



烟台北方安德利果汁股份有限公司  
YANTAI NORTH ANDRE JUICE CO.,LTD.

*(a joint stock limited company incorporated in the People's Republic of China)*  
*(Stock Code: 02218)*



A Professional Concentrated  
Juice Manufacturer

Environmental,  
Social and  
Governance Report  
2017

# Environmental, Social and Governance Report

## About This Report

In recent years, enterprises around the globe have been experiencing an unprecedented environmental and social transformation. Amid escalation of global resources distribution, rapid growth of population and improvement of living standards, green and healthy food has become people's constant pursuit, which in turn promises vast development potential for pure natural apple juice market.

As a leading enterprise in the apple juice concentrate market in China, Yantai North Andre Juice Co., Ltd.\* (the "Company") acknowledges that protecting environment and performing social responsibility shall be the fundamental obligations of food processing enterprises. Meanwhile, the sustainable development of the Company also relies on efforts and dedication of its staff as well as the support and inclusion of the society.

By adherence to the product philosophy of **"From Nature to Concentrate"** ("源於自然濃縮精華"), the Company's engagement in manufacturing and sales of apple juice concentrate, pear juice concentrate, bio-feed stuff and related products is closely related to environmental protection and utilization of natural resources. Therefore, the Company has established a series of policies and measures for administering environmental and natural resources protection regarding energy, water, production materials, use of manpower and disposal of emissions, demonstrating its commitment to contributing to the sustainable development of China and the world as a whole and fulfilling the social responsibility at different operation levels. Further details of the environmental and natural resources protection policies and measures of the Company are set out in sections below.

## Standards and Scope of the Report

This Environmental, Social and Governance Report (the "Report") is prepared according to the ESG Reporting Guide issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), containing the measures in respect of environment, society and governance adopted by the Company and its subsidiaries and the progress thereof during the period from 1 January to 31 December 2017.

## Engagement of Stakeholders

We believe carefully listening to stakeholders' opinions will help us objectively and comprehensively assess the Company's environmental, social and governance performance. During the reporting year, the Company communicated with stakeholders of the Company on an ongoing basis through various methods, in a bid to align the Company's business development strategies with expectations and requests of the market and stakeholders, which helps strike a balance between interests of the Company and stakeholders, and enable us to create more common values.

\* For identification purpose only

# Environmental, Social and Governance Report

## Confirmation and Approval of the Report

The board of directors of the Company is responsible for the Company's environmental, social and governance strategy and report, including assessing and determining environmental, social and governance risks, ensuring adequate and effective environmental, social and governance risk management and internal control system, and performing its duties in supervision, reporting and improvement of the related responsibilities. All departments of the Company contributed to the preparation of the Report, which helps us better understand the Company's environmental and social achievement. The board of directors of the Company would like to express its sincere appreciation to all the persons who contribute to the Report and the Company's outstanding performance in environment, society and governance.

## Contact Information

For any advice or suggestion on the Report, please feel free to contact us by the following means:

Yantai North Andre Juice Co., Ltd.\*

Principal place of business in Hong Kong: Unit A, 10/F, Winsan Tower,  
98 Thomson Road,  
Wanchai, Hong Kong

Tel: (852) 2511-6988

Fax: (852) 2587-9166

Email: andrehk@northandre.com

\* For identification purpose only

# Corporate Culture and Honor

## Corporate Culture

As a food processing enterprise, the Company has been insisting on its own corporate culture which attaches great importance to environmental and social responsibilities. Through proactive cooperation with relevant industrial associations and government, the Company is enabled to take the leading position in development of the industry. Numerous prizes and honors obtained by the Company reflect the market recognition of the Company's performance in corporate governance, investor relation as well as social and environmental responsibilities.

<b>Corporate spirit: honest, united, pioneering and efficient</b>	<b>Market vision: Customer-oriented and Services for Global Markets</b>
<b>Business philosophy: integrity and quality</b>	<b>Management philosophy: to unite people by culture and to manage behavior by systems</b>
<b>Corporate vision: establishment of a brand with hundred years of history enjoying reputation across the world</b>	<b>R&amp;D philosophy: pioneering the industrial innovation to realize scientific development</b>
<b>Corporate mission: green products in pursuit of healthy lifestyle</b>	<b>Human resources philosophy: people oriented, scientific cultivation, possession of morality and talent, and morality as the priority</b>
<b>Core value: develop enterprise, delight staff and reward society</b>	<b>Working attitude: dependable and stable</b>
<b>Development philosophy: green and recycled development focusing on environmental protection</b>	<b>Execution: to accomplish assignments with satisfying performance within the prescribed time</b>
<b>Product philosophy: From Nature to Concentrate</b>	<b>Personal cultivation: behave yourself before task accomplishment</b>

