





ZJLD Group Inc. 070

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About this Report



• Scope of Coverage

This report covers the full business scope of ZJLD Group, including the Group itself and its major subsidiaries: Guizhou Zhenjiu Brewing Co., Ltd., Guizhou Zhenjiu Sales Co., Ltd., Jiangxi Lidu Liquor Co., Ltd., Jiangxi Lidu Liquor Sales Co., Ltd., Hunan Xiangjiao Liquor Co., Ltd., and Hunan Xiangjiao Liquor Sales Co., Ltd. The report outlines the Group's environmental, social, and governance (ESG) philosophies, concrete practices, and operational performance during the reporting period.

Reporting Period

From January 1, 2024 to December 31, 2024.

• Publication Cycle

This is the third ESG report published by ZJLD Group Limited. The report is published annually. The previous report covered the period from January 1, 2023 to December 31, 2023, and was published in April 2024.

Terminology

For the sake of brevity, ZJLD Group Inc. is referred to throughout this report as "ZJLD" "ZJLD Group" "the Group" "the Company" or "we".

Data Explanation

All data cited in this report reflects final statistics as of December 31, 2024. Data is primarily sourced from the Group's internal data collection systems, statistical reports, and publicly available information. The Group affirms that all materials and figures quoted in this report are free from any misstatements, misleading information, or significant omissions. We bear full responsibility for the objectivity, authority, and accuracy of the content. Unless otherwise stated, all monetary amounts in this report are presented in Renminbi (RMB).

To further ensure the accuracy of the content and information presented, the Group engaged the independent third-party verification agency Bureau Veritas to verify selected key data and material ESG topics included in this report. For details of the assurance report and methodology, please refer to Appendix Assurance Report.

Reporting Standards

This report has been prepared in reference to the following standards and guidelines: ★The ESG Reporting Guide set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock

Exchange of Hong Kong Limited (HKEX) (Listing Rules)

★The Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules (Corporate Governance Code)

★The Sustainability Reporting Guidelines by the Global Reporting Initiative (GRI Standards)

★The United Nations Sustainable Development Goals (SDGs) ★The Reporting Framework for the Liquor Industry by the Sustainability Accounting Standards Board (SASB)

★International Financial Reporting Standards (IFRS) Sustainability Standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (the Task Force on Climate-related Financial Disclosures (TCFD)'s recommendation integrated) ★ESG Disclosure Guidelines by the China Alcoholic Drinks Association

Language

This report is published in Simplified Chinese, Traditional Chinese, and English. In the event of any discrepancy or ambiguity in interpretation, the Simplified Chinese version shall prevail.

Access

Printed versions of this report (on environmentally friendly paper using eco-ink) are available upon specific request by shareholders.

The electronic version is available for viewing or download at ZJLD Group's official website: www.zjld.com For any comments or suggestions regarding this report, please feel free to send us an email. We sincerely appreciate your attention and support for ZJLD Group's ESG initiatives.

www.zild.com | ZJLD Group Inc.

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Message from the Chairman



Looking back on 2024, the macroeconomic environment was marked by complexity and volatility, with slowing consumer demand testing the resilience of the baijiu industry. While facing persistent uncertainties and multifaceted challenges, we saw a precious opportunity to achieve a leapfrog advancement through unwavering "long-termism" and "new quality productivity", -just like grains in the fermentation pits, which evolve into rich flavors through the alchemy of time and temperature.

Focusing on our sustainable development strategy, we proactively advanced ESG initiatives and did "difficult but right things" even amid economic headwinds. In 2024, we convened 2024 ESG-specific meetings at the Group level, established 52 ESG performance targets, and executed 254 ESG action plans. In August, our "2850" dual-carbon goals were officially approved by the Board of Directors. In September, we submitted our first CDP (Carbon Disclosure Project) questionnaire and received double "A-" ratings in Climate Change and Water Security, placing us ahead of China's food and beverage sector. In November, the Group participated in S&P's CSA rating for the first time and achieved a score of 60 and thus successfully selected into the Sustainability Yearbook 2025 (China), ranking among the leading positions in the global beverage industry. In December, with an "AA" rating from Wind ESG, we were recognized for the second consecutive year as one of Wind China Listed Companies Top 100 ESG Best Practices standing as the sole baijiu company on the list.

