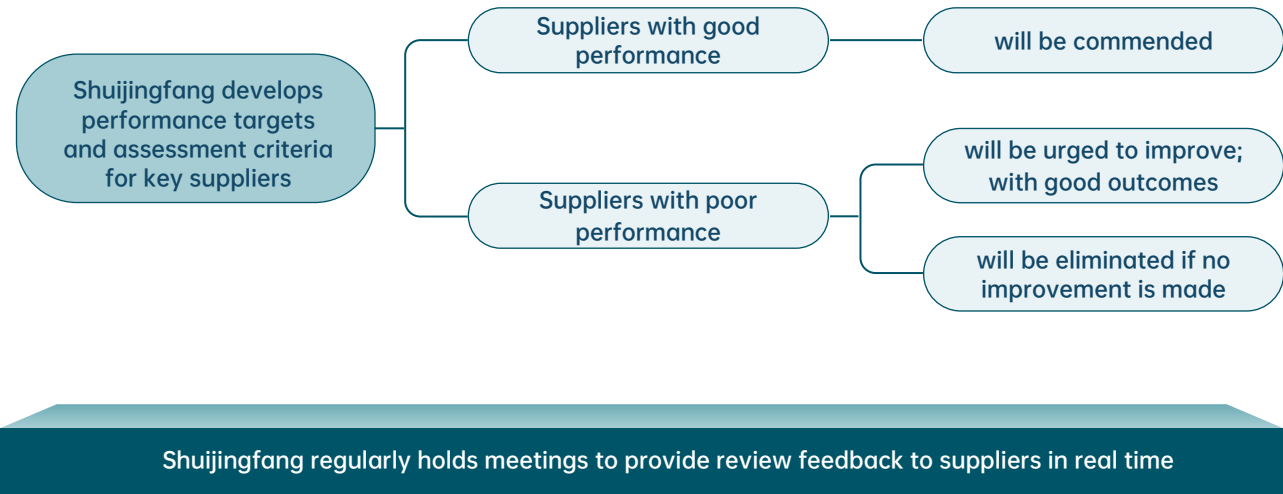
Supplier compliance review

Highly concerned with the compliance and operation of suppliers, Shuijingfang enforces comprehensive compliance assessment over them and takes remedial measures to tackle potential risks. In the commercial contracts signed with suppliers, Shuijingfang requires that suppliers observe national laws and regulations against bribery, corruption, and money laundering, as well as relevant rules, including Shuijingfang's 'Code of Business Conduct' and anti-assisted tax evasion clauses. We will terminate the cooperation with suppliers with violations as agreed in the contracts, and hold them accountable according to law for any losses incurred thereby.



Comprehensive supplier performance management

Shuijingfang has developed an annual performance management plan for suppliers which specifies performance targets and assessment criteria for key suppliers – particularly those of packaging materials and raw and auxiliary materials – regarding quality, delivery, technology, and laws and regulations. Based on assessment results, Shuijingfang can effectively conduct classified management over key suppliers, convene regular review meetings, provide review feedback to suppliers in real time, and urge them to make continuous improvements. Suppliers with good performance are regularly rewarded, while those with poor performance and no improvement will be eliminated. After contracts are signed, we will conduct incoming inspection over each batch of goods from suppliers according to the terms of service and technical indicators agreed upon by both parties, and the deliveries will be received only after passing the inspection. If any product delivered by a supplier fails to meet the agreed technical indicators, Shuijingfang will reject it, and the supplier will be required to replace the products or refund the payment.



In addition to conventional appraisal for supplier performance, Shuijingfang continued to use the SEDEX self-assessment tool to conduct assessments on social responsibility of suppliers. For suppliers who fail to pass the self-assessment, Shuijingfang entrusts a third-party audit agency certified by SEDEX for follow-up counselling and assessment. The Company identified 89 key suppliers in 2024. By the end of 2024, 59 out of these key suppliers had completed SEDEX self-assessments. As for suppliers who haven't done during the reporting period, the Company will take tracking actions to ensure that the audit process is implemented.



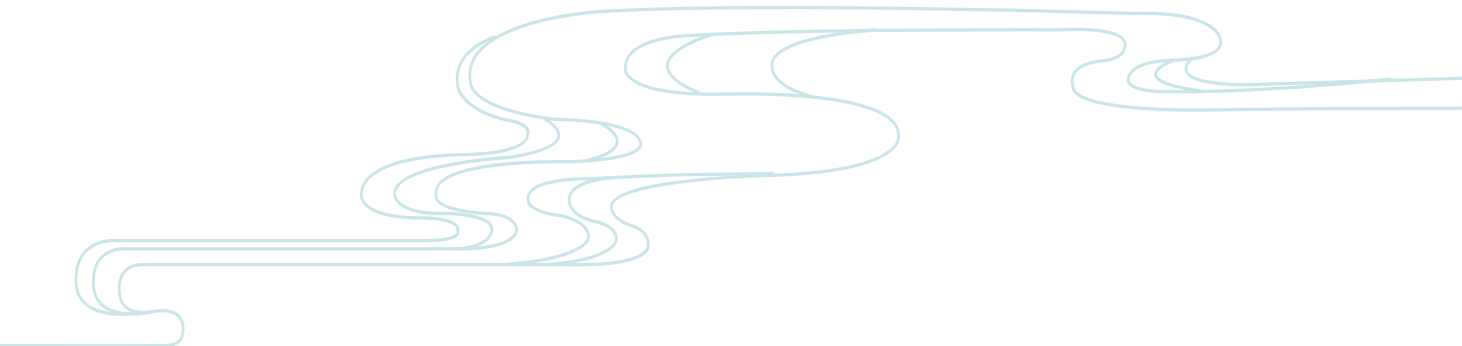
Supplier empowerment and development

Shuijingfang constantly improves the product quality and managerial capability of suppliers by providing suppliers with a complete training system, with a view to boosting product quality and productivity. For win-win results, we train key suppliers on quality and lean production according to their specific needs for improvement. In 2024, Shuijingfang provided compliance training to more than 260 key suppliers on anti-commercial bribery, anti-money laundering, compliant marketing, and compliant procurement process, among other areas.



Digital management of the supply chain

To respond to the wave of accelerated digital transformation of global supply chains, Shuijingfang effectuated systematic management of the full-range procurement process in July 2023. In 2024, the Company continued to provide multiple training sessions to users of the procurement system and asked the procurement and IT departments to periodically review the modules in this procurement system and keep iterating system features in light of user feedback to make the system better meet business needs and usage scenarios and boost productivity.



Distributor management and empowerment

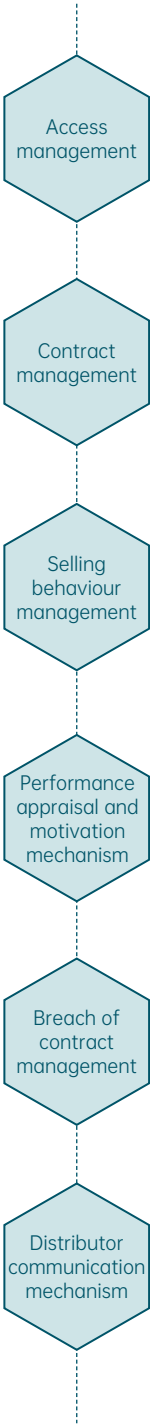
Distributor management system

Shuijingfang has established a sound distributor management system that features such links as distributor access, contract signing, the performance appraisal mechanism and the handling of breaches of contract. We have also put in place an efficient distributor communication mechanism to facilitate healthy, sustainable cooperation with our distributors.

Before establishing trading partnerships with a distributor, the Company would comprehensively collect and carefully screen distributor information strictly following the steps under the KYBP procedure to ensure that the distributor conforms to our Code of Business Conduct and operates in compliance with laws and regulations.

Before conducting a marketing campaign, the Company would send a notification on the campaign to all stores to ensure that the campaign mechanism is fully understood by customers at stores and to better manage and oversee distributors' selling practices, thereby protecting consumer rights and interests.

The Company's business team applies strict cross-regional supervisory management to distributors and leverages distributor-consumer interactions to track off-site code scans and value chain acquisition to maintain market order. For any breach of contract that arises, the Company would handle it in light of actual conditions and make prompt updates to management rules accordingly to support business development.



The Company has stipulated liabilities for breach of contract, confidentiality, the requirements and measures under the Code of Business Conduct, and the deposit refund policy, among other provisions, in the contracts signed with distributors to restrict their irrational selling practices.

The Company has put in place a multi-tiered appraisal and motivation mechanism, under which, distributors with outstanding performance will be commended or specially awarded, and a differentiated approach is adopted to devise special incentives for selected customers in key domestic markets to continuously motivate distributors.

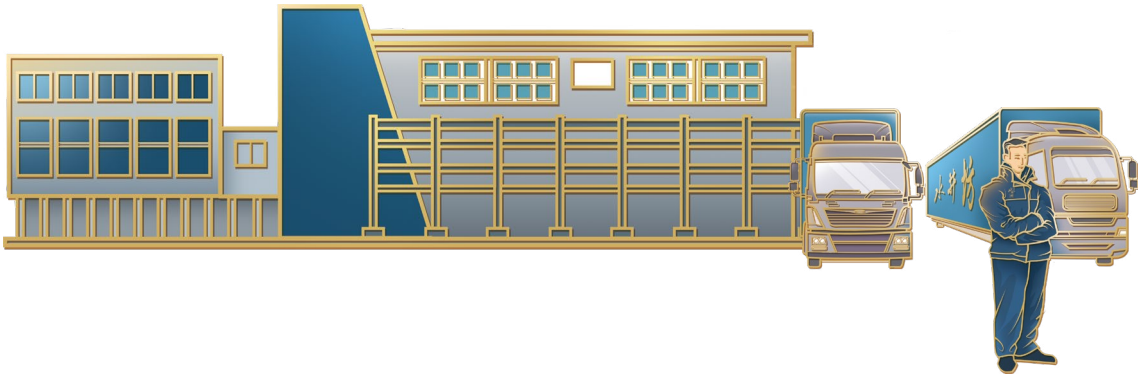
In addition to routine communication and visits to markets, the Company would, before a peak season starts, hold a meeting with distributors to discuss key market development strategies with major partners distributing core and high-end products. In 2024, we paid more attention to key customers in key markets and provided higher-quality services to our distributors, paving the way for building long-term, stable strategic partnerships.

Distributor empowerment and development

Distributors are essential partners in Shuijingfang's sales system, so the Company takes seriously empowering them across the board for win-win results. To this end, the Company has set up distributor support positions for close cooperation with distributors and providing all-round support and assistance to distributors in the course of business. Our distributor support personnel, upon onboarding, are required to attend online orientation classes via Fang Xue Tang, covering product knowledge, commonly used systems and sales policy, among other aspects, to help understand product and business processes quickly. In 2024, the Company assigned one-to-one internal trainers for distributor support personnel to enhance their branding skills and conducted quarterly performance appraisals to boost their ability to apply product and brand knowledge in actual working scenarios.

Key performance indicators

Indicators (unit)	2024	2023	2022
Number of suppliers that have gone through SEDEX assessments	59	70	54
Number of operation sites and suppliers using child labour or with material negative environmental and social impacts	0	0	0
Number of compliance training sessions for suppliers	1	1	1
Number of suppliers participating in compliance training on the Code of Business Conduct	266	108 ⁶	152
Number of procurement policy training sessions for internal staff	1	22	5



⁶ The 2023 data is the 'number of suppliers participating in compliance training on the Code of Business Conduct'

Chapter III

Cheers for the inclusive society

The key to long-term success of a business, as a player in economic activities, is to actively fulfil its social responsibility beyond business operations and respond to expectations from diverse stakeholders. Shuijingfang has always done its best to give back to society and devoted itself to causes in many areas, including rural revitalisation, cultural inheritance and educational support, that contribute to harmonious co-existence between and sustainable development of the business and society.

- Public welfare philosophy and management
- Building a diverse public welfare matrix
- Promoting high-quality development of the industry
- Key performance indicators

Responding to the UN Sustainable Development Goals (SDGs)



Public welfare philosophy and management

The world is undergoing profound changes. In this era full of opportunities and challenges, Shuijingfang keeps adjusting and reinventing public welfare undertakings to pull off the shift from quantitative to qualitative changes following the idea of business and philanthropy empowering each other for integrated development. In 2024, Shuijingfang's public welfare projects covered six areas, i.e., rural revitalisation, Friendly Neighbour Programme, earthquake disaster relief, inheritance of traditional culture, sports public welfare and social responsibility research. Such diverse and novel modes of public welfare boosted engagement in and influence of public welfare activities, and more importantly, reflected the Company's deep thoughts on delivering social value, injecting the spiritual core of social care and innovation in the Company.

To further regulate its external public welfare donation, and strengthen the oversight of external donations, Shuijingfang developed and promulgated, upon deliberation by the Board of Directors, the 'Management Regulations on External Donations' based on the existing 'Management Regulations on Public Welfare Donations' and in line with relevant rules of China Securities Regulatory Commission (CSRC) on 'external donations' by listed companies, in February 2024. This policy improved the Company's approval process for external donations, enabling the Company to more efficiently participate in social good and charities.

Shuijingfang's public welfare donations in 2024

Programme	Donated to	In cash/kind	Amount (RMB)
Funding social programmes	Guangzhou Zhikun Charity Foundation	Cash	480,000
Friendly Neighbour Programme	Chengdu Wuhou Foundation for Community Development	Cash	900,000
Shuijingfang Charity Fund	Chengdu Charity Federation	Cash	500,000
Total			1,880,000

'Small Distillate Bubbles' volunteers

Since the launch of 'Shuijingfang Charity Day' in 2023, the Company has kept building its volunteer platform. In 2024, the Company assembled the 'Small Distillate Bubbles' volunteer team. As of the end of 2024, Shuijingfang had more than 1,000 volunteers. Following its volunteering philosophy of 'Brewing Love with Drops of Liquor', our volunteer team has put in place a permanent volunteering mechanism, under which it earnestly cares about and addresses the needs and actual problems of local residents through a variety of public welfare campaigns. The team's goal is to embed the of Shuijingfang as a corporate citizen into its corporate culture and fully arouse our staff's sense of social responsibility, as shown in their active engagement in volunteering.

In 2024

Shuijingfang conducted

6 types of public welfare programmes at the corporate level

giving away more than RMB

1.8 million

As of the end of 2024

Shuijingfang had more than

1,000 volunteers

Building a diverse public welfare matrix

Rural revitalisation

In response to the 'Comprehensive Rural Revitalization Plan (2024–2027)' issued by the CPC Central Committee and the State Council, Shuijingfang well aligned with the plan in carrying out the rural revitalisation strategy by donating goods, supporting specialty agriculture, improving rural infrastructure and enhancing educational and medical conditions in rural areas, among other means. This effort set a good example for implementing the rural revitalisation strategy and brought our share of energy to economic prosperity and social progress in rural areas.