# Corporate Culture and Honor

## The major prizes and honors obtained by the Company from 2016 to 2017:

The 3rd prize of Progress Award in Science and Technology in Yantai

The National Leading Enterprise in Agricultural Industrialization

The Provincial Leading Enterprise in Forestry

National Enterprise with Outstanding Performance in Contract Compliance and Credit Establishment\*  
(國家級守合同重信用企業)

Outstanding enterprise under “Shandong Food Safety” in 2017

The 2nd Prize of Progress Award in Scientific Innovation Technology issued by the Chinese Institute of Food Science and Technology

\* For identification purpose only

# Environmental Protection Responsibility

Whether a company is able to realize sustainable development is subject to environmental protection. That is also why the Company attaches great importance to environmental protection and sustainable development, even taking environmental protection, energy conservation and emission reduction as the significant integral part of its target to build a green Andre with hundred years of reputation (綠色安德利·百年安德利). In addition to reinforcing safety as well as production and operation management, the Company has been advocating the idea of environmental protection, endeavored to improve the utilization rate of various energies, water and materials, reduced utilization of natural resources in compliance with relevant environment rules and regulations and proactively propelled clean production, energy conservation and emission reduction, with a view to make itself an environmental friendly enterprise.

## Emissions

The Company has controlled the emissions generated by its production and operating activities in strict compliance with the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention Law, the Integrated Emission Standard of Air Pollutants, the Water Pollution Prevention Law, the Quality Standards for Sewage Discharge into Urban Sewers, and other laws and regulations as well as local environmental authorities. In addition, the Company regularly engages local environmental authorities to monitor its waste gas and sewage discharges every year. In 2017, the Company was not subject to any notice or punishment from competent environmental authorities concerning illegal discharge.

### Emission Types and Related Discharge Data

The air pollutants discharged during the Company's production and operating activities primarily consist of nitric oxide, sulfur oxide and particulate matters (PM) from burning of fossil fuels and vehicle exhausts. In 2017, the Company's total emissions of nitric oxide, sulfur oxide and particulate matters reached approximately 29,932 kilograms, 24,694 kilograms and 4,184 kilograms, respectively.

### Greenhouse Gas Emissions and Density

The Company discharges greenhouse gases (GHG) due to its use of electricity, steam and burning of fossil fuel (including Scope 1: direct GHG emissions and Scope 2: indirect GHG emissions during various business activities). In 2017, the Company's GHG emissions were as follows:

GHG Type	Scope 1 (Unit: ton of carbon dioxide)	Scope 2 (Unit: ton of carbon dioxide)
Carbon dioxide (CO <sub>2</sub> )	85,363	82,255
Methane (CH <sub>4</sub> )	3,390	—
Nitrous oxide (N <sub>2</sub> O)	8,920	8,751
Total	97,673	91,006

In 2017, the Company's total GHG emissions included 188,679 tons of carbon dioxide and the emission density was about 2.09 tons of carbon dioxide per RMB10,000.

# Environmental Protection Responsibility

## Total Hazardous Wastes and Density

The hazardous wastes generated by the Company primarily consisted of sludge, waste paint buckets, waste fluorescent tube, and waste batteries. In 2017, the Company generated a total of 15,880 tons of hazardous wastes, with a density of about 0.176 ton per RMB10,000. The Company has treated hazardous wastes in strict compliance with the Solid Wastes Pollution Prevention Law of the People's Republic of China. The sludge generated by the Company has been treated by professional agencies after being dried. Waste paint buckets have been recycled, and other hazardous wastes have been properly treated according to related national environmental laws and regulations.

## Total Non-hazardous Wastes and Density

The non-hazardous wastes generated by the Company primarily consist of fruit pomace, waste paper and other domestic waste. In 2017, the Company generated a total of 19,840,440 kilograms of non-hazardous wastes, with a density of about 220 kilograms per RMB10,000. The domestic waste was not included in calculation of the non-hazardous wastes as it was collected by local sanitation authorities and its volume was not measured. The company has strictly classified and stored the non-hazardous wastes. The fruit pomace is sold after being dried for extraction of pectin, and waste paper is recycled by dedicated departments.

## Other Emissions

The sewage discharged by the Company mainly relates to cleaning and washing fruits and manufacturing equipment. The sewage produced by the Company is discharged to the municipal pipeline network instead of rivers and land after professional treatment in its own sewage treatment facilities and meeting relevant standards, as required by related national environmental policies, laws and regulations and the local environmental authorities.

## Use of Resources

### Major Energy Consumption and Density

In 2017, the Company consumed about 37,872,593 kwh of electricity, 121,012 tons of steam, 675,913 tons of water, 44,803 tons of coal, 314,197 cubic meters of natural gas, 58,498 liters of gasoline, and 96,058 liters of diesel, with a total energy consumption of approximately 64,034.58 tons of standard coal, and a consumption of about 0.57 ton of standard coal per ton of product.