Crafting Excellence: Forging quality with standards and innovation

"From a single grain to a drop of liquor, we honor our craftsmanship, stay true to our original aspiration, while driving technological innovation to form new quality productivity."

In 2024, we strengthened the system of raw grain bases, standardizing planting practices, institutionalizing process supervision, digitalizing base management, and visualizing storage and logistics to ensure high-quality brewing raw material. We continuously improved our standardized brewing process system, adhered to our commitment to quality, refined technical standards, unified production documentation, and enforced strict operating procedures to produce exceptional-

tasting baijiu. We enhanced the professional skills of our brewers through talent recruitment, intensive training, and rigorous assessments, pushing production quality to new heights. We accelerated the integration of production, academia, and research, working closely with universities and research institutions. Collaborating with universities and research institutions, we achieved breakthroughs in isolating, rejuvenating, and cultivating 167 OTUs (Operational Taxonomic Units) of ancient microbial communities, addressing the core challenge of large-scale and high-quality brewing in ancient fermentation pits.

Net-Zero Commitment: Leading the Low-Carbon Era

"We declare our decarbonization ambition through our '2850' dual-carbon goals, combating the climate change crisis."

Low-carbon production is not only a response to the national "dual-carbon" strategy but also a strategic path to tackle climate risks and resource constraints, and achieve sustainability. In August 2024, the Board of Directors approved the "2850" dual-carbon goalscommitting to peak carbon emissions in the Group's

Doing Good Well: Giving Back to Society

"Our baijiu lives twice: once in the glass, forever in the stories we write through our social responsibility."

We promote rural revitalization and give back to local communities. In 2024, Zhenjiu developed over 400,000 mu (approx. 26,667 hectares) of cooperative sorghum farming bases and over 160,000 mu of wheat bases, benefiting more than 50,000 rural households through guaranteed purchase agreements with price and quantity floors, and green farming support. At the end of 2024, the Group employed 6,434 workers from rural area, alleviating local unemployment.

We invest in charity and education, giving hope to underprivileged students. The Xiangjiao "My University Dream" scholarship program entered its seventh-year, funding. 7,500 outstanding students from Hunan, with RMB 38.4 million in grants to date Since 2022, Lidu has collaborated with the Jiangxi Hope Project to establish the 'National Treasure Lidu · My University Dream' scholarship fund, providing five consecutive years of financial assistance to underprivileged students, totaling

Cultivating Talent: A Platform Where Dreams Take Flight

"When dreams beat in hearts and passion sparkles in eyes, this is the radiance that defines ZJLDer's spiritit's our duty to nurture that spark."

Being our most valued assets, employees are central to our strategy. In 2024, we executed 43 ESG initiatives related to employee welfare, offering a healthy, safe, inclusive and diverse workplace, alongside comprehensive and effective training programs, as well as fair and transparent incentives.

We conducted first-aid training, tracked near-miss

2025 will mark the 50th founding anniversary of Zhenjiu. Building on this five-decades-long landmark, we will continue elevating brewing quality, promoting green and low-carbon production, building a strong talent team, and fulfilling social responsibilities under guidance of our vision to become a world-class baijiu enterprise. Through ESG excellence, we will forge corporate resilience, inspire employee vitality, and enhance consumer loyalty. With a mindset of longtermism, we will maintain strategic focus and write a new chapter in the high-quality development.

operations by 2028 and achieve carbon neutrality by 2050. With these goals, we aim to lead our company and the baijiu industry in emissions reductions, contributing to national carbon neutrality.