Case

- ◉ **Aiding the construction of rural clinics:** At the second 'Shuijingfang Charity Day' event held in October 2024, the Company, together with Red Cross Society of China (RCSC) Sichuan Branch, Sichuan Red Cross Foundation (SRCF) and Ya'an Red Cross Society, inaugurated the Shuijingfang Charity Rural Clinic in Longchi Village, Jiuxiang Town, Hanyuan County, Ya'an City, Chengdu. This clinic, one of the six rural clinics the Company helps build, solved the 'last-mile' problem of community healthcare, enabling the delivery of better, inclusive and convenient medical services to local residents. At the event, Shuijingfang signed the 'MOU on Cooperation in Rural Revitalisation Business for Good Base' with relevant parties. Going forward, we will contribute further to implementing rural healthcare undertakings and the rural revitalisation strategy and to building a harmonious, healthy, beautiful society.
- ◉ **Paired assistance:** In active response to the calls of central and local governments under the rural revitalisation strategy, Shuijingfang has provided paired assistance to Changshaganma Township in Shiqu County, Ganzi Tibetan Autonomous Prefecture, Sichuan Province for years, providing material and intellectual support to addressing the most pressing local needs. In 2024, following an in-depth survey of the actual needs of local Tibetans, we tailored our assistance by donating heaters worth about 50,000 yuan to Changshaganma, which effectively helped protect local residents from the cold winter. Shuijingfang has donated money and supplies worth approximately 300,000 yuan to the township of Changshaganma since 2018.



- ◉ **Contributing to industrial revitalisation:** In addition to direct financial assistance and construction aids, in December 2024, Shuijingfang signed an agreement on purchasing specialty agricultural products with the local government at the Happy Lamb Gourmet and Cultural Tourism Week event hosted in Linji Town, Qionglai City. The contract ordered vinasse-fed ecological black hogs, a move that showed the Company's SCR while contributing to a closed industrial loop.

Friendly Neighbour Programme

Shuijingfang has staged a diversity of public welfare and employee volunteering campaigns through the Friendly Neighbour Programme since 2021. This effort of giving back to surrounding communities brought about gains in both enterprise value and social responsibility. In 2024, we upgraded the Friendly Neighbour Programme. Following the idea of 'co-prosperity with neighbours', we helped build harmonious communities through the factory open days and diverse community public welfare activities. The programme surveys community residents once every two years. The 2024 survey covered 20 neighbourhoods, gathered 1,510 samples and had in-depth interviews with four community workers. The survey results revealed an overall satisfaction of 85% with living environments, up 4% from 2022.

Case

Factory open days

Shuijingfang's factory open days, an integral part of its Friendly Neighbour Programme, help deepen the mutually beneficial co-construction relationships between the Company and communities. In 2024, we staged six factory open day events, which invited community residents to visit the workplaces of the Company's front-line workers. These events gave residents a better idea of Shuijingfang's traditional distillation technique and rigorous manufacturing process, and showed residents the efforts we have made in environmental governance, including energy conservation and emission reduction, resources recycling and ecological conservation, conveying our sense of environmental responsibility in pursuing sustainable development.



Case

Sustainability advocacy

Tree planting for carbon reduction volunteering

On the Tree Planting Day in 2024, Shuijingfang staged the 'Planting the Spring of Shuijingfang—Cheers for the Green Planet' event in Qionglai City. The event was attended by 50 employee volunteers and local government representatives. In addition to adding green patches to the environment, the event arranged an expert lecture that gave participants an idea of the ecological value of different trees and raised the public's sense of responsibility for environmental protection.



Actions to protect aquatic environments

In May 2024, approximately 80 of the Company's volunteers and their family members participated in learning beach clean-up and water conservation. The participants counted their steps via the 'Walking for Charity' (yibuyixing) mini programme and donated 302,000 steps and 302 charity coins to support charity projects, practising the green ecology concept and guarding our lucid waters and lush mountains with concrete actions.



Low-carbon practices

Shuijingfang worked with surrounding communities to stage the 'Friendly Neighbour Green Action—Acting Together' campaign in September 2024. The campaign combined a range of informative, interesting activities, from garbage sorting to energy conservation and emission reduction, and from environmental protection-related education to practical action, to raise residents' awareness of environmental protection, motivate them to act on the cause, and make greenness part of residents' conscious way of life.



Case

Empowering social groups



Helping the elderly

In August 2024, Shuijingfang staged the ‘Small Distillate Bubbles for the Silver Age—Shuijingfang Helping the Elderly Volunteering Campaign’ at Changkang Nursing Home in Jinniu District, Chengdu. The donated supplies included food, medicine, various daily necessities, and ping-pong tables to improve fitness infrastructure.

Empowering teenagers

The Shuijingfang Museum supported the Adream Foundation ‘Go the Distance’ charitable study tour, a project that built a bridge for kids to explore the sea of knowledge and inspired their infinite longing and dream of the future.



Caring for women



In May 2024, the North China business staff at Shuijingfang and volunteers of distributors joined the ‘Run for Moms’ charity campaign for a 10-km walkathon challenge, sending their love and hope to struggling mothers with concrete action.

Community co-construction

Case

- ◎ **Traditional festival thematic events:** At the Duanwu Festival in 2024, Shuijingfang partnered with Jiancao Community Party Committee of Xihua Subdistrict to host a thematic event attended by the Company’s volunteers, Party member volunteers of Jiancao Community, volunteers from ‘five elderly groups’ and female volunteers, among other participants. This event was intended to promote fine traditional Chinese culture, foster friendships between neighbours, and create a harmonious community atmosphere.
- ◎ **Friendly neighbour charity campaigns:** The Tuqiao plant organised 13 friendly neighbour campaigns in surrounding communities from 22 to 28 September 2024. These campaigns enabled residents to better understand and trust the factory by showing a video of Baijiu-making at the plant, giving a briefing on the factory’s environmental protection initiatives, and playing interactive games on pure grain ecological brewing and environmental protection, directly influencing about 1,700 people.



Cultural inheritance

Cultural inheritance is where Shuijingfang’s soul and mission lie. As a leading Baijiu brand with double heritage under state protection—the Shuijing Street Distillery Site and the Shuijingfang Traditional Baijiu Distillation Technique, the Company has always promoted Baijiu culture through inheritance and innovation, showing its unique benchmark leadership in inheriting traditional cultural heritage.

Protection of the Shuijing Street Distillery Site

The Shuijingfang Museum has developed and strictly implemented the ‘Regulations on the Administration of the Protection of Shuijing Street Distillery Site’ and the ‘Shuijingfang Museum Collection Management Regulations’ in accordance with national laws and regulations on cultural heritage protection, heritage site protection and museum operation, among other areas, to ensure the compliant and healthy operation of the museum. In 2024, the museum initiated and well completed a heritage building protection and repair project, which ensured building safety; continuously conducted environmental and disease monitoring for the site proper to ensure that diseases at the site are manageable; and conducted projects in partnership with Chengdu Institute of Cultural Heritage and Archaeology, Southwest Jiaotong University and Sichuan Agricultural University, among other institutions, laying a solid foundation for nominating the site proper for protection with National Cultural Heritage Administration.

Case

- ◎ **Surface heritage building protection and repair:** In 2024, the Shuijingfang Museum completed a surface heritage building protection and repair project for the Shuijing Street Distillery Site with high quality and efficiency strictly following the principles and standards of cultural heritage preservation while ensuring normal reception of visitors. Upon repair, the buildings are more solid and safer and create a more comfortable environment for visitors.



- ◎ **Site proper conservation:** In 2024, Shuijingfang continued to monitor the site’s temperatures, humidities, volatile organic compounds (VOCs), sulphur dioxide, breezes and precipitations, among other indicators, and comprehensively monitored the site’s soil temperatures and moisture contents, as well as surface temperatures, moisture contents and fractures, among others. Moreover, Shuijingfang also successfully closed ‘A Survey of Diseases for Masonry Relics of Industrial Heritage and Conservation Measures’, a project conducted in partnership with Chengdu Institute of Cultural Heritage and Archaeology and Tongji University.

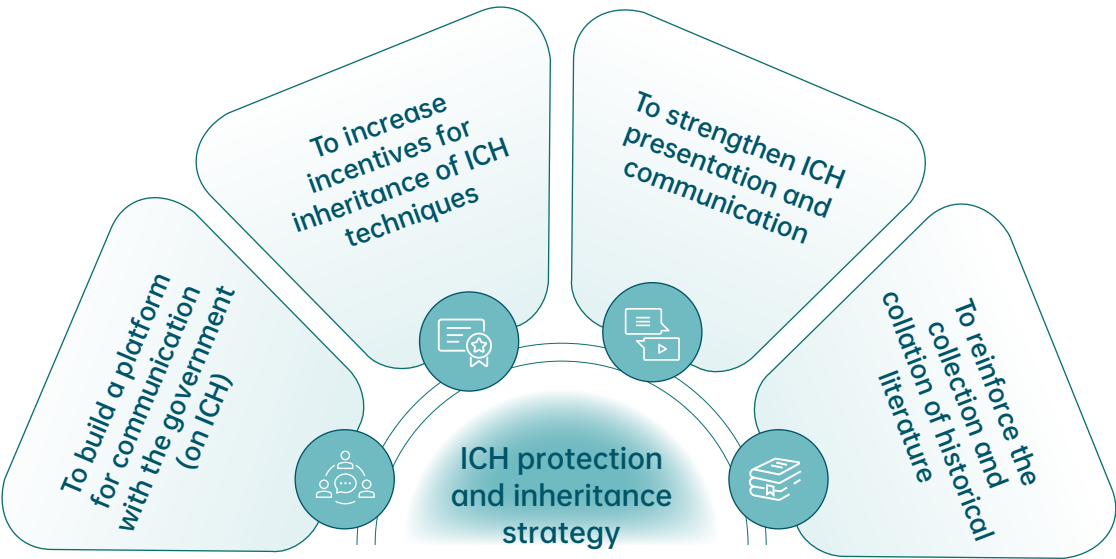
Protection of the Shuijingfang Traditional Baijiu Distillation Technique

The year 2024 marked the 20th anniversary of China's ratification of the *Convention for the Safeguarding of the Intangible Cultural Heritage*. As the owner of Shuijingfang Traditional Baijiu Distillation Technique, touted as a 600-year-old living legacy protected at the national level, Shuijingfang has formulated a clear, farsighted strategy for the protection and inheritance of ICH and multidimensional safeguards to ensure the long-term, healthy, rational, well-organised and effective development of ICH techniques.

Long-term goal of ICH protection

Specialised ICH protection supporting the Company's operation and development enables the Company to reinvent and develop the Shuijingfang Traditional Baijiu Distillation Technique while inheriting it, boost the Company's core competitiveness, and maintain its good reputation in ICH, Baijiu and listed company domains.

ICH protection and inheritance strategy



ICH protection and inheritance plan

Institutional building—improving ICH management policies

In 2024, we developed the 'Measures of Sichuan Shuijingfang Co., Ltd. for the Nomination and Management of Representative Inheritors of Intangible Cultural Heritage' (draft for review) in light of its own need of inheriting the Shuijingfang Traditional Baijiu Distillation Technique, to further standardise inheritor selection, training, assessment and motivation mechanisms, specify inheritor nomination eligibility, technique inheritance criteria and social responsibility requirements, and ensure active, innovative inheritance of the technique through dynamic assessment.

Talent empowerment—further developing an echelon of inheritors

To better support the career development of ICH inheritors and core technicians, Shuijingfang actively aligned with the 'Measures of Chengdu for the Implementation of Talent Classification and Identification' in 2024. In the end, among the Company's ICH inheritors and technical teams, one Representative Inheritor of Shuijingfang Traditional Baijiu Distillation Technique was identified as a Type B professional, and four 'Chengdu Craftsmen' were rated Type D professionals. This move helped enhance the social recognition of inheritors, provided access to research funding and housing subsidies through supportive policies, and further motivated inheritors for technique innovation and inheritance.

Ecological linkage—driving synergy between ICH and the local economy

Shuijingfang has conducted systematic protection from multiple dimensions, such as technique research, talent development and GMP, by organising the Cultural Heritage Protection Committee and the Cultural Heritage Protection Office, among others, and pooling professional strength from relevant parties, including leading experts, union representatives and ICH inheritors, to ensure the well-organised inheritance of the technique and the continuity of cultural roots.

- ◆ In July 2024, we assisted the Department of Economy and Information Technology of Sichuan Province in shooting promotional videos for the 'Sichuan Baijiu National Promotional Campaign'. This effort helped boost the awareness and influence of Sichuan Baijiu across the country.
- ◆ From January to December 2024, we actively participated in activities organised by the Baijiu Expert Committee under China Intangible Cultural Heritage Protection Association, and pushed 12 articles on new media platforms to raise people's awareness of ICH protection.
- ◆ From July to December 2024, we participated in the compilation of 'Chengdu Through the Prism of Intangible Cultural Heritage' organised by Chengdu Municipal Bureau of Culture, Broadcast-TV and Tourism and the Office of Chengdu Local Chronicles. This book published at the end of 2024 presents a full picture of the city's abundant historical and cultural heritage resources, bringing new energy to the local economy.

Case

'Lion Heart as a Guide for a National Treasure Collection'

In 2024, Shuijingfang staged the 'Lion Heart as a Guide for a National Treasure Collection' event in partnership with the Chinese Folk Literature and Art Association (CFLAA) to pay tribute to ICH inheritors, promote the lion heart spirit and facilitate ICH inheritance and development. During the event, the Company also reached a strategic cooperation agreement on ICH inheritance with CFLAA. Under the agreement, the two parties will jointly explore new ways of and new approaches to spreading ICH culture.



In 2024, Shuijingfang received the following honours for ICH protection:

The Shuijingfang Museum was honoured
**'Advanced Collective of Chengdu FISU Games' and certified
as the 'Origin of Chinese Baijiu Distilleries'**

Shuijingfang Jingtai, a product using the Shuijingfang Traditional Baijiu Distillation
Technique, was honoured
an 'Excellent Industrial Product'

Kang Lei, Jiangzhi Wei, Hang He and Chunjie Guo, who are the 8th-generation and
9th-generation inheritors of the Shuijingfang Traditional Baijiu Distillation Technique,
**received honourable mentions at provincial tasting skills and
liquor design competitions**

Sports public welfare

Responding to the national advocacy for fitness-for-all and the policy of building China a strong sports nation, Shuijingfang embeds sportsmanship into the brand's cultural gene, with a view to conveying the fitness-for-all concept to the public and sports fans and promoting tenacity and endeavour in sports activities.

Case



Friendly Neighbour
Track

In 2024, we built the second Friendly Neighbour Track in Tazishan Park, Jinjiang District, Chengdu. This public welfare track not only provides citizens with a convenient space for physical exercise, but also promotes a low-carbon and responsible lifestyle through a variety of interactive activities, including checking in to donate steps, quizzes on responsible drinking, and the promotion of ICH knowledge.



Charity
walkathon

On the 2024 Shuijingfang Charity Day, the Company organised the 'Walk Together for Love' Charity walkathon challenge. The participants picked up waste along the way, practising the concept of green life with real action. On that day, employees also converted steps into charity funds and donated it to the water conservation project 'Conserving the Sanjiangyuan for All Creatures', contributing their part to ecological conservation.



Friendly Neighbour
community football
game for charity

In June 2024, Shuijingfang held a Friendly Neighbour community football game for charity which brought together nine teams of communities, police stations and companies, starting a wave of all-in fitness exercises.



Social responsibility research

Shuijingfang has been a strategic partner of China Europe International Business School (CEIBS), a world-class business school, under a three-year public welfare donation agreement that supports research on CSR topics and other projects, since September 2021. In 2024, our ESG practice case 'A Review of the Past for the Future: Shuijingfang's Path of Discovery to ESG' was included in the CEIBS case bank and CEIBS EMBA curriculum as the first benchmark case study on ESG management in the form of real-life teaching in the Baijiu industry. This case presents the Company's path to incorporating ESG in the whole industrial chain and its strategic thought of leading CSR research.