The Company has sought and used proper water sources according to related national environmental policies and laws, and is not subject to any flaw in this regard. In 2017, the Company's total water consumption was 675,912.90 tons, with a density of approximately 7.50 tons per RMB10,000.

### Use of Packaging Materials for Finished Products

The Company primarily engages in manufacturing and sales of apple juice concentrate, pear juice concentrate, bio-feed stuff and related products. The packaging materials for apple juice concentrate and pear juice concentrate are primarily metal buckets, plastic bags and aseptic bags, and the packaging materials for fruit pomace are woven bags. In 2017, the Company consumed a total of approximately 5,716,210 kilograms of packaging materials, with a consumption of approximately 50.9 kilograms per ton of product.

# Environmental Protection Responsibility

## Energy Conservation and Emission Reduction Measures and the Outcomes

The Company has constantly paid close attention to Paris Agreement and other similar actions in relation to reducing GHG emission. In addition to abiding by national environmental policies, laws and regulations, and requirements of local environmental authorities, as well as answering the government's call for reducing carbon emission and conserving energy, the Company has established and implemented effective measures to reduce emission and conserve energy.

1. To upgrade manufacturing process and improve energy utilization efficiency. Our R&D department has continued to increase research and development of the core technology in relation to energy conservation, elimination of hazardous wastes, consumption reduction and emission control during the further processing of fruits. The Company aims to reduce discharge of pollutants through constant enhancement of energy utilization efficiency of its crafts in further processing fruits.
2. To improve utilization rate of water resources and decrease waste of water. In order to save water in an effective manner, the fruit steam evaporated during the manufacturing procedure has been collected for reuse, sanitary wares highlighted with water and energy conservation are adopted, and prompt repair and maintenance are conducted to bring down leakage rate of the tap water pipelines, all of which enable the Company to achieve efficient use of water.
3. Constant use of energy-saving technology. Lighting in offices and workshops are changed to LED to reduce power consumption.
4. To increase efforts in environmental protection and minimize the impact of emissions on the environment. The sewage produced during manufacturing procedure is collected in a special pool to experience biological contact oxidation. In order to ensure that the discharged water satisfies relevant national and local standards, the Company conducts regular test and monitoring on a daily basis. Till now, the existing environment equipment of the Company are in a smooth running, reaching the specific emission standards applicable in the places in which the Company is located.
5. To establish company systems and strengthen daily management. The Company sets detailed requirements on use of lighting and air conditioners based on seasonality and actual weather. Besides, various measures are in place to reduce paper consumption in office.
6. To increase the ways of office and travel to reduce carbon emission. The Company has introduced video conference system, so as to decrease carbon emission arising from the business travel. Staff are encouraged to choose public traffic tools for business travels, thus to reduce carbon emission arising from separate use of private cars.
7. To push forward clean production and to gradually eliminate fossil fuel which is serious pollutant. Forklifts fueled with clean natural gas or accumulators are adopted to replace those old-styled ones fueled with fuel oil.



# Environmental Protection Responsibility

## Environment and Natural Resources

The Company has treated emissions and pollutants generated amid its production and operating activities in strict compliance with related national environmental policies and emission standards. All emissions are tested by local environmental authorities and have to meet certain standards before being discharged, and pollutants have to be treated by professional agencies. All emissions and treatments need to meet the requirements of related national environmental laws and regulations and emission standards, and have not exerted major impact upon the environment and natural resources.

## Staff and Safety Responsibility

The Company has always tried its best to deliver a working atmosphere of “big family”. Big events, serving as facilitators, are organized by the Company to cultivate staff’s awareness of teambuilding, cooperation and competition. Besides, internal and external trainings are provided to encourage staff to acquire multiple expertise in their positions. The Company works hard to create harmonious labor relationship in the pursuit of full exercise of their capabilities and achievement of self-value. The Company has adhered to the “people-oriented” development philosophy, under which, every single employee is treated equally with no discrimination in terms of gender, nationality, religion and age.

### Working Environment and Employment Standards

Based on the actual needs for production, the Company enters into fixed-term or non fix-term employment contracts with the long-term employees in accordance with the law, enters into employment contracts with seasonal employees with the term subject to the completion of the job assignment, and enters into engagement contracts with retired and re-hired long-term employees, subject to the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China and other relevant laws and regulations. In particular, the execution rate of the employment contracts reaches 100%. In addition, since the Company seeks for diversified development and abidance of fairness, it adopts no different treatment in employment, management, promotion, training, resignation and retirement due to the factors of, among others, gender, nationality, age and religion.