To achieve our "2850" goals, we are driving green brewing within our distilleries and empowering lowcarbon practices among farmers and suppliers, and implementing green packaging initiatives across our value chain.

RMB 10 million in donations. By the end of 2024, Zhenjiu initiated a nationwide series of charity evenings dedicated to education support, mobilizing social resources and goodwill to advance public welfare initiatives.

We preserve traditions and pass on cultural heritage. At Lidu, we protected the dual-heritage sites, hosted the World Heritage Cultural Festival, promoted traditional brewing techniques, and support the nominalization of baijiu for inclusion in the UNESCO's Intangible Cultural Heritage list. With the vision of "let the scent of cultural heritage waft across the globe", we invited domestic and international guests to experience the Chinese culture legacy.

ZJLD's growth is closely tied to society's prosperity. Giving back is not just a strategic choice binding the company's destiny with social needs but also the inherent logic of co-existence and sustainable development.

incidents, and organized emergency drills to prevent safety risks. We issued special policies, signed collective agreements, and held events to protect the rights of ethnic minorities and female employees. We designed a full-career cycle curriculum, from "boot camps" to mentorship programs, offering diverse and practical training. Our "five-star challenge" assessment mechanism ensures that genuine ability and hard work are the sole criteria for promotion, leading to a broader platform for employees with dreams and passion.

Chairman of the Board of Directors of ZJLD Group Wu Xiangdong

2024Environmental, Social and Governance (ESG) Report **04**

Thematic Report

"2850" dual-carbon goals embody our decarbonization ambition of combating the climate change crisis

Introduction

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Dual-carbon management and climate change resilience are becoming increasingly important for baijiu enterprises. This is not only a social mandate entrusted by the times but also an inevitable choice for the sustainable development of the industry. Under the national strategy framework of "carbon peaking by 2030 and carbon neutrality by 2060", baijiu producers, as representatives of historically energy-intensive and high-carbon emitters, must accelerate green transformation to reduce carbon emissions throughout their production life cycle.

This is critical not only for regulatory compliance and operational efficiency-rising emissions cost by tightening environmental regulations and the refinement of carbon trading mechanisms will directly impact an enterprise' s competitiveness, but also for building value chain resilience-extreme weather events caused by climate change increasing threaten agricultural inputs such as sorghum/wheat cultivation and water supply. Taking multiple measures to address climate change and build a low-carbon production system demonstrates ZJLD's commitment and strategy in alignment with both China's and global climate governance efforts, and presents a strategic opportunity for us to confront climate challenges, overcome resource constraints, foster new quality productivity, and achieve sustainable development.

Comprehensive Governance Framework and Risk Management

To identify risks and seize opportunities, ZJLD established an ESG Management Committee composed of members of the Group's Board of Directors in early 2022 tasked with overseeing Group's climate strategies. The Group formed a Dual-Carbon Management and Climate Change Task Force, comprising production and technical experts, safety and environmental managers from each distillery, and third-party consultants. Using climate scenario modeling, we systematically mapped climate-related risks and opportunities across the Group's value chain.

In response to the identified physical risks like droughts, floods, heatwaves and geological disasters within our distillery areas, we set up specialized response teams to conduct inspections, drills, prevention, and mitigation measures. We also provide water-efficient farming training for arid-region farmers. In response to identified transition risks, we closely track evolving global climate policies and develop adaptation plans to proactively meet future compliance requirements. At the same time, we are accelerating low-carbon technology adoption and scaling up low-carbon product with green packaging to lead industry decarbonization.

From "20%" to "2850": A Leap from Intensity Reduction to Net-Zero

In order to proactively address climate change, ZJLD announced the first carbon emissions strategic goal in 2022: compared to 2021, we commit to reducing our carbon emissions intensity (measured by base liquor production volume) by 20% no later than 2025. For distilleries that had only recently integrated carbon emission management into their operational framework, this goal encompassed broad energy efficiency improvements and decarbonization measures across gas, electricity and fuel consumption. In the context of baijiu industry, this goal with its initiatives constitute a technically advanced benchmark.