Promoting high-quality development of the industry

The year 2024 closed the 14th Five-Year Plan period and saw solutions to high-quality economic growth become a pressing major task for all sectors of society. Shuijingfang has always taken seriously modern sci-tech innovation and green sustainable development and has fundamentally contributed to upgrading local economy and industries.

Case

Research findings of No. 1 Microflora Project Phase II

We actively respond to industrial challenges through continuous innovation and technological buildup. Shuijingfang has kept deepening research on the No. 1 Microflora over recent years. In 2024, the research findings of No. 1 Microflora Project Phase II were released, recording two 'firsts':

- ◉ Varieties of microbes in cellar mud in a single discovery ranked 1st: There are approximately 4,000 microbes in the cellar mud of Shuijingfang thanks to the favourable ecological environment of the producing area of Chengdu and the reproduction and domestication of microbes during the Company's uninterrupted liquor-making process of over 600 years. Shuijingfang accordingly made it into the top of the industry in terms of microflora.
- ◉ Number of new bacteria strains found and named all at once ranked 1st: It is reported that the numbers of new bacteria found and named in the industry are generally in single digits. While, the findings of No. 1 Microflora Project Phase II revealed in one shot 12 new bacteria named. That means Shuijingfang's microbe research increased the number of new bacteria strains found and named all at once among microflora studies in the industry to two digits. Also, the naming of two strains as 'SJF-Chanxiangjun001' and 'SJF-Guxijun01' set a precedent for the industry.



Case

Contributing to the protection of old cellars

On top of the 'Shuijingfang Specification for Protective Production at Ancient Cellars' released in 2023, at the Conference on High-quality Development of Baijiu Chengdu Producing Area, Shuijingfang worked with Liquor Golden Triangle to issue the 'Guide to the Utilisation and Management of the Group Standard for Famous, High-quality Old Cellars for Nongxiangxing Baijiu in Chengdu' in 2024. This Guide specifies the principles and framework for managing old cellars in the Chengdu producing area of Baijiu, covering 12 areas, including definitions, classification, technical requirements, quality criteria and production management. This not only provided a unified standard for the protection and utilisation of old cellars but created a repository of data about strong-flavour Baijiu cellars to ensure that old cellars can be fully protected and made use of. It provided an important pillar for improving the quality and technology of Sichuan's strong-flavour Baijiu and for upgrading the industry. For this reason, Shuijingfang was exclusively honoured a 'Sichuan Baijiu (Chengdu Producing Area) Leading Enterprise in Ancient Cellar Protection'.



Furthermore, Shuijingfang has integrated further into the industrial ecosystem. As of the end of 2024, we had joined 13 international and national trade associations which covered Baijiu-related topics like industrial development, circular economy, intellectual property protection, international trade and cultural export. We have also collaborated more closely with regional organisations in the industry, such as Sichuan Alcoholic Drinks Association and Chengdu Enterprise Confederation, to shape an industrial network that balances both global and local elements.

- ◉ China Chamber of International Commerce (joined in 2024)
- ◉ Global Alliance for Trade in Services (joined in 2024)
- ◉ China Intangible Cultural Heritage Safeguarding Association
- ◉ China Association of Circular Economy (CACE)
- ◉ China Alcoholic Drinks Association (CADA)
- ◉ China Association of Small and Medium Commercial Enterprises
- ◉ China National Food Industry Association
- ◉ China Association of Enterprises with Foreign Investment (CAEFI)
- ◉ Sichuan Alcoholic Drinks Association
- ◉ Sichuan Food Production Safety Association
- ◉ Sichuan Trademark Association
- ◉ Chengdu Enterprise Confederation
- ◉ Chengdu Association of Enterprises with Foreign Investment



Besides, in 2024, Shuijingfang was an active participant in the development of two standards, i.e., 'Sichuan Baijiu (Nongxiangxing) Base Liquor Manufacturing Technical Specification' (DB51/T 3261-2025) and 'Sichuan Baijiu Strong-Flavour Daqu Manufacturing Technical Specification' (DB51/T 3262-2025), and attended many industrial exchanges on ESG management, intellectual property protection and ICH protection, sustaining its drive towards high-quality development of the Baijiu industry.

Key performance indicators

Indicators (unit)	2024	2023	2022
Charity donations by the Company (RMB)	1,880,000.00	5,180,000.00	5,020,000.00
In-kind donations, e.g., products or services (value in cash) (RMB)	0	49,342.00	49,305.43
Categories of public welfare programmes	6	6	6
Number of beneficiaries reached in rural revitalisation	4,980	1,393	2,000
Number of Volunteers	1,000+	75	/
Number of employee volunteering hours	759	175.7	/

Chapter IV

Cheers for the green planet

Shuijingfang views environmental protection as a core responsibility of its development. For this reason, the Company has aligned closely with China's carbon neutrality and carbon peaking targets and fully woven the concept of green development into its business strategy. For its own production and operation, the Company has put in place a mature governance structure covering GHG emissions, water and waste in its commitment to continuously reducing the impacts of its operations on the environment. Also, the Company advocates sustainable consumption by building a greener supply chain and actively boosts the synergy of environmental benefits between different parts of the value chain.

- Environmental management system
- Environmental risk identification and assessment
- Green production
- Green offices and operations
- Green supply chain
- Green consumption
- Key performance indicators

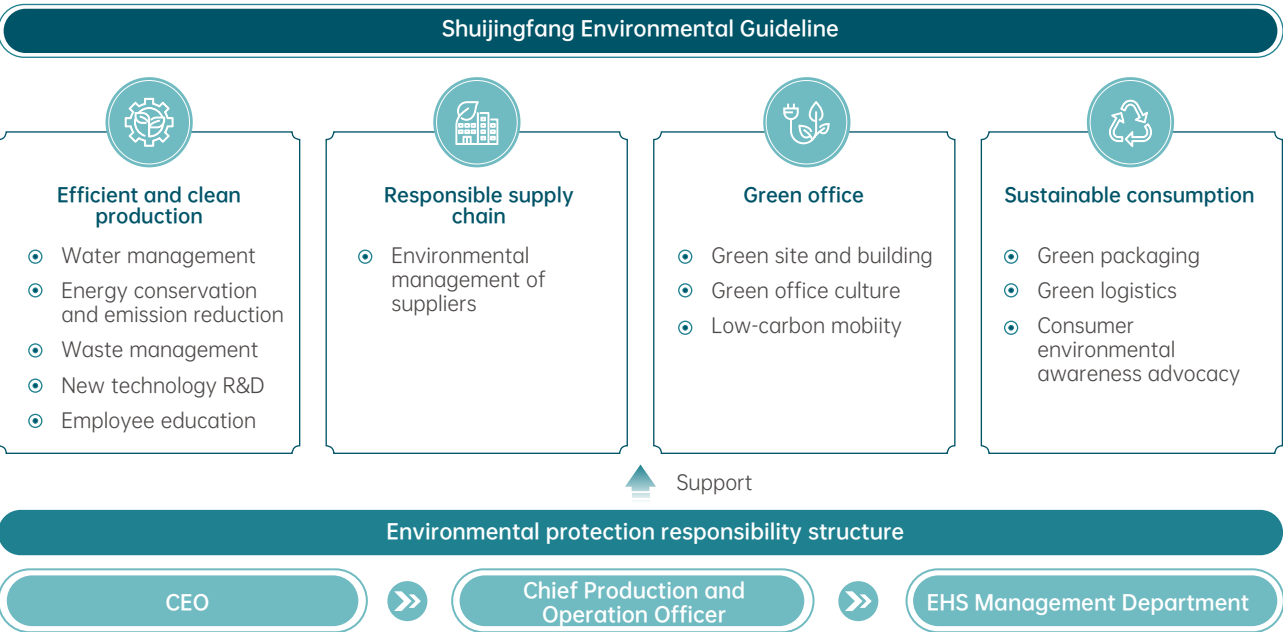
Responding to the UN Sustainable Development Goals (SDGs)



Environmental management system

Shuijingfang conducts its production and operation in strict accordance with national laws and regulations and industry standards. Within the core framework of one environmental guideline and a three-tier governance structure, the Company has established a sound environmental management system to standardise production behaviours and pursue continuous improvement of environmental system and benefits.

To strengthen systemic management and implementation of environmental protection, Shuijingfang has established an environmental management structure with CEO as the first person responsible. Under the CEO, the Chief Production and Operation Officer, in charge of the EHS department, is responsible for specific activities in environmental protection. This structure leads to a complete chain of responsibilities from strategic planning to efficient management and finally effective execution. The EHS department organises monthly EHS meetings to systematically analyse monthly progress of business units in meeting environment-related tasks and targets, decide on relevant matters, and work out improvement actions and track the closed loop in a targeted manner. This effort effectively supports the continuous optimisation of the environmental management system.



Environmental management system certificate

In 2024, Shuijingfang's Tuqiao and Qionglai plants both obtained the ISO 14001 Environmental Management System certificate. Moreover, the Qionglai plant was named a 'Trustworthy Organisation in Environmental Credit' in the 2024 environmental credit evaluation exercises at provincial and municipal levels.

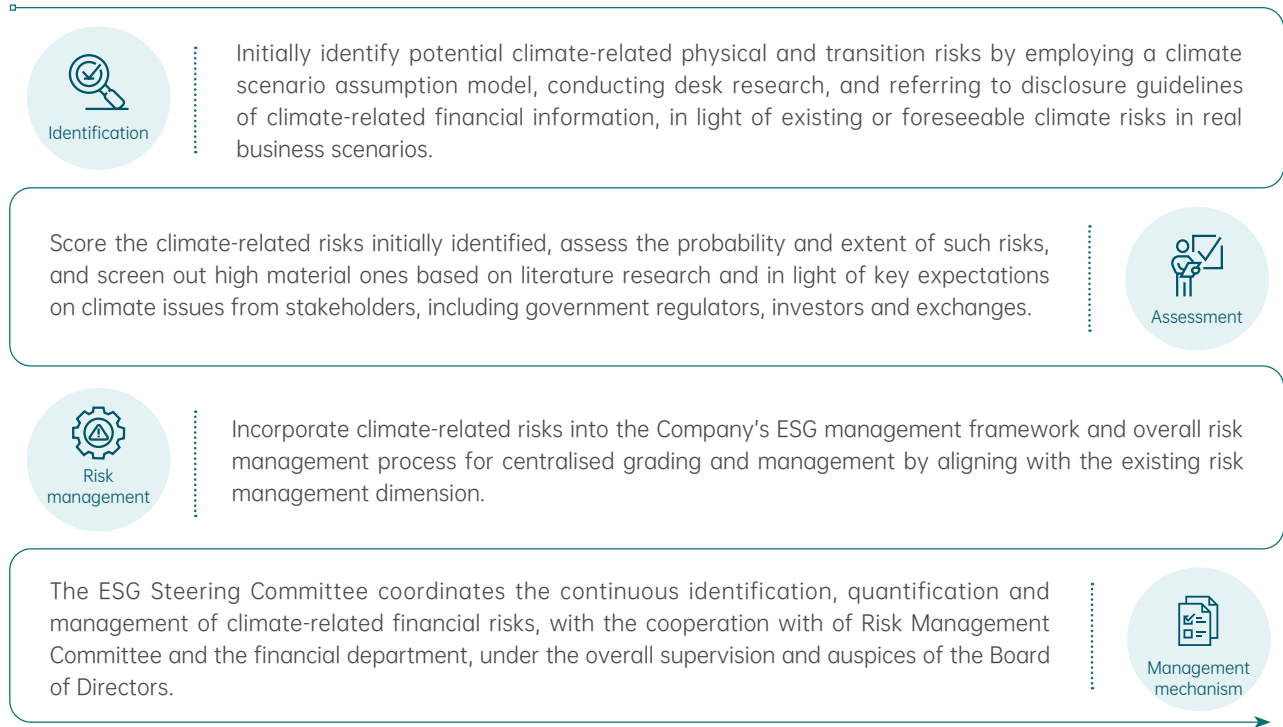
The Tuqiao plant's ISO 14001 certificate

The Qionglai plant's ISO 14001 certificate

Environmental risk identification and assessment

Shuijingfang views environment-related risks as a key part of its holistic risk management. Since 2023, the Company has conducted analyses on climate-related scenarios to proactively identify climate-related risks and opportunities in line with the TCFD (Task Force on Climate-Related Financial Disclosures) framework and the ISSB (International Sustainability Standards Board) framework on climate-related financial disclosure. Accordingly, the Company has included climate change in its corporate governance and strategy and worked out appropriate approaches to addressing it in order to enhance its adaptability and business resilience to climate change.

We follow the process below to identify, assess and manage climate-related risks and opportunities:



To cope with the risk of frequent extreme weather events over recent years, our Procurement Department develops a category-based procurement strategy every year. For key varieties of raw grain and packaging materials, we have developed multiple suppliers for cross-backup of supplies and have devised a safety inventory to ensure production continuity in cases of supply interruptions from a single supplier. In 2024, facing power brownouts and extreme weather events, the Company continued to boost emergency power supply capacity using diesel generators and include power supply risk into business continuity management risk assessment to take prompt, effective actions in response.

Further, according to the 'Global Risks Report 2025', biodiversity loss and ecosystem collapse ranks #2 as one of the risks expected to increase in severity the most from the 10-year timeframe. As a player in the alcoholic beverage industry with close connections with agriculture, Shuijingfang is well aware of the importance of a sound ecosystem to its sustainable development, so it actively assumes the mission of protecting biodiversity. The Company has made a biodiversity commitment covering all links of the value chain to systemically reduce relevant risks. Also, in the procurement process, the Company prioritises raw materials without deforestation risk. So far, no deforestation incident has occurred in areas where Shuijingfang operates order planting of raw grain over the past 20 years. This guarantees ecological conservation and biodiversity protection in the stage of acquiring raw materials. To raise employees' awareness of and attention to biodiversity issues, on the 2024 Tree Planting Day, the Qionglai plant organised its staff for a visit to the Biodiversity Museum, allowing employees to personally experience the key value of biodiversity conservation to production and operating activities.

Green production

We have always upheld the concept of green, low-carbon, high-quality development and actively responded to the central government's policy call for accelerating the green, low-carbon transformation of the mode of production. In the production process, Shuijingfang strictly manages the use of electricity, energy, raw materials and water, among other resources, and has put in place a mature system for managing 'three wastes' and ambient noise, with a view to facilitating clean, efficient production.

GHG emissions management

Energy and GHGs management approach

When making relevant business decisions, we factor in the impacts of such decisions on energy and the environment, continuously improve energy efficiency and periodically assess and use high cost-effective, reliable renewable resources.

Shuijingfang has made tackling climate change an important driver for its sustainability. Thus, the Company has set its carbon emission targets in line with internationally leading methodologies for carbon emissions accounting and carbon goal-setting, developed two key strategies, one for energy conservation and emission reduction and the other for renewable energy transition, and greatly moved toward meeting such targets through sound internal policies and management systems.

Carbon emissions target

From 2024 to 2030, reduce a cumulative amount of Scope 1 and Scope 2 GHG emissions by at least 60,000 tCO₂e.