The Labor Law of the People’s Republic of China is strictly referred to by the Company on determining remuneration and dismissal of employees. Besides, the Company has established a series of internal systems and code of conduct on an open, fair and equal basis. In detail, definite working standards and performance assessment systems are established for any particular position, the performance of which may be accordingly reflected directly in the performance-related bonus of that month, while the year-end bonus of employees is linked to the Company’s economic benefits, product quality, production safety and force of execution. Benefitting from implementation of such assessment system, all the members of the Company are inspired to attach great importance to cost management, focus on product quality and reinforce awareness of safety, which in turn enables the Company to consolidate management and ensure harmonious and steady labor relationship. Income of individual staff keeps rising since the benefits of the Company are secured. In 2017, it is delightful that all of our staff receive an income that is higher than such minimum levels as required by the respective local governments. Moreover, no labor dispute has occurred in 2017.

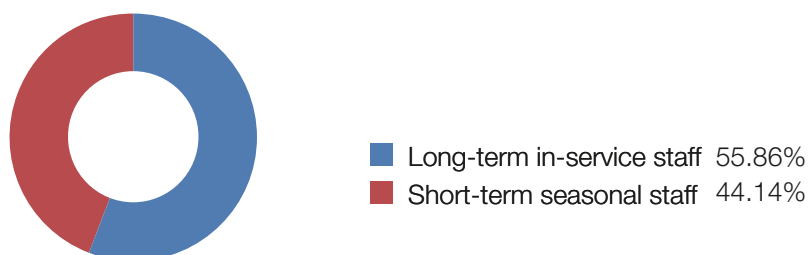
Vigorous efforts are made by the Company for staff to maintain balance between work and life. Holidays available for staff are subject to the relevant national provisions. There is an obvious division of peak season and offseason in fruit juice manufacturing. When there is no production, the Company holds numerous training courses to improve employees’ expertise. Benefits in kind are granted to employees for every traditional festival, blessings and birthday gifts are prepared for their birthdays, chance of appreciating art exhibition and artistic performance are provided to employees each year free of charge, and attractive culture and entertainment activities are organized to encourage participation by employees, such as badminton competition, beach party, artistic performance, Christmas or New Year’s Day evening parties. Such a series of culture and entertainment activities are organized to assist formulation of mental and physical health of staff, inspire their energy, and agglomerate team spirit and collective sense of honor.

# Staff and Safety Responsibility

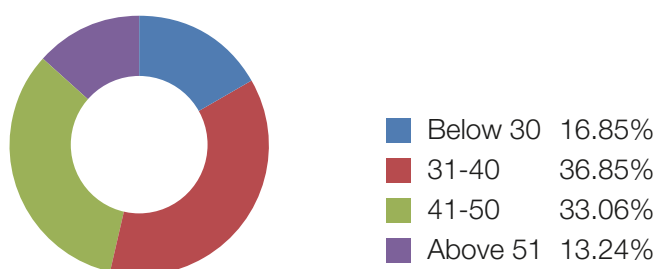
## Staff Employment

As at 31 December 2017, the Company had 1,110 employees, as categorized below by type of employment contract, age and gender:

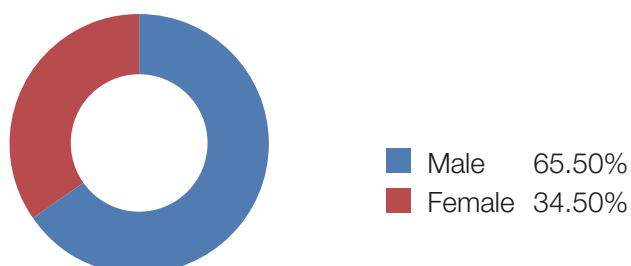
### Staff by Type of Employment Contract



### Staff by Age Group



### Staff by Gender



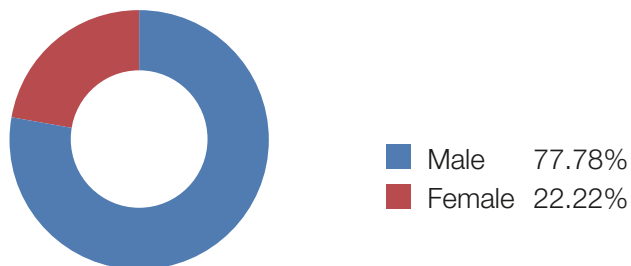
## Staff and Safety Responsibility

### Staff by Geographical Area

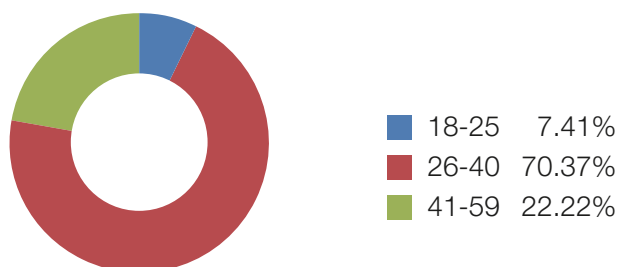


The Company attracted staff to render long-term service by favorable working environment, provision of development platform, emphasis on staff health and security, and other aspects. During 2017, turnover rate of long-term in-service staff remained below 5%.