However, through synergistic implementation of brewing technological upgrades, energy efficiency initiatives, and the scale effect brought by rapid production expansion, we achieved a 21.7% reduction in carbon emissions intensity in the goal launch year. In 2023, we further reduced emissions intensity by 39.0%, exceeding the original strategic goal by a wide margin and two years ahead of schedule. As a result, formulating more ambitious and leading dual-carbon strategic goals were put on the agenda.

While we had aggressive aspirations, addressing feasibility in goal setting and ensuring operational viability through rigorous validation remained our immediate priorities. In August 2024, after year-long data analysis and feasibility studies we formally proposed the "2850" dual-carbon goals, achieving carbon peak across its operational scope no later than 2028 and carbon neutrality no later than 2050, to the Board of Directors. Compared to China's national "3060" timeline, our "2850" goals call for ZJLD to reach its carbon peak two years earlier and achieve carbon neutrality ten years ahead of schedule. These targets balance the aggressive ambition of leading emissions reduction in baijiu industry with practicality through existing decarbonization tools. After careful review and discussion, all nine members of the Board of Directors unanimously approved the dual-carbon goals. ZJLD officially enters the "2850" era.





■ From "Green Farming" to "Bottle Recycling": Lifecycle Emissions Reduction

While "2850" goals focus on emissions reduction with our operation scope, our environmental impact extends beyond distilleries. In light of this, we became the first in the baijiu industry to measure Scope 3 carbon emissions across 11 categories (e.g., raw material procurement, upstream and downstream transportation, and employee travel and commuting) and carried out comprehensive, lifecycle emissions reduction initiatives.

• On the supply chain

We developed a Sorghum Green Farming Manual, training and supervising farmers on low-carbon farming practices while restricting the use of chemical fertilizers, pesticides, and herbicides. At the same time, we launched ESG empowerment programs for our core packaging material suppliers. By assembling a team of EHS (Environment, Health, and Safety) and energy-efficiency experts from the Group, we provided hands-on guidance. Over the past two years, this team has visited 12 significant suppliers, assessing their emissions reduction potential and offering practical recommendations.

• On the production

To achieve low-carbon brewing, we installed distributed photovoltaic (DPV) systems on the rooftops of our distilleries. By the end of 2024. DPV systems had been installed on the rooftops of production workshops at three of our distilleries, with a total installed capacity reaching around 14MW. "Full deployment of rooftop solar where feasible" has become our guiding principle going forward. 2024 also marked the second year of our "Green Electricity Strategy." We achieved 50% green electricity



Roofton photovoltaic

usage via solar, green power and green certificates purchases, paving the way for 100% renewable energy by 2025. In addition, the Group's Dual-Carbon Management and Climate Change Task Force identified emissions reduction potential across all stages of production and continue to reduce the carbon emissions intensity through centralized production, process optimization, equipment upgrades, waste heat recovery, and performance incentives.

• On the sales

We pioneered premium baijiu without traditional outer packaging. In collaboration with our suppliers, we developed low-carbon, minimalist, and recyclable glass bottles to replace energy-intensive, non-recyclable ceramic bottles, leading the way in green packaging trends within the baijiu industry. At the same time, to prevent the waste of large quantities of finely crafted bottles being discarded, we are committed to promoting bottle recycling and creative reuse projects. In 2024, we cleaned and repurposed 29,922 discarded bottles into cultural and creative products such as tea canisters and pen holders, which were returned to consumers-giving the bottles a "second life."



Recognition from CDP and Wind ESG

Our efforts in addressing climate change have been widely recognized within the industry.