Energy conservation and emission reduction

- Quota-based management for power consumption by production workshops
- Creation of statistical ledgers for main power-hungry equipment and ledgers for workshops
- Use of energy-efficient equipment and extension of energy-saving technologies (in 2024, the Tuqiao plant replaced some outmoded energy-intensive alcoholic beverage pumps, effectively reducing production power consumption in the stillroom)

Optimising the energy mix

Shuijingfang offsets carbon emissions from regular power consumption by purchasing the International Renewable Energy Certificate (I-REC) every year. During the period from 1 July 2023 to 30 June 2024, the Tuqiao plant purchased 5,881 MWh of green power, and the Qionglai plant purchased 16,060 MWh.



I-REC purchased by the Qionglai plant



I-REC purchased by the Tuqiao plant

Furthermore, the Qionglai plant actively explored biomass power generation by building a biogas-fired power plant to collect and reuse methane generated by the WWTP for powering equipment and facilities within the plant. This power plant, put into operation in November 2024, can supply about 17,000 kWh of electricity every day and save about 4.59 million kWh of electricity per year.

can supply about
17,000 kWh of electricity every day

and save about
4.59 million kWh of electricity per year



Water management

Water management approach

Follow local restrictions on water intake and discharge, develop water use and wastewater discharge targets for factories, and regularly perform water balance tests and apply water-saving measures/technologies to continuously improve the efficiency of water use.

The Baijiu industry relies heavily on water resources. To enhance water management, the Shuijingfang periodically conducts water risk assessments and has set the sustainability target of 'boosting water efficiency by 30% from the 2020 level by 2030'. In its routine production and operation, Shuijingfang has developed the 'Company Water Management Regulations', which sets staged water consumption targets for production workshops, and has established rules for water use supervision, drainage network maintenance, water quality testing and tap water use management, among other things, continuously improving water use efficiency.

In 2024, the Qionglai plant



Identified water-saving opportunities

- Set up a water-saving projects team to periodically analyse opportunities for improving water use in production



Applied water-saving equipment

- Centrally improved leakage points of equipment, revamped automated cleaning equipment, and fully adopted water-saving water devices in the office spaces



Advocated water conservation culture

- Established a water use standard and leveraged training, day-to-day water saving advocacy and other means to raise employees' awareness of water conservation



Water savings

- 100% or 821,060 tonnes of cooling water from the brewing workshop was recycled
- The WWTP introduced a reclaimed water preparation system that processes wastewater into up-to-standard reclaimed water to be reused for domestic or office purposes; and having passed the effluent water quality assay, wastewater is intermittently used as make-up water for the wastewater treatment process
- Honoured a 'Water-saving Enterprise of Qionglai City'

In 2024, the Tuqiao plant



- Reused about 50% of wastewater from packaging and bottle washing to WWTP processes, including dispensing and cleaning.

Waste management

Materials and solid waste management approach

Gradually switch to renewable or recyclable product and packaging materials to reduce negative impacts on the environment, and discard landfilling of productive and consumer waste to meet the target of zero-landfill of productive waste.

Hazardous substance management approach

Hazardous substances generated during production and business operations are regularly identified. Where feasible, reduction measures are developed and implemented. All hazardous substances are disposed of in a harmless manner in accordance with national and local laws, regulations, and the requirements of relevant parties.

Shuijingfang has developed an in-house 'Waste Management Regulations' and detailed environmental monitoring schemes and environmental emergency response plans strictly in line with national and local standards and requirements for environmentally friendly emissions and discharges to ensure the proper management and compliant emissions or discharges of the Company's pollutants. In 2024, the Company's environmental protection and pollution treatment facilities continued to function well, with wastewater, exhaust gas and noise discharge indicators up to relevant national and local discharge standards, and solid waste treatment meeting relevant disposal requirements, without any administrative penalties for emission or discharge of pollutants.

Wastewater discharge management

Shuijingfang's wastewaters primarily are wastewater from the Baijiu production process, and office and domestic wastewaters, including bottom pot water, wastewater from bran steaming, vinasse leachate, equipment and floor washing water, boiler blowdown, water drained from the purified water station, cooling water discharged, experiment wastewater, and domestic water. The Qionglai and Tuqiao factories both have WWTPs that adopt pretreatment, anaerobic reaction, chemical phosphorous removal, two-stage A/O, and advanced treatment (coagulative precipitation) processes. The effluent treated is discharged into third-party WWTPs via the municipal sewage network after meeting the indirect discharge standard specified under the 'Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry (GB 27631-2011)'. The Company would also invite a third party to provide professional training to wastewater treatment personnel and periodically conduct operational maintenance for wastewater online monitoring devices and wastewater treatment equipment to further guarantee the compliance of sewage discharge.

Besides, the Company plays an active role in leading the industry. In 2024, the Qionglai plant partnered with Qionglai Ecology and Environment Bureau and Tianfu Modern Seed Industry Park to support small and micro-sized enterprises in the Baijiu industry by facilitating exchanges on issues like routine management of wastewater treatment facilities, odour treatment, sludge reduction processes, and total nitrogen and total phosphorus degrading. This move fully shows the Company's sense of responsibility for the industry.

In 2024, the average wastewater discharge concentrations of the Qionglai and Tuqiao plants were much lower than the permissible limits:

Plant	Total nitrogen		Total phosphorus		Ammonia nitrogen		COD	
	Discharge	Limit	Discharge	Limit	Discharge	Limit	Discharge	Limit
Qionglai plant	9.679	50	0.339	3	0.374	30	56.95	400
Tuqiao plant	6.9		0.105		1.108		24.976	

Exhaust gas emissions management

The Company made technical revamps to grain crushing workshops, natural gas boilers, and sewage stations, and adopted category-based management for exhaust gas pollutants generated.

The Company has installed bag filters for the process stages that generate dust, such as feeding, screening, and grinding, in the grain crushing workshops, so that the emission of dust and exhaust gas after treatment conforms to the 'Integrated Emission Standard of Air Pollutants' (GB16297-1996).

The natural gas boilers adopt low NOx combustion technologies to realise ultra-low NOx emissions, with the exhaust gas from boilers meeting the 'Emission Standard of Air Pollutants for Boilers in Chengdu' (DB51/2672-2020).

The odorous gas generated by structures at the Tuqiao WWTP was collected in an airtight, capped manner, and treated with alkaline cleaning plus active carbon adsorption, with foul gas emissions in line with Grade 2 standard under the 'Emission Standards for Odor Pollutants' (GB14554-93).

Besides, the laboratory exhaust gas at the Qionglai plant is collected through a fume hood gas gathering system into two sets of active carbon absorbers before being discharged from vent stacks on the roof. The organic exhaust gas emissions can meet the standard prescribed by the 'Sichuan Emission Control Standard for Volatile Organic Compounds' (DB51/2377-2017), and the acid fog emissions can meet the standard under the 'Integrated Emission Standard of Air Pollutants' (GB16297-1996).

Solid waste disposal

Shuijingfang has established dedicated collection and temporary storage facilities, along with management ledgers, for different types of waste. The Company also provides targeted training for employees and relevant suppliers on topics such as waste classification, compliant storage and disposal, and ledger management, with the aim of enhancing their capabilities in solid waste management. In 2024, the Qionglai plant was recognised as a municipal-level "Waste-free City Cell" by Chengdu.

General solid waste

Including domestic waste, industrial solid waste (i.e., distillers' grains, sewage sludge and packaging waste) and construction waste, are consigned to a third party for disposal and reuse.

Hazardous waste

Including waste test liquid, waste chemicals and its packaging, waste oil from electromechanical maintenance, waste ink and its packaging, is harmlessly disposed of by a third party with a hazardous waste business licence.

Noise emissions monitoring

In strict accordance with the Class 3 standard in the 'Emission Standard for Industrial Enterprises' Noise at Boundary' (GB12348-2008), Shuijingfang has established eight industrial enterprises' boundary ambient noise monitoring points, including the old storage tank area, the office area and the brewing workshop at the Qionglai plant, and four monitoring points at the Tuqiao plant, i.e., the Packaging Workshop, the Grinding Workshop, the sewage station/boiler room, and the Qujiu Workshop. In 2024, the noise emissions at the Qionglai and Tuqiao plants were verified by a third-party testing agency as meeting the national emission standard.

Besides, the Company pushed for the building of an ecological industrial chain by comprehensively utilising waste distillers' grains generated from factory production, i.e., supplying such waste to third parties with solid waste disposal credentials for recycling it as feedstuffs or to black pig and cattle farms. This practice effectively reduced food spoilage while contributing to the development of circular economy across the board.

Green offices and operations

Shuijingfang actively adopts green building standards, builds green data centres, and routinely raises employees' awareness of the green office culture, in order to pursue green, low-carbon offices and operations.

Green buildings

The Company implements efficient energy management and applications across the board in all links of office operations by promoting green buildings. So far, the brewing workshop, testing centre, and restaurant at the Qionglai Whole Industry Chain Base (Phase I) have obtained LEED Gold certification. The brewing workshop and experiment building, among others, all uses sensor lights, saving about 314 MWh of electricity in the year.

Green data centres

Shuijingfang takes seriously the development of green data centres. The Company optimises the energy efficiency of data centres by investing in advanced green technologies, including IT equipment, the power supply system, the refrigerating system, and the monitoring system.



The adoption of virtual technologies for resource load adjustments in light of actual business use effectively reduces investment in physical servers while allowing space savings.



The separation of hot and cold aisles effectively reduces cold energy leakages, avoids the mix of cold and hot winds, and boosts the energy efficiency of data centres.



Intelligent power environment management and monitoring systems are adopted to monitor the energy use of data centres in real time.



The adoption of energy-efficient servers, storage and network equipment effectively reduces energy consumption.

Green supply chain

Supply chain environmental management approach

Inform suppliers of raw and auxiliary materials and services of our environmental requirements, periodically review suppliers' environmental policies, and encourage suppliers to practise reliable environmental management.

Shuijingfang knows well that win-win cooperation is a vital prerequisite for pulling off the low-carbon transformation of the value chain. Therefore, in addition to enhancing our own environmental benefits, we are committed to bringing about concerted action among supply chain partners to facilitate green development of the value chain.

Environmental impact assessment for suppliers

To boost the environmental benefits and sustainability of the supply chain, Shuijingfang conducts environmental impact assessments for its suppliers in line with the internationally leading supplier assessment certification system (Sedex), with a focus on suppliers' performance in EHS system compliance, EHS management system and onsite EHS-related management check points, among other aspects. Accordingly, the Company has established a mechanism: for suppliers who have passed the assessment, the Company would maintain cooperation relationships with them and in subsequent stages of cooperation, periodically assess their environmental performance and urge suppliers to rectify possible problems in a timely manner; for suppliers who have failed the assessment due to environmental compliance reasons, the Company would terminate cooperation with them.

Supply chain GHG emissions management

In 2024, to deepen the low-carbon transformation of the value chain, Shuijingfang took inventory of its Scope 3 GHG emissions and of GHGs related to land (FLAG) for the first time. The Company identified twelve value chain emission categories relevant to Shuijingfang, including purchased goods and services, upstream and downstream transportation and storage, among others, and obtained an understanding of the carbon emission baseline related to land. Based on the inventory results, the Company conducted a feasibility assessment on value chain emissions reduction, looked deeper into key pathways to low-carbon transformation of the value chain, and planned to roll out pilots over time.

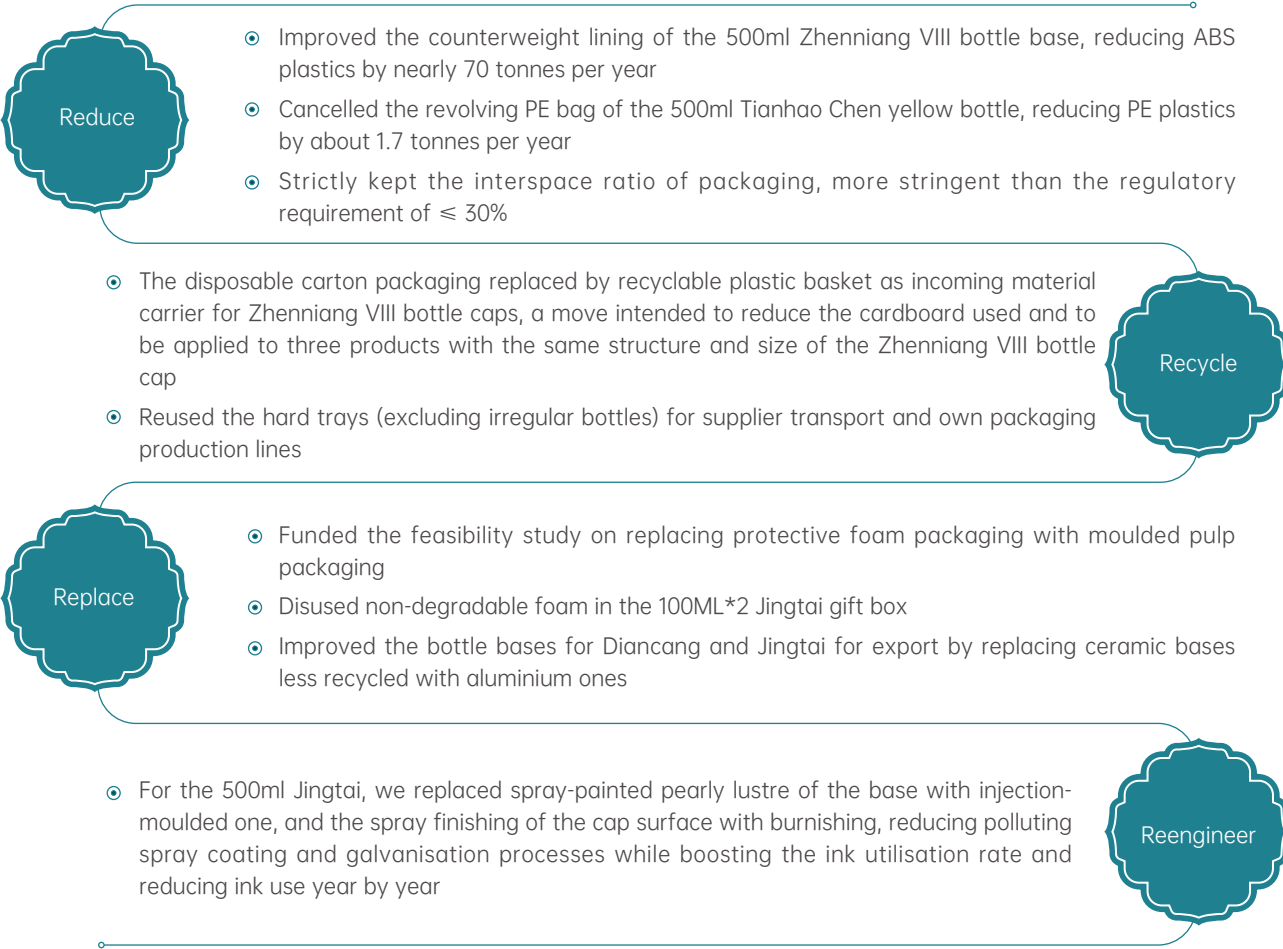


Green consumption

With the introduction of policy measures that advocate green consumption and encourage green, low-carbon ways of production and life at the national level, Shuijingfang, as a consumer good company, has tasked itself with promoting green consumption by making green, low-carbon transformation on the product side to supply more green goods to consumers and stimulate long-standing drivers for the Company's own sustainable development.