### Staff Turnover Rate by Gender



### Staff Turnover Rate by Age Group



# Staff and Safety Responsibility

Staff Turnover Rate by Geographical Area



The Company strictly follows the Labor Law of the People’s Republic of China and the Provisions on the Prohibition of Using Child Labor promulgated by the State Council as well as other laws and regulations, and stands firmly against employment of child labor and forced labor. The Company sets out Management Procedures on Prohibiting Employment of Child Labor and Juvenile Workers (《禁止使用童工及未成年工管理程序》), clarifying that child labor is prohibited from taking any position in the Company and that recruitment procedures must be executed word to word, with strict verification on information of candidates. Candidates will be admitted into registration and on-boarding procedures only when verification on ID cards (and check on residence registration as necessary) has not discovered any issues. Candidates who cannot provide valid certificates of identity will not be qualified for employment. Once the Company realizes that it has hired child labor by mistake, it has to make rectification immediately. The Company has to report the case to relevant labor authorities for review and verification, keeps such staff from working and sends the staff to hospital for health check. If the case is verified, the Company will pay salaries in full to the staff and send notice to families for returning the staff to the care of families in a timely manner. The Company will also provide financial support if the family is a seriously impoverished one. In addition, the Company will properly maintain the copy of age document of the staff for filing. In 2017, the Company did not have any position taken by staff under 18 or by forced labor.

The Company also sets up Management Procedures on Prohibition of Discrimination (《禁止歧視管理程序》), Management Procedures on Protection of Female Staff (《女工保護管理程序》), and other rules and systems in strict compliance with local and state laws and regulations, so as to effectively protect legitimate rights and interests of its staff.

## Staff and Safety Responsibility

### Development and Training

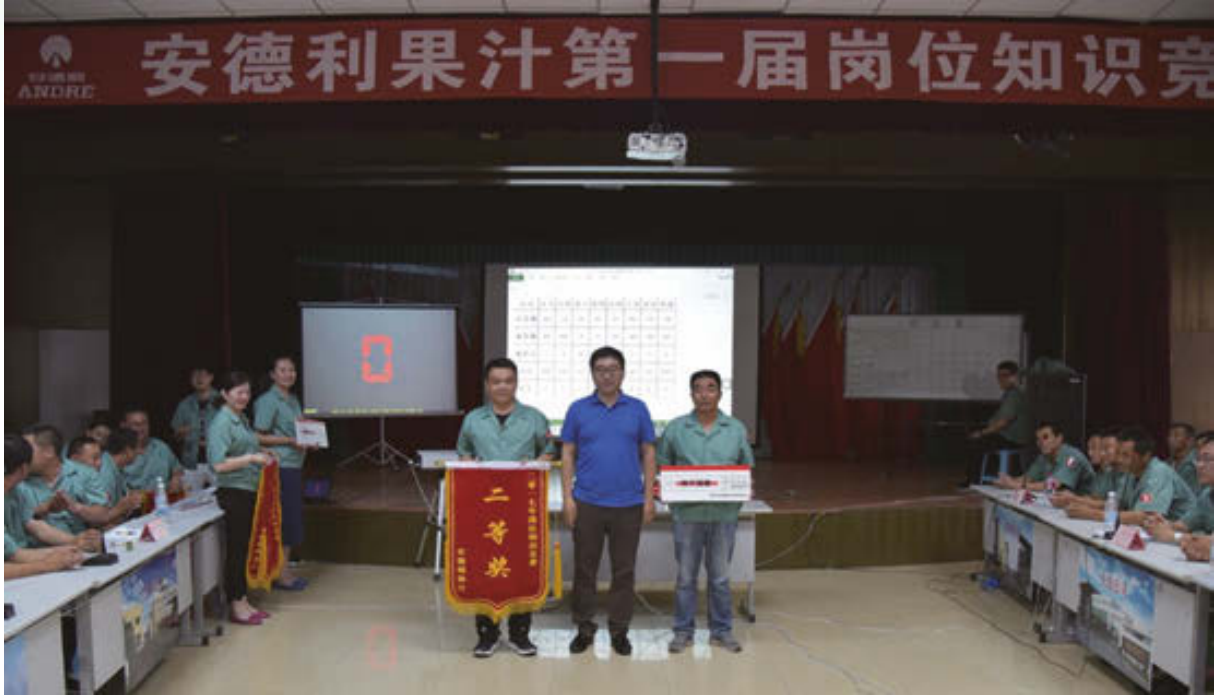
The Company attaches great importance to staff training. In order to improve staff's job skills and professional competence, the human resource department works out annual training plans at the beginning of each year by taking account of training requirements and plans of each department. Professional training based on different job responsibilities is offered to staff at different positions, which covers national laws and regulations, corporate rules and systems, production safety, operation skills, and quality control system. For short-term seasonal staff, the Company offers pre-service training, skill training and safety training. All of these aim to construct a development platform for staff, helping them make continuous improvement in their comprehensive quality and professional skills.