In September 2024, ZJLD participated in for the first time the assessment of CDP (Carbon Disclosure Project), a globally authoritative environmental nonprofit organization. We achieved an impressive double "A-" rating in both Climate Change and Water Security.

This achievement not only places us ahead of China's baijiu sector and broader food and beverage sector, but also signifies our "leadership-level" capability in climate resilience and water stewardship. It demonstrates our in-depth understanding of environmental risks and opportunities, the development and implementation of targeted strategies to mitigate threats and capitalize on opportunities, and our adoption of best practices in environmental management.





In December 2024, ZJLD retained an "AA" rating from Wind ESG for two consecutive years, and was once again named among the "Wind China Listed Companies ESG Best Practices Top 100 (2024)", becoming the only baijiu company on the list. Notably, in the key category of Climate Change Response within the Wind ESG rating system, ZJLD achieved a perfect score of 10 out of 10, ranking first among 60 listed companies in the broader beverage industry.

Wind 2024 China Listed Companies ESG Best Practices Top 100

Collaborative Journey to a Net-Zero Future

As the saying goes, "The road ahead is as steep as a fortress, yet we take our first steps anew". Looking to the future, ZJLD will embed sustainability into the transformation of value chain, under the guidance of "2850" goals. We firmly believe that achieving decarbonization requires collective effort which is not just our own, but partnerships with employees to foster green production mindsets, suppliers to build a low-carbon industrial network, and consumers to co-create sustainable values. From energy conservation and emissions reduction on the front lines of production, to low-carbon supply chain collaboration; from green innovation in brewing techniques to resonating sustainable lifestyles, ZJLD is committed to working alongside all stakeholders. Together, we will protect ecological farmlands at the raw material sourcing stage, fulfill our environmental responsibilities during the brewing process, and innovate circular models within distribution. With the rich Eastern wisdom, we embark on this journey toward net-zero, answering the call of the times and turning every drop of fine baijiu into a toast to shared prosperity and cherished moments of gathering.

About ZJLD Group



ZJLD is one of the leading enterprises in China's baijiu industry. With the vision of "Advancing Toward a World-Class Liquor Enterprise", the Group is dedicated to preserving millennia of cultural heritage, turning every drop of aromatic baijiu into a toast to shared prosperity and cherished moments of gathering. In April 2023, ZJLD Group listed on the Main Board of the Hong Kong Stock Exchange under the ticker "6979.HK".

One Group Three Flavors Four Brands

The Group owns four major brands: Zhenjiu, Lidu, Xiangjiao, and Kaikouxiao, covering all three major baijiu flavors of sauce-flavor, strong-flavor, and mixed-flavor.

The flagship brand Zhenjiu is a leading and nationally renowned sauce-flavor baijiu brand in Guizhou. It was founded in 1975 to fulfill the aspirations of Chairman Mao and carries a storied legacy. In 1986, it was officially named "Zhenjiu", inspired by the inscription "Treasure Among Liquors" (酒中珍品). In 1988, it was awarded the National Quality Gold Medal and was selected as the baijiu served at state banquets. After its successful restructuring in 2009, Zhenjiu experienced rapid development. By 2024, its brewing capacity reached 44,000 tons, with a base liquor reserve of 100,000 tons, ranking among the top three sauce-flavor baijiu producers in Guizhou. It is the largest privately-owned baijiu enterprise in Guizhou, one of the province's three major sauce-flavor brands, and one of China's four leading sauce-flavor baijiu companies.

The "National Treasure" brand Lidu originates from Lidu Ancient Town in Jiangxi Province, a place with a long history of baijiu brewing. Specializing in mixed-flavor baijiu, Lidu boasts the oldest Yuan Dynasty fermentation pits in China. Leveraging this unique heritage, Lidu has developed an immersive consumer experience that creates a competitive advantage. In April 2023, Lidu joined forces with Moutai, Wuliangye, Luzhou Laojiao, and other prestigious baijiu producers in jointly applying for UNESCO World Cultural Heritage status.