Green packaging

Green packaging, an important part of green consumption, is a major force driving green consumption transition. Over recent years, much attention has been drawn to the impacts of packaging on climate change, environmental pollution, biodiversity and human health. Viewing packaging waste as a key risk, Shuijingfang actively conducts packaging management and has set its green packaging target through 2035. The Company is committed to continuously reducing the environmental impacts of packaging through reduction, recycling, replacement and eco-friendly reengineering.



Furthermore, the Company continued to conduct the packaging material expert project, with the participation of quality and technical engineers, to improve the packaging pass rate for the design and manufacturing process, and continuously reduce packaging materials consumed. To ensure effective packaging management, Shuijingfang included the wastage rate of packaging materials in managerial performance appraisal, and established an incentive mechanism that recognises teams who continuously reduce the wastage rate of packaging materials in the manufacturing process through improvements.

Key performance indicators

GHG emissions (tCO ₂ e)		2024	2023	2022
Scope 1		31,547.41 ⁷	24,095.42	4,297.89
Scope 2		11,739.72 ⁸	11,610.36	3,113.83
Scope 3		151,118.70	N/A	N/A
Related to land (FLAG) in Scope 3		33,941.37	N/A	N/A
Total		194,405.83	35,705.78	7,411.72

Use of energy		2024	2023	2022
Natural gas	Normal cubic metre (Nm ³)	13,589,517.00	10,976,086.00	1,932,153.00
Diesel	Litre (L)	7,386.59	5,416.14	17,978.13
Gasoline	Litre (L)	38,685.16	36,754.22	21,730.10
Purchased electricity	Kilowatt-hour (kWh)	21,877,974.54	20,358,331.00	5,359,427.00
Comprehensive energy consumption	10,000 tonnes of standard coal	2.081	1.715	0.327

Use of renewable energy		2024	2023	2022
Green power	Purchases (kWh)	21,941,000.00 ⁹	7,963,000.00	6,335,000.00
	Equivalent to GHG emissions reduced (tCO ₂ e)	11,773.54	10,130.24	3,680.64
Biogas	Biogas-fired power generation (kWh)	456,420.00	/	/
	Equivalent to GHG emissions reduced (tCO ₂ e)	244.91	/	/

Water withdrawal (tonne)		2024	2023	2022
Water withdrawal ¹⁰ (tonne)		776,045.00	701,111.00	161,723.00

Waste			2024	2023	2022
Wastewater	CODcr	Emissions (tonne)	26.118	20.7681	2.72
	NH ₃ -N	Emissions (tonne)	0.3978	0.28991	0.12
	TN	Emissions (tonne)	4.831	3.1771	0.85
	TP	Emissions (tonne)	0.2319	0.16991	0.017
Exhaust gas	SO ₂	Emissions (tonne)	0	0	0
	NO _x	Emissions (tonne)	1.939	1.983	0.585
Solid waste	General industrial solid waste	Amount disposed (tonne)	114,333.66	86,032.83	10,299.24
	Hazardous waste	Amount disposed (tonne)	22.799	8.0445	10.664

⁷ In 2024, we further improved the boundary of calculating Scope 1 emissions to include fixed combustion emissions, mobile combustion emissions, production emissions and effusion emissions. While, the calculating boundaries of 2023 and 2022 included only fixed combustion and mobile combustion emissions.

⁸ Calculated with the national average CO₂ emission factor of electricity at 0.5366 kgCO₂/kWh.

⁹ Combined purchases of Tuqiao and Qionglai plants from 1 July 2023 to 30 June 2024.

¹⁰ All withdrawn from municipal water

Chapter V

Cheers for the high-efficient governance

Shuijingfang has been committed to furthering business ethics and the compliance system and improving its risk prevention mechanism, with a view to boosting overall governance capacity and efficiency and providing robust safeguards for the Company's long-term, stable operations and sustainability. We strive to cement our governing foundation by establishing a co-construction mechanism featuring ideological education and community-level Party building; enhance the Board of Directors' strategic leadership and check-and-balance functions strictly following modern corporate governance standards; and improve investor relations management and stakeholder communication mechanisms by actively fulfilling information disclosure obligations. As for risk management, we keep building the risk management system and internal controls, take seriously anti-corruption and anti-unfair competition, and continuously strengthen information security and data privacy management.

- Active Party building
- Continuously improving governance
- Risk management, internal control and compliance
- Strict compliance with the Code of Business Conduct
- Data security
- Intellectual property protection
- Key performance indicators

Responding to the UN Sustainable Development Goals (SDGs)



Active Party building

Our Party Committee, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, has kept building stronger Party organisations, made full use of the vanguard and exemplary role of Party members, and written Party building into the Articles of Association of the Company, providing robust political safeguards for the Company's high-quality development.

Party organisational building and ideological education

In 2024, the Company continued to promote for standardised, institutionalised activities at Party branches to enhance the cohesion of Party organisations. In terms of organisational structure, the Company's Party Committee has nine Party branches with a total of 285 Party members as of the end of 2024, supported by 11 part-time Party affairs officials. Together, they form a well-structured echelon in terms of age and knowledge composition. The Company also makes good use of the vanguard and exemplary role of Party members to drive active engagement of Party members in corporate building by combining 'Strive for Excellence' activities within the Party with in-house corporate reform, production and operation. Moreover, our Party Committee promoted Party members' ideological education and learning in various ways as required by the higher-level Party committee. Specifically, 100% of our Party members participated in the learning activities on Chengdu's e-learning platform for pioneer Party members, and all of them passed the assessment.

As of the end of 2024,
the Company's Party Committee has

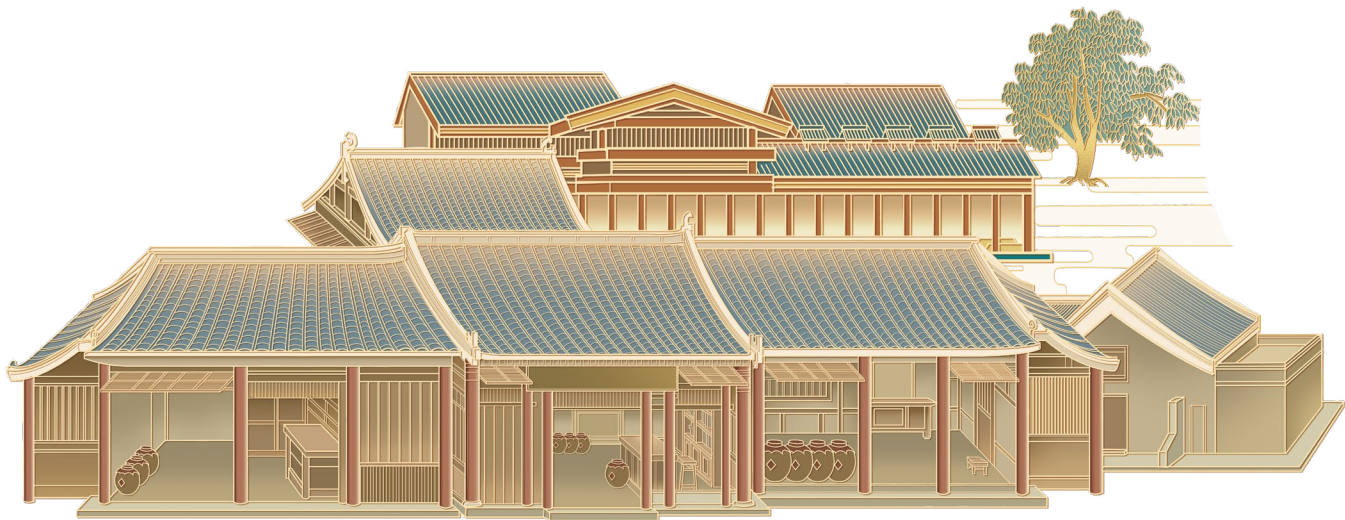
9 Party branches

with a total of

285 Party members

supported by

11 part-time Party affairs officials



Diverse Party building activities

Shuijingfang actively practises core socialist values by organically combining efforts to develop corporate culture and improve Party conduct. Through earmarked funding for Party activities and multidimensional Party building, the Company has effectively strengthened the political leadership of Party organisations, enhanced employees' identification with its values, and fostered a positive cycle where Party building drives group building, and the latter in turn facilitates development.

Case

Party Building Activities in 2024

- On 20 June 2024, Shuijingfang's Party Committee sent a group of Party members to the Lotus Ethos Integrity Culture Education Base in Chongzhou City, Chengdu for a study tour, a move intended to deepen education on Party discipline, enhance Party members' awareness of organisational discipline and self-discipline, and advance full and rigorous Party self-governance.
- On 25 June 2024, Shuijingfang's Party Committee organised a campaign under the theme 'July 1 Party Building for Integrity and Firm Steps Towards Building a Stronger Country—Joint Party Building of Shuijingfang and Qiudianzi Village of Qionglai City' in Yingxiu Town, Wenchuan County. The campaign was intended to remember those killed in the earthquake, raise people's awareness of disaster preparedness and relief, and extend public welfare and social care by visiting earthquake ruins, reviewing the Party's admission oath, participating in a contest of 'red songs' and donating charity steps.



Organisational care

In response to the call of Party committees at all levels, our Party Committee adhered to an employee-oriented approach, under which we helped employees solve practical problems and provided assistance to employees in need.

Throughout 2024,

the Company's Party Committee offered
hardship (disease) subsidies to

22 employees

paid

11 visits to hospitalised employees

and extended study-aid grants to

33 employees' children

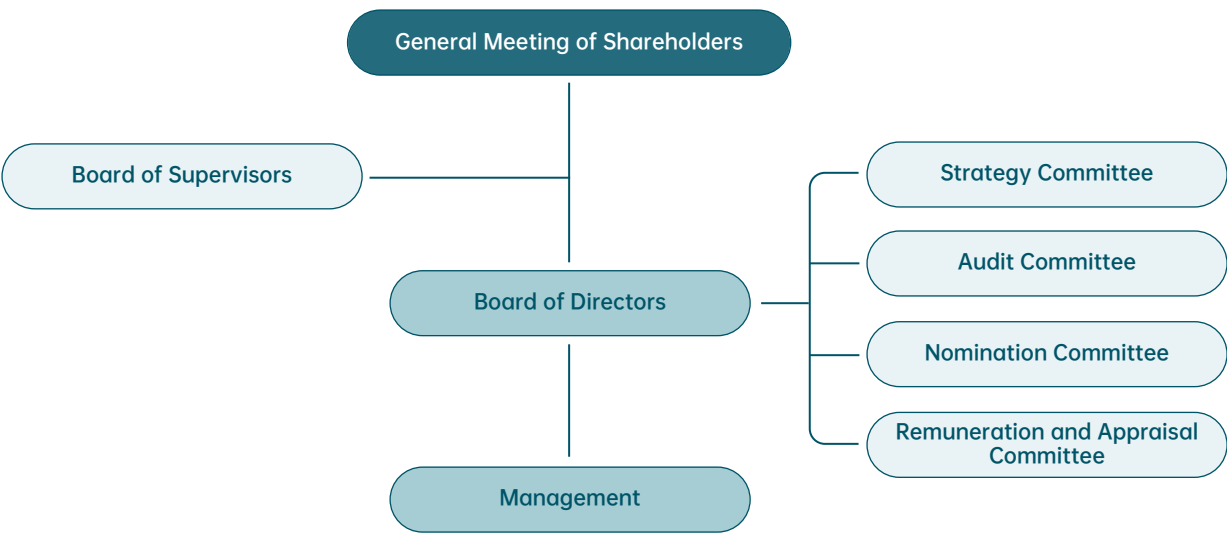
Continuously improving governance

Shuijingfang's Board of Directors strives to ensure the legality and compliance of corporate governance, always maintains the lawful rights and interests of the Company and all its shareholders, and actively fulfils its management responsibility according to the latest, revised versions of relevant laws and regulations, including the 'Company Law', the 'Securities Law' and the 'Measures for the Administration of Information Disclosure by Listed Companies'. In 2024, priorities of the Board of Directors covered information disclosure, major projects, governance of the 'three meetings', investor relations management and market capitalisation management, among others.

Corporate governance structure

Shuijingfang has established a sound corporate governance framework and a robust system for protecting shareholder rights and interests. The General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the management have clearly defined powers and responsibilities, and operate under a system of mutual checks and balances. There are special committees under the Board of Directors, and each special committee operates as per applicable rules and regulations on corporate governance and internal control, to properly protect the rights and interests of shareholders and the Company's compliant growth.

Shuijingfang's corporate governance structure



Ensuring information transparency

Shuijingfang actively fulfils its information disclosure obligations by disclosing its financial position, business results and material matters to investors and the public in a timely manner, communicating with investors via multiple channels at multiple levels, and rewarding its shareholders under an optimised dividend policy, in order to effectively protect the legitimate rights and interests of investors and boost investors' confidence in the Company.

The Company has developed a few institutional documents, including 'Regulations on Internal Reporting of Material Information', 'Management Regulations on Information Insider Registration' and 'Accountability System Regarding Major Errors in the Information Disclosure of Annual Reports', to standardise relevant working mechanisms and ensure that the Company can disclose relevant information in a timely, accurate and complete manner in the event of material matters. Before disclosing such information as material matters, periodic reports and interim reports, the Board of Directors' Office would ask relevant persons in charge to fill out the 'Information Insider Profile', requiring that they keep such information secret and promise that they will not use insider information for trading. In 2024, the Board of Directors' Office conducted four compliance campaigns among the employees on information insider management and internal reporting of material information via computer screensavers and corporate WeChat pushes to ensure that employees comply with legal and regulatory requirements for listed companies.

Through the formulation and publicity of information disclosure regulations, we have effectively raised the information disclosure awareness of Shuijingfang's directors, supervisors, senior management and other relevant personnel, and enhanced information disclosure and transparency at Shuijingfang.

In 2024,
we compiled and published a total of
109 periodic reports and interim announcements

Shuijingfang received a
'B' grade in the 2023-2024 information disclosure
evaluation of the Shanghai Stock Exchange in 2024

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



held **4** general meetings of the shareholders, received **112** institutional investors, individual shareholders and financial media representatives, and answered **146** questions from them.



In 2024, the Board of Directors' Office answered **1,377** phone calls from shareholders, responded to **106** questions via the Shanghai Stock Exchange's E-interaction platform, and replied to **120** investor questions via the Board Office email.