Title of trainee	Average training hours of each employee
Senior management = 1.6%	Senior management = 20 hours
Mid-level management = 6.1%	Mid-level management = 40 hours
Junior management = 8%	Junior management = 40 hours
Specialists and other management = 16%	Specialists and other management = 19 hours
Factory staff = 68.3%	Factory staff = 23 hours

Gender of trainee	Average training hours of each employee
Male = 64%	Male = 25 hours
Female = 36%	Female = 25 hours

In 2017, the Company organized the first Juice Production Position Knowledge Competition. 64 employees from the Company and its 8 subsidiaries took part in the competition, which centered on the knowledge about production techniques and standards, equipment operation and maintenance, production cost control and safe production. The competition has inspired employees' desire to learn and helped build an internal environment where everyone looks to excel and make progress.

## Staff and Safety Responsibility



To help its staff develop and grow, the Company adopts the pattern that highlights internal trainings and takes in external trainings as supplement. External trainings are carried out in two forms: bringing in trainers and sending trainees to third parties. The Company invited professors from Beihang University for special trainings. It also collaborated with professional training institutions, and arranged for its staff to participate in course of Shenzhen Jucheng (深圳聚成), VMTA Qingdao (青岛健峰) and Qimingxing Yantai (烟台启明星).

# Staff and Safety Responsibility

## Health and Safety

The Company sets creating a safe production environment for staff and protecting the life, health and safety of front-line workers as its supreme principle. In accordance with the Work Safety Law of the People's Republic of China, the Labor Law of the People's Republic of China and relevant laws and regulations, the Company keeps improving production safety rules, standard operation procedures and emergency rescue plans. It makes operation guidelines in production site as conspicuous as possible and requires managerial staff at all levels to have field visit for the purpose of timely and effective management. It also supervises and reviews how its staff execute relevant rules and operation procedures, and sets such conduct as a compulsory indicator for monthly assessment of staff performance.

Regarding safety management and protection for front-line staff, the Company focuses on safety education and training. It offers necessary labor protection equipment and facilities to staff according to their job responsibilities, and urges work group leaders and managerial staff at higher levels to review the proper utilization of such equipment and facilities. The Company conducts comprehensive checks on irregular basis to identify any risk factors. It also organizes production safety quiz, helping staff raise safety awareness and enhance self-protection abilities.

In first and second half of 2017, the Company invited firefighters to train its staff in how to escape from danger, which enhanced staff's ability to take proper response in case of emergency. It also invited professionals of Yantai Red Cross Society for training on cardiopulmonary resuscitation and common first-aid measures, and equipped each work group with staff holding life rescue certification. All of these are aimed to protect the life, health and safety of front-line staff.

Every year, the Company engages professional inspection agencies to periodically inspect hazardous factors at work place that may lead to occupational diseases. Professional health checks are provided for employees at production positions that are exposed to noise, liquid ammonia and other occupational hazards. Noise-canceling earplugs are provided for workers at production workshops. We also perform stringent monitoring and checking on all operation personnel to ensure that they correctly wear labor protection articles, so as to minimize the damage of occupational hazards. The Company organizes health checks on a regular basis each year for all front-line employees and issues health certificates. In 2017, the Company recorded no work-related fatality and recorded 579.5 lost days in total due to work injury.



# Product Quality and Safety Responsibilities

Food quality and safety is an important indicator concerning the interests of consumers, and it is also one of management focuses of the Company. Food is the paramount necessity of people and food safety is the top priority. Since its foundation, the Company has been strictly following six international certifications (see below pictures) and committing itself to provision of high-quality, safe and reliable concentrated juice products. It has strict safety and quality control on process ranging from raw and auxiliary materials supply, production and processing, to various links such as storage of finished products, logistics and transportation, so as to guarantee the safety and reliability of finished products.

ISO9001 Quality Management System



HACCP Food Safety Management System



BRC British Retail Consortium Certification



## Supply Chain Management

### 1. Management of Raw Fruit Bases

Food safety control starts with raw material supply. Raw fruits intended for the Company's production are distributed in Shandong, Hebei, Jiangsu, Anhui, Liaoning, Jilin, Shaanxi, Shanxi, Sichuan and other provinces. Raw materials are supplied by fruit growers in raw fruit bases or their representatives, and their quantity varies between years.