The regional leading brands Xiangjiao and Kaikouxiao focus on the Hunan market. Offering various flavor types, they enjoy widespread recognition and popularity in the local area. Additionally, Xiangjiao' s Ecological Cultural Distillery is the only AAAA baijiu-themed tourist destination in Hunan Province.

Zhenjiu The flagship brand

Sauce-flavor baijiu brand

- Awarded the National Quality Gold Medal
- Selected as the baijiu served at state banquets
- By 2024, its brewing capacity reached 44,000 tons, with a base liquor reserve of 100,000 tons
- Ranking among the top three sauce-flavor baijiu producers in Guizhou
- The largest privately-owned baijiu enterprise in Guizhou
- One of the province's three major sauce-flavor brands
- One of China's four leading sauce-flavor baijiu companies

Xiangjiao/Kaikouxiao The regional leading brands

- Sauce-flavor · Strong-flavor · Mixed-flavor
- Hunan regional leading brand
- The only AAAA baijiu-themed tourist destination in Hunan Province



Highlights of ESG Work

> Progress on 2025 ESG Strategic Goals

At the beginning of 2022, ZJLD Group established five strategic ESG goals at the Group level, focusing on four key areas: carbon emissions control, water conservation, green packaging, and the promotion of rural revitalization. These targets serve as strategic levers to drive the Group's ESG efforts and to continually enhance our ESG management practices. The current progress on our strategic goals is as below:

Climate Action





★ Carbon Emissions Management-Energy Efficiency and Emissions Reduction:

Using 2021 as the baseline year, the Group set out to continuously improve energy efficiency and achieve a 20% reduction in Scope 1 and Scope 2 carbon emissions intensity by 2025.

Progress: In 2024, Scope 1 and Scope 2 carbon emissions intensity was reduced by **49.7%** compared to 2021.

★ Carbon Emissions Management – Green Power Transition:

The Group aims to achieve **100**% green electricity consumption by 2025.

Progress: Following the "three-step" strategy to increase the proportion of green electricity, over **50%** of electricity used in 2024 was sourced from renewable energy.

Water Resource Protection



★ Water Resource Conservation:

Using 2021 as the baseline, the Group aims to improve water-use efficiency and reduce water withdrawal intensity by **20%** by 2025.

Progress: In 2024, water withdrawal intensity decreased by **57.2%** compared to that of 2021.

Green Packaging



★ Green Packaging:

By 2025, the Group aims to ensure that at least **95%** (by weight) of packaging materials used are derived from sustainable sources.

Progress: In 2024, environmentally friendly packaging materials accounted for **99.1%** of the Group's total packaging.

Public Welfare



★ Rural Revitalization:

Using 2021 as the baseline, the Group aims to increase the number of rural employees across the organization by **50%** and double the volume of agricultural procurement by 2025.

Progress: In 2024, the number of employees in rural areas increased by **55%** compared to 2021, and the volume of agricultural product procurement rose by **201%**.

> ZJLD "2850" Dual-Carbon Targets

In August 2024, following thorough calculations and analysis, and with unanimous approval by the Board of Directors, ZJLD Group officially committed to the following: through ongoing energy-saving projects to reduce carbon emissions intensity, the implementation of multiple initiatives to achieve 100% procurement of green electricity, monitoring and utilization of methane emissions, and the exploration of new-energy distillation and carbon capture technologies, the Group pledges to reach carbon peak across its operational scope no later than 2028, and achieve carbon neutrality no later than 2050. By setting our own dual-carbon targets, the Group actively responds to China's national climate strategy and supports the 1.5°C temperature control goal of the Paris Agreement.



Thanks to efforts such as upgrading production equipment for energy efficiency, centralized production to reduce heat loss, rooftop solar power generation, and green electricity procurement agreements with local power suppliers, the Group successfully reduced its carbon emissions intensity across operational scope in 2024 to 2.50 tons of CO_2 equivalent per ton of base liquor – a year-on-year decrease of 17.35%. Moreover, total carbon emissions across the Group's own operations fell by 9.13% year-on-year, marking a solid step towards the achievement of the "2850" dual-carbon targets.