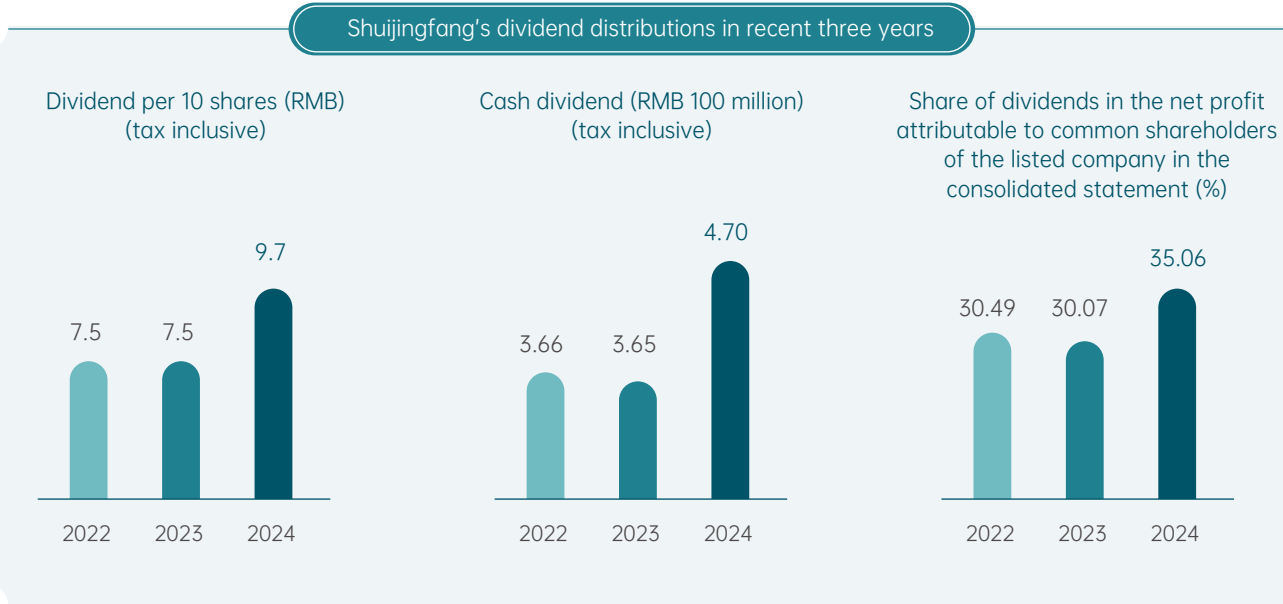


held a total of **4** regular reporting and communication teleconferences for investors, with a total of **483** investors attending the meetings online. Shuijingfang's General Manager, CFO and Secretary of the Board of Directors were also present at the meetings and answered **223** questions from investors, and received **12** survey visits by institutional investors.

Shuijingfang investor communication meetings in 2024

Date	Meeting	Number of participants	Number of Q&As
28 April	Shuijingfang Investor Communication Meeting on 2023 Annual Report and Q1 2024 Report	225	81
21 June	Shuijingfang Performance Briefing for 2023 and Q1 2024	-	24
29 July	Shuijingfang Investor Communication Meeting on 2024 Semi-Annual Report	258	98
31 October	Shuijingfang Performance Briefing for Q3 2024	-	20
Total		483	223

Shuijingfang has always upheld the principles of business integrity and rewarding shareholders, and has proactively put in place a reasonable dividend policy. The Company generates a steady stream of revenue for its shareholders, and shares the Company's business results with shareholders through periodic dividend distributions.



Performance and empowerment of the Board of Directors

Shuijingfang's Board of Directors actively responded to higher requirements under the 'Company Law', revised in 2024, for the performance of duties and empowerment of the Board by building a more specialised governance team in such areas as structural compliance, performance process and systematic capacity building to provide professional advice and guidance to the Company's strategic decision-making.

In 2024, Shuijingfang held a total of 14 meetings of the Board of Directors and 8 meetings of the Board of Supervisors to drive active engagement of the Board in corporate governance. Details of the meetings are shown in the table below:

In 2024,

Shuijingfang held a total of

14 meetings

of the Board of Directors

and

8 meetings

of the Board of Supervisors

Internal meetings held by Shuijingfang's Board of Directors in 2024

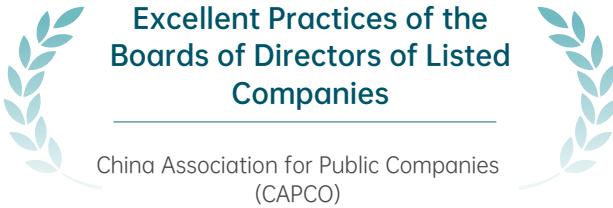
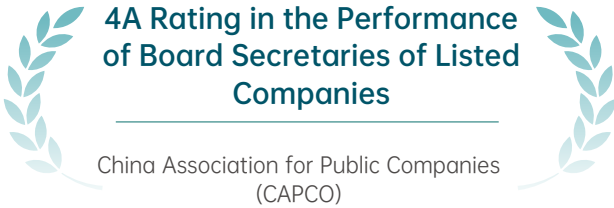
Number of meetings	General Meeting of Shareholders	Board of Directors	Board of Supervisors	Strategy Committee	Nomination Committee	Remuneration Committee	Audit Committee
Onsite	0	0	0	0	0	0	0
Online	0	11	7	0	2	4	6
Onsite + online	4	3	1	1	3	4	1
Total	4	14	8	1	5	8	7

Shuijingfang continued to improve corporate governance by strengthening the management capabilities of the Board of Directors. In 2024, the Board of Directors' Office organised the Company's directors, supervisors and senior management to attend six training sessions provided by China Association for Public Companies and the Listed Company Association of Sichuan on the reform of the independent director system, key personnel training, the interpretation of the registration-based IPO system and information disclosure. This effort was intended to make sure that all directors, supervisors, and senior executives had studied and understood up-to-date laws and regulations governing listed companies for them to better manage corporate operations and make informed decisions.

Training received by directors, supervisors and executives at Shuijingfang in 2024

Date of training	Training institution	Theme of training	Number of participants
15 April 2024	Listed Company Association of Sichuan	Reform of the Independent Director System of Listed Companies	1
16 August 2024	Shanghai Stock Exchange	The 4th Follow-up Training Session for Independent Directors of Listed Companies in 2024	3
28 August 2024	Listed Company Association of Sichuan	2024 Training Seminar on the Independent Director System and Corporate Governance for Controlling Shareholders, Actual Controllers, Directors, Supervisors and Executives of Listed Companies in Sichuan	3
6 December 2024	China Association for Public Companies (CAPCO)	Performance of Financials-related Duties by Supervisors of Listed Companies and Its Supervision: Case Studies	1
13 December 2024	Shanghai Stock Exchange	The 7th Following Training Session for Secretaries of the Boards of Directors of Listed Companies in 2024	1
16-31 December 2024	Shanghai Stock Exchange	Key Points of and Suggestions on Anti-Fraud Performance of Independent Directors of Listed Companies	3

The efficient operation of the Board of Directors requires the assistance and cooperation from the Board Secretary. The Secretary of the Board of Directors at Shuijingfang takes an important role in improving the governance standards of the 'three meetings', information disclosure and equity management, among other things, while actively conveying corporate value to external parties and bridging the Company and capital markets. In 2024, the Secretary of the Board won the following awards:



Board independence and diversity

Shuijingfang guarantees the independence of the Board of Directors in strict accordance with laws and regulations from three aspects: the election of Board members, the composition of Board members, and the operation of the Board.

Independent election of Board members

The election of this (the 11th) Board members was adopted at the General Meeting of Shareholders, with an approval percentage greater than 99% of the voting shares held by shareholders present at the meeting. Specifically, non-independent directors are elected or replaced at the General Meeting of Shareholders; regarding independent directors, the listed company's Board of Directors or Board of Supervisors, or shareholders who individually or jointly hold more than 1% of the issued shares of the listed company may nominate candidates for independent directors, who will then be voted on at the General Meeting of Shareholders. The power of the Board of Directors is authorised by the vast majority of shareholders, rather than any single shareholder. The cumulative voting system shall apply to the election of two or more directors.

Independent composition of Board members

Independent directors account for 3/9 of Board members. Among the special committees under the Board of Directors, independent directors account for the majority of the members of the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee. There are also independent directors in the Strategy Committee. Every Board meeting is attended by independent directors. The Company's three independent directors are professionals in finance, law and investment, respectively. Harnessing their professional expertise, they put forward reasonable suggestions for the Company's operations and development and offer independent opinions on relevant matters reviewed by the Board of Directors, to guard the legitimate rights and interests of the Company and all shareholders.

Independent operation of the Board

The Company's major shareholders and actual controllers handle their relationship with listed companies in strict compliance with the code of conduct in the 'Guideline for the Conduct of Controlling Shareholders and Actual Controllers of Listed Companies'. They keep themselves separated from listed companies' personnel, assets, and finance, and ensure the independence of departments and their operations. At the same time, the Board of Directors, the Board of Supervisors and internal departments can operate independently.

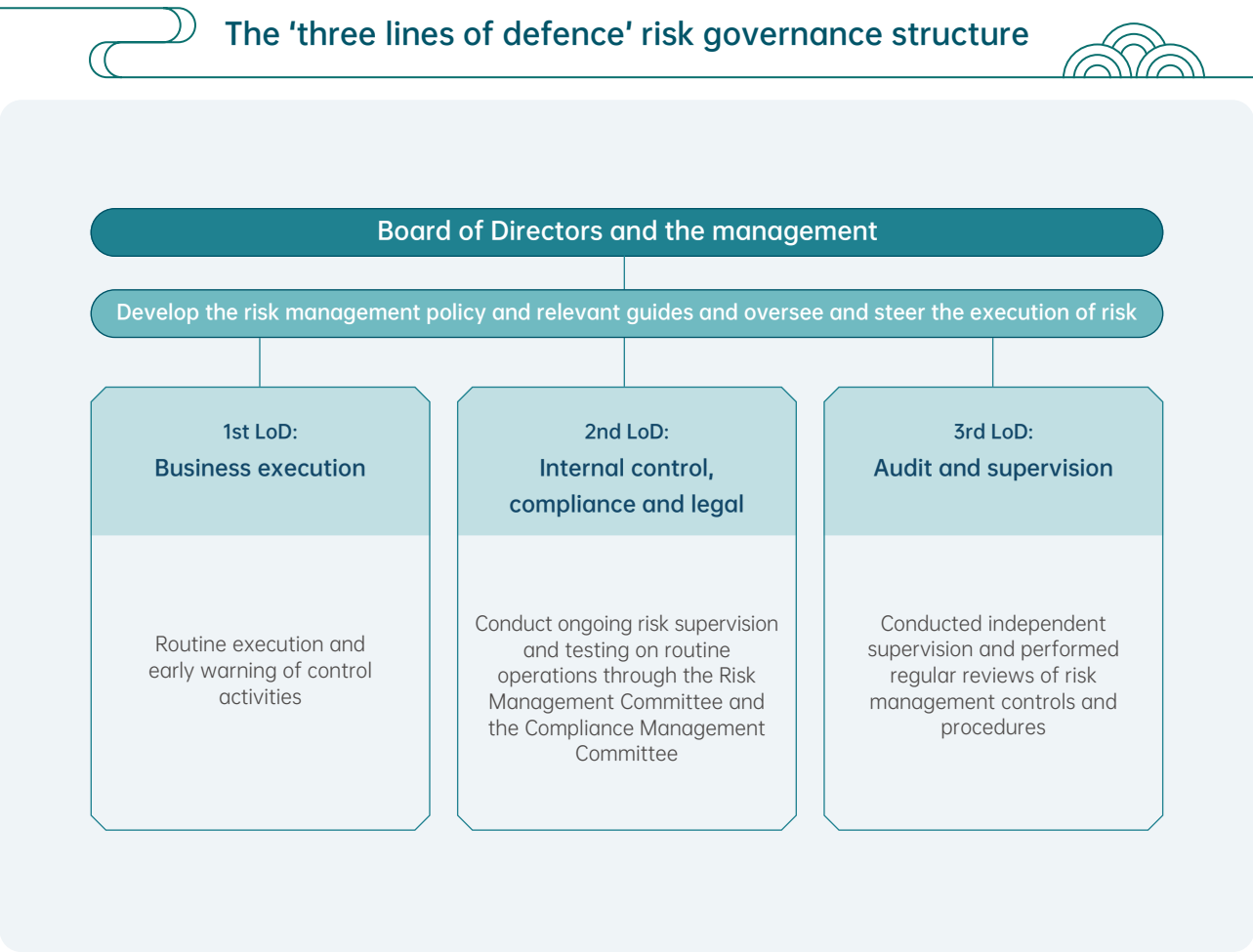
In terms of diversity of the Board, Shuijingfang considers a comprehensive range of factors, including gender, cultural and education backgrounds, race, professional experience and know-how, when setting the mix of Board members. This is intended to make full use of the unique perspectives and expertise of directors of varying backgrounds and experiences to strengthen the Company's ability to identify, assess and address possible risks and provide robust support to long-term, stable business growth.

Risk management, internal control and compliance

In 2024, Shuijingfang further optimised its internal control and compliance framework, integrating international standards and industry practices to develop a more forward-looking and effective risk management model. This move allowed us to assess and monitor risks in a timely manner and take corresponding actions to prevent or mitigate such risks, ultimately ensuring the Company's asset security and compliant operation. Besides, the Company kept developing its compliance culture through advocacy of compliance policies to and compliance training for employees.

Risk management mechanism

Shuijingfang has established and been practising a risk management system centred on the 'three lines of defence'. Such a system allows comprehensive management of the Company's risks throughout the risk lifecycle at three levels, i.e., business execution, internal controls and compliance, and audit supervision.



Furthermore, the Company assesses major risks that might cause business disruptions at the Company through an annual business continuity risk management programme, and develops corresponding risk management actions and countermeasures at the department level. Employee training and internal advocacy concerning risk management are assigned and executed by the risk management department and departments in charge of relevant policies. The scope and coverage of training is graded based on the probability of a risk arising and its impacts.

Compliance system development

Shuijingfang strictly complies with the 'Law Against Unfair Competition', the 'Anti-Monopoly Law', the 'Personal Information Protection Law', the 'Data Security Law' and the 'Company Law', among other laws and regulations. Based on these statutes, the Company has developed key in-house supporting policies, including the 'Code of Business Conduct', the 'Anti-bribery Policy', 'Implementation Measures for Violations Reporting and Investigation' and the 'Policy on Services Provided by External Auditors'. In 2024, the Company reviewed nine in-house policies, including the 'Code of Business Conduct' and the 'Guide to Preventing Conflict of Interest', to ensure the synchronised iteration of the compliance management system and business development.

Besides, Shuijingfang took seriously tax compliance by fulfilling its duty to pay taxes according to China's tax-related laws and regulations to prevent possible reputational risk, legal risk and other problems caused by tax issues. Shuijingfang and its subsidiaries paid a total of RMB 1,777,748,093.19 in taxes and fees in 2024.

Four tax principles of Shuijingfang

- ◉ We manage tax affairs in an effective, balanced and proactive manner in order to advance business strategies and create sustainable value for shareholders.
- ◉ We pursue open and transparent cooperation with all tax authorities and abide by the policy of disclosing all tax issues to competent tax authorities.
- ◉ We do business as per sound commercial principles and act with consideration of all associated costs, including taxes.
- ◉ All connected transactions are on an arm's length basis.

Besides, the Company has strictly met the requirements on labour standards, the environment and anti-corruption, among others, under the 'Ten Principles of the UN Global Compact' since its accession to the UN Global Compact in September 2023, in an effort to further standardise its operations and prevent compliance risk.

Audit management

Shuijingfang develops its annual audit plans under a risk-oriented approach, and controls risks at an acceptable level through audit-driven internal controls, thus boosting operational efficiency and ensuring long-term sound operation. In 2024, the Internal Audit Department issued four audit reports, and reported its auditing progress and next steps to the Audit Committee on a quarterly basis.