**Regarding fruit growers of raw fruit bases:** During the growing period of fruit trees, the Company engaged agricultural experts to provide fruit growers with trainings regarding apple tree planting, pest control and self-protection, and offer guidance on various links such as soil quality testing, water quality testing, fertilizer utilization, farm chemical selection, pest control and apple picking in the bases. The Company sends guidelines for farm chemical utilization to fruit growers, recommends high efficiency and low toxicity farm chemicals that leave few residues or no residues, and requires fruit growers to keep records of farm chemical usage. The farm chemical investigation group of Andre Juice conducts monthly supervision on all fruit growers during the period of the farm chemical utilization on the fruit trees (April – August), with a view to grasp the detailed information on the farm chemical utilization by the fruit growers, forming records with the fruit growers' signatures thereon. It also maintains unified identifiers for fruit growers from raw fruit bases, and issues Certificate of Fruit Supply Base (《供果基地證明》) to them.

# Product Quality and Safety Responsibilities

**Regarding fruit grower representatives:** The Company determines whether fruit grower representatives are qualified with reference to their locations, tools of transportation and means of packaging, and historical supply record, and such evaluation is conducted once a year. It maintains unified identifiers for fruit grower representatives and issues Certificate of Qualified Fruit Grower (《合格果農證明》) to them. The Company conducts monthly spot checks on the fruit growers involved by the fruit grower representatives during the period of the farm chemical utilization on the fruit trees (April – August), with the specific method being that each fruit grower representative carries out the spot check on 2 of the fruit growers involved. In the case that the fruit growers are found to utilize the prohibited farm chemicals in spot checks, the fruit grower representative would be notified to reject to accept their raw fruits. When delivering raw fruits to the Company, fruit grower representatives must take the Certificate of Qualified Fruit Grower with them, and provide identity of fruit growers on Raw Fruit Acceptance Record (《原料果驗收記錄》) for raw material tracking purpose.

## 2. Acceptance of Raw Fruit

The Quality Control Department of the Company conducts spot checks on fruit delivering trucks in a certain proportion in advance, and takes 2 or 3 raw fruits each from upper, middle and lower layers of fruit delivering trucks for inspection to conduct tests on farm chemical residues. If results show that farm chemical residues stand higher than the required levels, weighing operators will reject such fruit delivery according to Raw Fruit Rejection Notice issued by the Quality Control Department. Before weighing for fruit delivering trucks, the weighing operators shall check the Certificate of Qualified Fruit Grower or Certificate of Fruit Supply Base and Pass Notice (the absence of either one would be rejected), and fill in CCP1 record for qualified ones.

## 3. Auxiliary Materials Quality Management

To control the product safety risks arising from auxiliary materials and packaging materials, the Company carries out strict eligibility verification procedures on suppliers of auxiliary materials and packaging materials. When necessary, the Company may visit suppliers and try out their products first. The suppliers who meet the standards of the Company will be listed as qualified suppliers, and they are subject to strict acceptance rules on product delivery. The Company reviews the eligibility of suppliers every year, and makes improvement recommendations to suppliers who have provided substandard products, otherwise, the Company will replace such suppliers. For every batch of products delivered to the Company, it is required, according to the acceptance rule, to produce the product quality certificate, together with quality and safety report, so as to control food safety risk arising from auxiliary materials and packaging materials.

In 2017, the Company had 182 auxiliary materials suppliers, mainly located in Shandong, Jiangsu, Shaanxi, Hebei, Shanghai, Liaoning and other provinces.

輔料供應商分布圖



# Product Quality and Safety Responsibilities

## Product Responsibilities

### 1. Quality Control

Clients' satisfaction about products is crucial to company's ongoing operation and development. The Company strictly follows ISO9001 International Standards and Good Manufacture Practice (GMP), and establishes complete quality management system and food safety management system, so as to ensure excellent, sustained and stable quality.

In the process of production, the Company upholds the control philosophy that "finished products could meet standards by 100 percent only when every process is up to standards". With reference to the Hazard Analysis and Critical Control Point (HACCP) system, the Company sets scientific critical control points, closely monitors critical control points and makes timely hazard analysis, eliminating factors that would affect food safety and thus minimizing the quality and safety risk of products.

Tests on finished products are conducted in strict compliance with the HACCP system. The Company classifies test items as compulsory, independent and random in accordance with state and industry standards and client prescribed indicators. Every batch of products must pass tests before they are deemed as qualified as marketable products. Samples of each batch of products are required to be kept for subsequent tests.