The Group successfully reduced its carbon emissions intensity across operational scope in 2024 to **2.50** tons of CO₂ equivalent per ton of base liquor – a year-on-year decrease of **17.35%**

Total carbon emissions across the Group's own operations fell by **9.13%** year-on-year

SG Highlights Along the Value Chain



Responsible Sourcing

- Conducted ESG assessments for **100%** of both potential and existing suppliers, covering areas such as business ethics, human rights, and environmental risks
- Carried out 100% on-site visits and verifications for significant suppliers based on ESG assessment results
- According to the results of ESG assessments and on-site inspections, the number of major risks identified among suppliers in 2024 was **0**
- For the second consecutive year, implemented the "Significant Supplier ESG Empowerment Program", forming an "ESG Empowerment Team" composed of the Group's EHS and equipment experts. Collaborated with 8 representative significant suppliers and provide them with energysaving and emissions-reduction recommendations, along with water-saving and energyefficiency targets

Climate Change Response

- In 2024, green electricity accounted for **50.8%** of total power consumption across the Group (50.8%)
- Scope 1 and 2 GHG emissions intensity (tCO₂e/ton of base liquor) decreased by **17.4%** compared to that of 2023 Y

Water Resource Protection

• In 2024, the total volume of recycled and reused water reached 356,366 tons, with a water recycling and reuse rate of **12.51%**.

rewing

Green Packaging

• The Group continued its bottle recycling and creative reuse initiative, collecting a total of 29,922 bottles in 2024, which were repurposed into cultural and creative products or used in aesthetic displays

100%

Product Quality and Responsibility

- In 2024, the number of products recalled due to safety or health issues was **0**
- In 2024, the Group achieved a customer satisfaction rate of **100**%





> Our Key Recognitions

ZJLD Group

1 S&P Global

Achieved a score of 60 (59+1) in the S&P Global CSA rating and successfully selected into the Sustainability Yearbook 2025 (China), ranking among the global leaders in the beverage industry (85th percentile globally)

NCDP

Achieved double "A-" ratings in Climate Change and Water Security from CDP, reaching the "Leadership Level"

Wind ESG

Received an "AA" ESG rating from Wind, a leading Chinese financial information provider, for the second consecutive year, ranking first in the beverage industry

- @ Recognized for the second consecutive year as one of Wind's "Top 100 ESG Best Practice Chinese Listed Companies"
- The only baijiu company received the "Hong Kong Corporate Governance and ESG Excellence Awards 2024", 6 jointly presented by the Chamber of Hong Kong Listed Companies (CHKLC) and Hong Kong Baptist University
- 6 Awarded the "2024 ESG Pioneer Award for Listed Liquor Companies" of China Liquor Golden Goblet Awards
- 🕡 Honored with the "Outstanding GBA Enterprise Social Sustainability Award" and the "Outstanding GBA Enterprise Green Sustainability Award" by Hong Kong Metro Finance
- 8 Awarded the "ESG Excellence Corporate Award" by the Top 100 Hong Kong Listed Companies Research Center
- 9 Received the "Value Champion Award" under the GBA Listed Companies ESG100 Green Advancement Awards from the GBA Listed Companies Alliance



Zhenjiu

- Recognized as a National-Level "Green Factory"
- Honored with the title of "National Model Staff Home" by the All-China Federation of Trade Unions Ţ
- 😵 Zhenjiu · Zhen Fifteen won the Grand Gold Medal at the 2024 ISGC International Spirits (China) Grand Prix
- Spirits Competition
- Awarded the "Second Chishui River Quality Award" by the Zunyi Liquor Association
- 🔞 Zhenjiu · 2013 Authentic Vintage received the "Second Liquor Industry Pioneer Product Award"
- Development Forum