The Company's audit priorities in 2024 covered compliance, procurement and operations, among other areas, with auditing criteria closely following in-house policies and the process design being continuously improved during the audit process. The Company selected and engaged external auditors as required by the 'Measures for the Administration of Selection and Engagement of Accounting Firms by State-Owned Enterprises and Listed Companies' under the guidance of the Audit Committee. Specifically, the Company examined external auditors from many dimensions, including qualifications, track record, quality management level and professional ethics, to ensure fairness, compliance, independence, objectivity and rationality.

Strict compliance with the Code of Business Conduct

Following its principle of doing business in a lawful and ethical way, the Company has developed the 'Code of Business Conduct', and requires that the Company's leadership, all employees and third-party personnel acting on behalf of Shuijingfang strictly follow this code. Shuijingfang's managers at all levels, with their special responsibilities in compliance and morality, must become role models in executing this code. In 2024, the Company added anti-fraud requirements in the Code of Business Conduct' and conducted an online plus offline campaign to publicise such requirements to all employees to increase their understanding and attention.

As for external business partners, Shuijingfang also requires that suppliers follow applicable principles and standards stipulated by the 'Code of Business Conduct' in their partnerships with Shuijingfang. For example, our suppliers may not offer any remuneration, kickback or facilitation fee to relevant government agencies or their officials, officials' relatives, other stakeholders, or the employees, representatives or intermediaries of their competitors for the purpose of obtaining any undue business interests. In 2024, the Company provided training on the 'Code of Business Conduct' to important third-party suppliers. Also, when managing third-party partnership risks, the Company launched a more comprehensive risk framework and assessment process, in the hope of reducing many possible risks posed by third-party partners, including moral hazard.

Anti-unfair competition and anti-monopoly

Shuijingfang strictly complies with all anti-monopoly and fair competition laws applicable to the Company to discipline business dealings with competitors, customers, distributors and other third parties. The Company developed the 'Guidelines on Anti-Unfair Competition and Anti-Monopoly' in line with key policies, including the 'Guide to the Anti-monopoly Compliance of Businesses' and the 'Rules for the Implementation of the Anti-Unfair Competition Law', and collaborated in delivering training on relevant policies to ensure fair market competition.

Anti-bribery and anti-corruption

Shuijingfang has developed the 'Anti-bribery Policy' which has detailed provisions on 'accepting gifts and hospitality', 'providing gifts and hospitality', 'interacting with government officials', 'charitable donations', 'recording and bookkeeping norms', and 'policy consultation', among other things.

Key Terms in the 'Shuijingfang Anti-bribery Policy'

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

Anti-money laundering

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

Violation handling policy

Adhering to Shuijingfang's culture of 'compliance, legality and rationality', the Company has established and enforced an effective violation supervision mechanism, and developed the 'Implementation Measures for Violations Reporting and Investigation'. We encourage our employees to report potential or actual violations to the Company. The Company will seriously deal with any violations, once found, according to relevant policies by promptly stopping such violations and eliminating compliance risk.

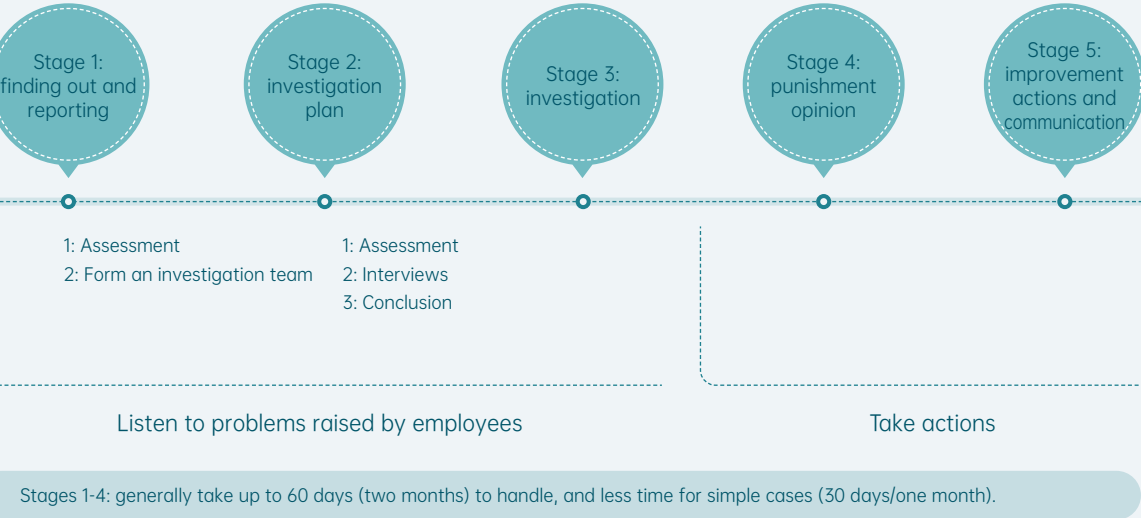
Shuijingfang's 'Implementation Measures for Violations Reporting and Investigation'

Scope of application

All employees of Sichuan Shuijingfang Co., Ltd. and all its controlled subsidiaries, including dispatched workers, interns, and rehired employees.

Fundamental principles

Confidentiality and professionalism, impartiality and integrity, legality, evidence supremacy, presumption of innocence, and efficiency/agility.



Data security

Shuijingfang improves its overall data security management system in strict accordance with the 'Regulations on the Management of Network Data Security' and other national laws and regulations by specifying requirements for data handling process and data security emergency management, with a view to boosting its own data security protection capacity across the board. For the infrastructure system, the Company has developed a sound emergency response plan and highly available architectures to ensure the stable running of information systems. Also, the Company would conduct emergency drills in light of risk scenarios every year to promptly identify risks existing in such systems and take corresponding actions to avoid possible failures.

In 2024, Shuijingfang further improved its systemic prevention and control system by regularly organising specialised security penetration tests, digging deeper into potential security breaches and risks points in systems, and periodically conducting vulnerability scans and security assessments on these systems, which effectively boosted system security and stability. In addition, the Company actively responded to the 'Provisions on Promoting and Regulating Cross-border Data Flow', issued by the Cyberspace Administration of China, by moving back business data stored overseas, which helped reduce data security risk and lower subsequent development and change costs of the systems.

Disciplinary measures for violations

- Alert**: Given against a very minor negligence that can be corrected immediately or in a short period and is intended to provide employees with an opportunity to correct at minimal cost
- Warning**: Given against a minor disciplinary offence and is intended to provide employees with an opportunity to correct immediately
- Serious warning**: Given against a moderate disciplinary offence or repeated mistakes
- Termination of labour contract**: Given against a serious disciplinary violation that requires immediate dismissal

Violation reporting pathways

Hotline: 400-818-1011 Email: hegui@ethics.cn.com

Protection of whistleblowers and whistleblowees

In the process of whistleblowing and investigation, the Company keeps all sensitive information such as whistleblowers, investigators, interviewees, witnesses, contents of the case, investigation procedures, and information documents strictly confidential. Also, we ensure that whistleblowers are properly protected from retaliation. At the same time, we follow the principle of 'presumption of innocence' before the investigation is concluded. Investigators and related persons may not disclose any information related to the investigation and shall control the scope of information access and circulation, so as to protect the basic rights, such as equality, esteem, and dignity, of the persons under investigation.

Intellectual property protection

Shuijingfang highly respects and protects intellectual property. For this reason, the Company has developed the 'Management Regulations on Intellectual Property' in line with key national laws and regulations, including the 'Patent Law' and the 'Trademark Law', continuously enhanced the filing, cultivation and application of independent intellectual property, and actively leveraged trademarks and patents to empower the Company and boost the Company's core competitiveness.

Our Legal Department periodically provides specialised training to relevant departments to raise all staff's awareness of law. When handling affairs related to intellectual property, business units are required to proactively seek advice from the Legal Department to ensure that all operations meet compliance requirements, thus effectively reducing legal risk and protecting intellectual property.

Shuijingfang has also set up a specialised brand protection team, which coordinates rights protection and anti-fraud campaigns across the country via online and offline channels. On the online front, the Company has established interactive mechanisms with major platforms, which allowed the Company to handle infringements quickly, effectively curbing online selling of fake goods. While, on the offline front, the Company adopts grid-based market supervision by sending commissioners to different regions for regular inspection tours. In 2024, the Company continued to independently develop its anti-counterfeiting digital coding system, greatly boosting the security features of its products.

Moreover, Shuijingfang deepened collaboration with the government and linkage with industry peers to form a cross-regional joint case handling mechanisms by establishing a collaborative law enforcement mechanism. The Company periodically held special seminars with market regulators, public security bureaus and courts, among other functions, to analyse cases involving new means of infringement or challenges to the application of law, working together to develop an industry standard for intellectual property protection. The Company also worked with trade associations to jointly build an information sharing platform and shape a network for early warning, joint prevention and joint control of infringements. Furthermore, we actively provided authentication services to consumers. In 2024, we delivered 222 authentications to consumers and provided consumer authentication training sessions in many cities across the country during the World Consumer Rights Day campaign around 15 March.

Case

- In July 2024, Shuijingfang and a few other alcoholic beverage companies, including Wuliangye, Luzhou Laojiao, Jiugui Liquor, Jian Nan Chun, Gujinggong Liquor and Shede Spirits, held a symposium on intellectual property protection under the theme of 'Building Lines of Defence for Intellectual Property Together for the Sound Development of the Alcoholic Beverage Market' together with relevant sections (or teams) of Zhangzhou's Public Security Bureau and Market Regulation Bureau. At the symposium, the parties signed the 'Cooperation Agreement on Jointly Cracking Down on Crimes Involving the Manufacturing and Selling of Fake and Inferior Alcoholic Beverages', opening a new chapter of government-business cooperation.



- In September 2024, the Company's Legal Department organised the 'Salon on Administrative and Judicial Protection for Well-known Brands and Trademarks' that brought together the market regulation authority, renowned IP firms and many well-known brands to have in-depth discussions on the protection of corporate brands and trademarks. With a focus on two dimensions, i.e., administrative protection and judicial protection, the salon provided invaluable reference and takeaways for businesses to strengthen brand protection and boost the effectiveness of IP protection.



- Besides, Shuijingfang attended multiple workshops on intellectual property organised by parties inside and outside the industry in 2024, including the Alibaba Intellectual Property Conference, the JD.com Conference on Intellectual Property Protection, the Third Intellectual Property Conference of China's Alcoholic Beverage Industry and the Conference on Intellectual Property of Chengdu-based Well-known Enterprises, to jointly promote the administration and protection of intellectual property.

Key performance indicators

Indicators (unit)	2024	2023	2022
Percentage (%) of employees who have received anti-corruption training	100	100	100
Number of lawsuits involving anti-unfair competition, antitrust and anti-monopoly practices, and corruption	0	0	0
Number of lawsuits in which the Company or employees are involved in corruption	0	0	0
Number of corruption cases filed and investigated	0	0	0
Number of incidents by which employees were fired or disciplined for corruption	0	0	0
Total number and percentage of the Company's anti-corruption policies and procedures submitted to members of the Board of Directors and the Steering Committee	0	/	/
Number of fines arising from the Company's violation of environmental, social and economic laws and regulations, as well as product-related violation	0	0	0
Amount (RMB 10,000) of fines arising from the Company's violation of environmental, social and economic laws and regulations, as well as product-related violation	0	0	0
Percentage (%) of employees who have received training on cyber and information security	100	100	/
Number of new patents granted	3 ¹¹	/	/
Number of trademarks applied for	68	/	/
Cumulative number of patents obtained	242	/	/
Cumulative number of trademarks applied for	3,052	/	/
Cumulative number of software copyrights applied for	3	/	/

¹¹ Including two invention patents and one design patent

Appendices

Index tables

Index of 'GRI Sustainability Reporting Standards (2021)'

Statement of use	Shuijingfang has reported the information cited in this GRI content index for the period from 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosures	Page of the Report
GRI 2: General Disclosures	Disclosure 2-1 Organizational details	P99
	2-2 Entities included in the organization's sustainability reporting	P01
	2-3 Reporting period, frequency and contact point	/
	2-4 Restatements of information	P01
	2-5 External assurance	P100
	2-6 Activities, value chain and other business relationships	P13
	2-7 Employees	P32
	2-8 Workers who are not employees	P43
	2-9 Governance structure and composition	P07
	2-10 Nomination and selection of the highest governance body	P07
	2-11 Chair of the highest governance body	P07
	2-12 Role of the highest governance body in overseeing the management of impacts	P07
	2-13 Delegation of responsibility for managing impacts	P07
	2-14 Role of the highest governance body in sustainability reporting	P07
	2-15 Conflicts of interest	P87
	2-16 Communication of critical concerns	P13
	2-17 Collective knowledge of the highest governance body	P07
	2-18 Evaluation of the performance of the highest governance body	P34
	2-19 Remuneration policies	P41

GRI Standard	Disclosures	Page of the Report
GRI 2: General Disclosures	2-20 Process to determine remuneration	P41
	2-21 Annual total compensation ratio	/
	2-22 Statement on sustainable development strategy	P06
	2-23 Policy commitment	P87
	2-24 Embedding policy commitments	P87
	2-25 Processes to remediate negative impacts	P88
	2-26 Mechanisms for seeking advice and raising concerns	P87
	2-27 Compliance with laws and regulations	P91
	2-28 Membership associations	P61
	2-29 Approach to stakeholder engagement	P13
GRI 3: Material Topics 2021	2-30 Collective bargaining agreements	P33
	3-1 Process to determine material topics	P12
	3-2 List of material topics	P12
GRI 201: Economic Performance 2016	3-3 Management of material topics	P12
	201-1 Direct economic value generated and distributed	P82
	201-2 Financial implications and other risks and opportunities due to climate change	P65
	201-3 Defined benefit plan obligations and other retirement plans	P41
GRI 202: Market Presence 2016	201-4 Financial assistance received from government	/
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
GRI 203: Indirect Economic Impacts 2016	202-2 Proportion of senior management hired from the local community	/
	203-1 Infrastructure investments and services supported	P51
GRI 204: Procurement Practices 2016	203-2 Significant indirect economic impacts	P50
	204-1 Proportion of spending on local suppliers	/
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	P85
	205-2 Communication and training about anti-corruption policies and procedures	P87
	205-3 Confirmed incidents of corruption and actions taken	P88

GRI Standard	Disclosures	Page of the Report
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P91
GRI 207: Tax 2019	207-1 Approach to tax	P86
	207-2 Tax governance, control, and risk management	P86
	207-3 Stakeholder engagement and management of concerns related to tax	P86
	207-4 Country-by-country reporting	/
GRI 301: Materials 2016	301-1 Materials used by weight or volume	P74
	301-2 Recycled input materials used	P74
	301-3 Reclaimed products and their packaging materials	P74
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P75
	302-2 Energy consumption outside of the organization	P75
	302-3 Energy intensity	/
	302-4 Reduction of energy consumption	P66
	302-5 Reductions in energy requirements of products and services	P66
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	P68
	303-2 Management of water discharge-related impacts	P68
	303-3 Water withdrawal	P75
	303-4 Water discharge	P70
	303-5 Water consumption	P75
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P65
	304-2 Significant impacts of activities, products and services on biodiversity	P65
	304-3 Habitats protected or restored	P65
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	/
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	P75
	305-2 Energy indirect (Scope 2) GHG emissions	P75
	305-3 Other indirect (Scope 3) GHG emissions	P75
	305-4 GHG emissions intensity	/