The Company is committed to establish a sound product recall system and client feedback channel, and has set up an after-sales and complaint hotline and established product recall taskforce. According to the Food Safety Law of the People's Republic of China, the Product Quality Law of the People's Republic of China, and Law on Protection of the Rights and Interests of Consumers, the Company has established Product Identification and Traceability Control Procedures (《產品標識和可追溯性控制程序》) (the "Product Control Procedures"). The Company conducts inspections on products sold according to the Product Control Procedures once client have feedbacks and comments. When recall is determined as necessary for products under inspection due to all reasons, the Company launches recall procedures immediately and maintains such inspection records, ensuring that all substandard products are fully recalled in a timely manner. In 2017, the Company recorded no product recalls as a result of quality issues and received no complaints on product quality.

It is the philosophy of strict quality control that helps the Company to win trust from customers, which enables its products become popular in markets around the world.

# Product Quality and Safety Responsibilities

## 2. **Respect for and Protection of Intellectual Property**

Improvement in competitiveness requires not only technology innovation, but also protection and management of intellectual property. The Company attaches great importance to the application and protection of proprietary intellectual property, and strictly complies with the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China and other related laws and regulations. Realizing that intellectual property serves to drive, guide, safeguard and evaluate innovation achievements, it sets up a complete intellectual property management mechanism. Besides, the Company respects others' legitimate rights and is vigilant over intellectual property infringement risk in technology development, product innovation, business development and daily operating management. During the year, the Company recorded no material infringement of intellectual property.

## 3. **Protection for Client Information and Privacy Policy**

In relation to information confidentiality, the Company strictly complies with the Contract Law of the People's Republic of China and relevant laws and regulations. It draws up rules for managing market-related files and executes these rules strictly. Designated personnel are responsible for managing client-related documents and information and performing strict borrowing and lending procedures. By implementing such rules and procedures, the Company endeavors to keep client information and privacy in the safest manner.

## 4. **Policy on Advertising and Labeling**

The Company strictly complies with the Advertising Law of the People's Republic of China. If advertisement is necessary, the marketing department of the Company will work with advertising agencies to design the advertisements based on market demands and development strategies of the Company. As for labeling for products, the Company strictly executes the relevant laws and regulations as well as the national standards like the Food Safety Law of the People's Republic of China.

## Anti-Corruption

The Company has explicitly set up corporate governance code, and strictly follows the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations. In addition to well-defined responsibilities and powers, the Company has established mailboxes and telephone numbers for receiving reports on commercial bribes, works out detailed reporting policies and establishes a rewarding system, encouraging staff and business partners to report and expose any corruption and commercial bribery, and making sure that information of reporters is kept in confidentiality. All purchase contracts in ordinary business activities must include anti-commercial bribe terms. As its business continues to develop, the Company will keep improving its anti-corruption system and tighten supervision in this regard, so as to offer strong support to sustainable development in the future. In the case of blackmail or fraud, the Company's management department will report to the president immediately, and report to relevant government authorities at the soonest. In 2017, the Company has not discovered any case of corruption, blackmail or fraud.

## Social Responsibilities

Without support and trust from the society, the Company would have not succeeded in the past two decades. Therefore, it is obliged to repaying the society and bringing more benefits to its people.

The Company has always been keeping close communication and interaction with communities, and making contribution to local development. As a food processing company, the Company takes in fruits including apples and pears as raw materials and builds a righteous cycle for fruit industry, relieving fruit growers from concerns on sales of fruits, especially on non-commercial fruits. Purchase of large quantity of non-commercial fruit helps increase incomes of fruit growers and helps boost their confidence in fruit growing, offers more job opportunities to local people, and fuels development of local storage, transportation, and packaging industries.

## Plan and Prospect for 2018

Looking ahead, the Company will continue to uphold its product concept of “From Nature to Concentrate” (“源於自然、濃縮精華”), practice its business philosophy of “Integrity and Quality” (“誠信為本、品質求存”) and its market vision of “Customer-oriented and Services for Global Markets” (“客戶至上、服務全球”), and realize its mission of “Green Products in Pursuit of Healthy Lifestyle” (“生產綠色產品，追求健康生活”). It will continue to serve the public with quality products and services.

In the meantime, the Company will continue its efforts in social responsibilities, and incorporate social responsibilities into day-to-day business operation and management. With a people-oriented philosophy, it will enhance interest protection for staff, clients, suppliers, the society and other related parties, press ahead with technology innovation and realize energy conservation and consumption reduction. In addition to seeking economic benefits, the Company will offer more interest protection and more occupational trainings to its staff, take an active role in charity and environmental protection, repaying the society with practical actions and contributing more to social harmony and corporate sustainable development.

**Yantai North Andre Juice Co., Ltd.**  
**26 June 2018**