GRI Standard	Disclosures	Page of the Report
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	P75
	305-6 Emissions of ozone-depleting substances (ODS)	/
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	P75
GRI 306: Effluents and Waste 2016	306-1 Waste generation and significant waste-related impacts	P69
	306-2 Management of significant waste-related impacts	P69
	306-3 Waste generated	P69
	306-4 Waste diverted from disposal	P71
	306-5 Waste directed to disposal	P69
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P73
	308-2 Negative environmental impacts in the supply chain and actions taken	P73
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	P42
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P41
	401-3 Parental leave	P41
GRI 402: Labor Management Relations 2016	402-1 Minimum notice periods regarding operational changes	/
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	P34
	403-2 Hazard identification, risk assessment, and incident investigation	P35
	403-3 Occupational health services	P36
	403-4 Worker participation, consultation, and communication on occupational health and safety	P37
	403-5 Worker training on occupational health and safety	P37
	403-6 Promotion of worker health	P34
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P34
	403-8 Workers covered by an occupational health and safety management system	P35
	403-9 Work-related injuries	P34
	403-10 Work-related ill health	P35
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P38
	404-2 Programs for upgrading employee skills and transition assistance programs	P40
	404-3 Percentage of employees receiving regular performance and career development reviews	P41

Index of 'Guidelines on Self-Regulation of Listed Companies – Sustainability Report (Trial) of the People's Republic of China'

GRI Standard	Disclosures	Page of the Report
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	P84
	405-2 Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P88
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	/
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	P47
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	P47
GRI 410: Security Practices 2016)	410-1 Security personnel trained in human rights policies or procedures	P33
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	/
GRI 413: Local Coommunities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	P52
	413-2 Operations with significant actual and potential negative impacts on local communities	P52
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P43
	414-2 Negative social impacts in the supply chain and actions taken	P45
GRI 415: Public Policy 2016	415-1 Political contributions	/
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	P19
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	P29
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	P23
	417-2 Incidents of non-compliance concerning product and service information and labelling	P29
	417-3 Incidents of non-compliance concerning marketing communications	P29
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P29

Dimension	No.	Material issue	Corresponding disclosure item	Chapter of the Report
Environmental	1	Climate change	Article 21 to 28	Chapter IV: Cheers for the green planet
	2	Pollutant discharge	Article 30	Chapter IV: Cheers for the green planet
	3	Waste management	Article 31	Chapter IV: Cheers for the green planet
	4	Ecosystem and biodiversity protection	Article 32	Chapter IV: Cheers for the green planet
	5	Environmental compliance management	Article 33	Chapter IV: Cheers for the green planet
	6	Energy utilization	Article 35	Chapter IV: Cheers for the green planet
	7	Water resource utilization	Article 36	Chapter IV: Cheers for the green planet
	8	Circular economy	Article 37	Chapter IV: Cheers for the green planet
Social	9	Rural revitalisation	Article 39	Chapter III: Cheers for the inclusive society
	10	Social contribution	Article 40	Chapter III: Cheers for the inclusive society
	11	Innovation-driven development	Article 42	Chapter I: Cheers for the fulfilled life
	12	Science and technology ethics	Article 43	Chapter I: Cheers for the fulfilled life
	13	Supply chain safety	Article 45	Chapter II: Cheers for the rewarding partnership
	14	Equal treatment for SMEs	Article 46	Chapter I: Cheers for the fulfilled life
	15	Quality and safety of product and service	Article 47	Chapter I: Cheers for the fulfilled life
	16	Data security and customer privacy protection	Article 48	Chapter V: Cheers for the high-efficient governance
	17	Employee	Article 50	Chapter II: Cheers for the rewarding partnership
Sustainable development governance	18	Due diligence	Article 52	Chapter V: Cheers for the high-efficient governance
	19	Stakeholder communication	Article 53	Chapter II: Cheers for the rewarding partnership
	20	Anti-commercial bribery and anti-corruption	Article 55	Chapter V: Cheers for the high-efficient governance
	21	Anti-unfair competition	Article 56	Chapter V: Cheers for the high-efficient governance

Index of 'Guidance for Alcoholic Beverage Enterprise ESG Disclosure'

Dimension	Level-1 indicator	Chapter of the Report
Environmental	Environmental management	Chapter IV: Cheers for the green planet
	Resource consumption	Chapter IV: Cheers for the green planet
	Pollution prevention and control	Chapter IV: Cheers for the green planet
	Climate change	Chapter IV: Cheers for the green planet
	Ecological conservation	Chapter IV: Cheers for the green planet
Social	Product liability	Chapter I: Cheers for the fulfilled life
	Supply chain management	Chapter II: Cheers for the rewarding partnership
	Employee rights and benefits	Chapter II: Cheers for the rewarding partnership
	Social impacts	Chapter III: Cheers for the inclusive society
Governance	Governance structure	Chapter V: Cheers for the high-efficient governance
	Governance mechanisms	Chapter V: Cheers for the high-efficient governance
	Governance effectiveness	Chapter V: Cheers for the high-efficient governance

About Shuijingfang

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

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

The Company upholds the vision of 'to be a top tier Baijiu player, with sustainable and healthy growth, most trusted and respected in the industry'. Shuijingfang is a premium brand that makes 'every cup of Baijiu a 600-year-old living legacy'. It is constantly innovating and keep progressing with the times, seeking the momentum that revives traditional culture and aligns legacy with the times.

Corporate vision

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

Corporate value

Sincerity

Accountability

Innovation

Learning Agility

Corporate culture

Shuijingfang is a vibrant firm, in which our people are dedicated to physical and emotional well-being. Instead of focusing just on personal accomplishments, our people take pride in assisting others to succeed. We work with agile thinking, and execute high-quality decisions with excellent performance. We adore the Company's products and brands, and share its successes and failures. Consistent integrity and the motivation to keep learning and growing are the keys for us to win the respect of customers. We cling to quality, to inherit and build on the 600-year-old traditional craftsmanship with an innovative spirit. Our learning-oriented culture and brand image of giving back to the society have made Shuijingfang a well-known and desirable company.

Greenhouse Gas Verification Statement

Statement of Conformity CN25/00002752

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in 01 Jan. 2024 to 31 Dec. 2024 of

Sichuan Swellfun Co., Ltd.

Business address: No. 9, Quanxing Road, Jinniu District, Chengdu City, Sichuan Province
Organization boundary: No. 9, Quanxing Road, Jinniu District, Chengdu City, Sichuan Province, P.R. China
has been verified in accordance with ISO 14064-3:2019 as meeting the requirements of

ISO 14064-1:2018

Direct Emissions [Category 1]

31,547.41 tonnes of CO₂e

Indirect Emissions from Imported Energy [Category 2]

11,739.72 tonnes of CO₂e

Indirect Emissions from Transportation [Category 3]

22,083.74 tonnes of CO₂e

Indirect Emissions from Products Used by An Organization [Category 4]

122,026.76 tonnes of CO₂e

Indirect Emissions Associated with The Use of Products from
The Organization [Category 5]

7,008.20 tonnes of CO₂e

Indirect Emissions from Other Sources [Category 6]

[be determined as non-significant indirect emissions and not quantified]

Total Emissions Quantified

194,405.83 tonnes of CO₂e



Authorised by
David Xin
Sr. Director - Business Assurance
DATE: 23 Apr. 2025

SGS-CSTC Standards Technical Services Co., Ltd.
16F Century YuHui Mansion, No. 73 Fucheng Road, Beijing, P.R. CHINA 100142
t +86 (0)10 58251188 www.sgsgroup.com.cn



This document is an authentic electronic certificate for Client' business purposes use only. Printed version of the electronic certificate are permitted and will be considered as a copy. This document is issued by the Company subject to SGS General Conditions of certification services available on [Terms and Conditions](#) | SGS. Attention is drawn to the limitation of liability, indemnification and jurisdictional clauses contained therein. This document is copyright protected and any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful.



SGS has been contracted by Sichuan Swellfun Co., Ltd. (hereinafter referred to as "CLIENT"), for the verification of direct and indirect Greenhouse Gas emissions in accordance with

ISO 14064-3:2019

as provided by Sichuan Swellfun Co., Ltd. (hereinafter referred to as "RESPONSIBLE PARTY"), in the Greenhouse Gas (GHG) Assertion in the form of GHG Report covering GHG emissions of the period 01 Jan. 2024 to 31 Dec. 2024 (hereinafter referred to as "REPORT PERIOD").

Roles and responsibilities

The management of the RESPONSIBLE PARTY is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.
It is SGS's responsibility to express an independent GHG verification opinion on the GHG statement as provided by the RESPONSIBLE PARTY for the REPORT PERIOD.

According to ISO 14064-3:2019, SGS has conducted a third-party verification of the provided GHG statement by RESPONSIBLE PARTY against the requirements of ISO 14064-1:2018 in the period 07-09 Apr. 2025. The verification is based on the verification scope, objectives and criteria as agreed between the CLIENT and SGS on 23 Apr. 2025.

Level of Assurance

The level of assurance agreed is that of Reasonable assurance.

Scope

The CLIENT has commissioned an independent verification by SGS in according to ISO 14064-3:2019 to assure the reported GHG emissions of RESPONSIBLE PARTY, in conformance with ISO 14064-1:2018 requirements within the scope of the verification as outlined below. The data and information supporting the GHG statement is historical in nature.

This engagement covers verification of emission from anthropogenic sources of greenhouse gases included within the organization's boundary:

- The organizational boundary is established following Operational control approach
- Location/boundary of the activities: No. 9, Quanxing Road, Jinniu District, Chengdu City, Sichuan Province, P.R. China
- Physical infrastructure, activities, technologies and processes: Production and sales of liquor
- GHG sources, sinks and/or reservoirs included: GHG sources as presented in the GHG inventory and report of the RESPONSIBLE PARTY
- Types of GHGs included: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃
- GHG information for the following period was verified: 01 Jan. 2024 to 31 Dec. 2024
- GWP adopted: IPCC 6 Assessment Report
- Intended user of the verification statement: Stakeholders

Objective

The purposes of this verification exercise are, by review of objective evidence, to independently review:

- Whether the GHG emissions are as declared by the organization's GHG statement
- The data reported are accurate, complete, consistent, transparent and free of material error or omission.



Criteria

Criteria against which the verification assessment is undertaken are the requirements of ISO 14064-3:2019.

Materiality

The materiality required of the verification is considered by SGS to 5%, based on the needs of the intended user of the GHG statement.

Verification approach

SGS's approach is risk-based, drawing on an understanding of the risks associated with reporting GHG emissions information and the controls in place to mitigate these. Our examination includes assessment of evidence relevant to the amounts and disclosures in relation to the organization's reported GHG emissions

We plan and perform our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance that the GHG emissions for the REPORT PERIOD are fairly stated.

We conduct our verification with regard to the GHG statement of GHG Report of the RESPONSIBLE PARTY which includes assessment of GHG information system and reporting plan/protocol. This assessment includes the collection of evidence supporting the reported data, and checking whether the provisions of the protocol reference, are consistently and appropriately applied.

Verification opinion conclusion

The RESPONSIBLE PARTY provided the GHG statement based on the requirements of ISO14064-1:2018 that total emission 194,405.83 tonnes of CO₂e in the organization boundary for the REPORT PERIOD.

The verification opinion as below is issued by SGS after an independent verification for RESPONSIBLE PARTY's GHG statement base on agreed Reasonable assurance:

☒ Unmodified

The GHG statement submitted by RESPONSIBLE PARTY is prepared in accordance with ISO 14064-1:2018 on GHG quantification and reporting, is a fair representation materially, the GHG data and information in statement are explicit and supported by adequacy and appropriate evidence.

☐ Modified

The GHG statement submitted by RESPONSIBLE PARTY has no material misstatement, however has some deficiencies which will prevent the issuance of unmodified verification opinion.

☐ Adverse opinion

The GHG statement submitted by RESPONSIBLE PARTY:

- has no material misstatement or
- there is insufficient or inappropriate evidence to support an unmodified or modified opinion.

☐ Disclaiming the issuance of an opinion

It is unable to obtain sufficient and appropriate objective evidence to form an opinion as to whether the GHG statement submitted is presented fairly in accordance with ISO 14064-1:2018

This statement shall be interpreted with the GHG statement of GHG Report of the RESPONSIBLE PARTY as a whole.



Note: This Statement is issued by SGS-CSTC Standards Technical Services Co., Ltd. ("SGS") under its General Conditions for Greenhouse Gas Validation & Verification Services. The findings recorded hereon are based upon a verification performed by SGS. A full copy of this statement, the findings and the supporting GHG Assertion may be consulted from RESPONSIBLE PARTY. This Statement does not relieve Client from compliance with any by laws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client.
The verification statement of greenhouse gases is concluded in English. Any translation differences, the English version shall prevail.

Report Assurance Statement



ASSURANCE STATEMENT

CN25/00002500

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN SICHUAN SHUIJINGFANG CO.,LTD. 2024 ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT

NATURE OF THE ASSURANCE/VERIFICATION
SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by SICHUAN SHUIJINGFANG CO.,LTD. (hereinafter referred to as SHUIJINGFANG) to conduct an independent assurance of the Chinese version of the *SICHUAN SHUIJINGFANG CO.,LTD. 2024 ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT* (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all SHUIJINGFANG 's Stakeholders.

RESPONSIBILITIES
The information in the Report and its presentation are the responsibility of the Board of directors and the management of SHUIJINGFANG. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all SHUIJINGFANG 's stakeholders, especially the verification of "Key Performance Table" in report.

SGS hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance (SRA) protocols used to conduct assurance are based upon internationally recognised assurance standards including the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
AA1000AS v3 Type 2	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The assurance engagement was conducted to evaluate the accuracy and reliability of the sustainability performance information included in the Report. Additionally, it assessed the extent to which the Report's content refers to the requirements of *GRI Standards 2021*.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees in the headquarters of SHUIJINGFANG (which located at No. 9, Quanxing Road,Jinniu District, Chengdu,Sichuan Province, P. R. China); documentation and record review and validation where relevant.

LIMITATIONS AND MITIGATION
Data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

The greenhouse gas emissions related data in the Report has not undergone verification by an independent third-party auditor. In the context of the present assurance engagement, our procedures were limited to sample-based validation.

This assurance engagement was restricted to the group level of SHUIJINGFANG and did not include traceability of original data from all subordinate institutions.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. SGS affirm our independence from SHUIJINGFANG , being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION
On the basis of the methodology described and the assurance engagement performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS BASED ON GRI STANDARDS 2021

The assurance team concludes that the Report has referred to the requirements of *GRI Standards 2021*.

FINDINGS AND RECOMMENDATIONS
All observations pertaining to commendable practices, sustainable development activities, and managerial recommendations identified throughout the assurance process have been thoroughly documented in the *Internal Management Report on Sustainability Reporting Assurance*. This report has been officially presented to the relevant management divisions of SHUIJINGFANG to serve as a reference for their ongoing efforts towards continuous improvement.

Signed:



For and on behalf of SGS-CSTC

David Xin
Sr. Director – Business Assurance
16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Apr. 19th, 2025
WWW.SGS.COM





600年·活着的传承

Address: No.9, Quanying Road, Jinniu District, Chengdu, Sichuan Province, China
Postcode: 610036
Contact number: +86-28-87519777
Official website: <http://www.swellfun.com>



This report is printed with environmentally friendly ink and paper