Lidu

- Recognized as a Provincial-Level "Green Factory" in Jian
- Lidu 1308 Heritage Tribute Edition won the Grand Gold Me Ţ
- Named "Most Respected Employer Brand" at the Entrepre $\overline{\mathbb{Y}}$
- Honored with the "2024 Model Worker & Craftsman Innov
- Selected as part of the 8th Batch of National Key Leading (P)
- Awarded the honorary title of "Master Artisan of China's (Ţ
- Recognized as a "Caring Enterprise" in the 2024 Hope Pro 8
- Named among the "Top 500 Agricultural Enterprises in Ch 2
- Won the "Golden Osmanthus Award" from the SEE Conservation

Xiangjiao

- Recognized as a National-Level "Green Factory"
- 🥴 Received the Third Prize of the Hunan Provincial Science and Technology Progress Award for "Key Brewing Technology R&D and Industrial Application of Nong-Jiang Flavored Baijiu"
- 😵 Xiangjiao · Longjiang Tianhe won the Grand Gold Medal at the 2024 ISGC International Spirits (China) Grand Prix
- 😵 Xiangjiao · Longjiang Iron Cap was awarded the "2024 Core Product Award for the Central-Southern China Baijiu Region"
- 😵 Brewing Team No. 8 of the First Sauce Workshop was named an "Advanced Collective in the National Light Industry Sector"

🔞 Lao Zhenjiu Premium Edition and Zhenjiu · Zhen Fifteen both won Gold Medals at the 2024 Brussels International

😵 Zhenjiu · Ying Shan Hong was awarded the "Excellence in Quality Award" at the 4th Sauce-Aroma Baijiu High-Quality

gxi Province
edal at the 2024 Brussels International Spirits Competition
eneur-Principal Festival
ration Studio" by the Jiangxi Federation of Trade Unions
Enterprises in Agricultural Industrialization
Liquor Industry"
ject · Dream Realization Campaign
nina 2024"
rvation Ecological Association





With well-established corporate governance structure, we strictly adhere to internal and external regulations and policies, and constantly improve our risk management systems and internal management processes, each initiative serving to manage risks for ZJLD. Meanwhile, we place a high priority on ESG enhancement at the Board level and actively respond to stakeholder concerns. The effectiveness of our governance measures is integrated into all aspects of our operations, supporting the company's development and ensuring that each bottle produced by ZJLD to be of high quality and sustainability, backed by the company's reputation and credibility.



Corporate Governance

> Corporate Governance Structure

ZJLD strictly complies with Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (including Code of Corporate Governance), and other relevant regulations. We have constructed a modernized corporate governance structure and management system with the Shareholder Meeting, the Board of Directors, and the Management. Rules and procedures are clearly defined regarding authorities and duties to ensure operational compliance, scientific decision-making, the protection of interests of shareholders and stakeholders, and ZJLD' s sustainable development.



During the reporting period, ZJLD held **1** meeting of Shareholder Meeting, **4** meetings of the Board of Directors with an attendance rate of **100%** of directors (higher than the required minimum rate of 66%), **2** meetings of the Audit Committee, **2** meetings of the Remuneration Committee, **2** meetings of the Nomination Committee and **2** meetings of the ESG Management Committee.

Board of Directors

The Board of Directors is the decision-making body of ZJLD Group, accountable to Shareholder Meeting and responsible for formulating ZJLD business plans, approving major decisions, appointing senior management and supervising their performance. Each year, members of the Board are required to conduct self-evaluations to enhance the effectiveness of the directors' tenure.

We attach great importance to the development of the Board and make efforts to ensure its independence, diversity, and expertise. We have issued the "Statement of Independence of the Board of Directors of ZJLD Group", which each independent director is required to sign prior to assuming office, stating that he or she has no financial or other interest in the business of the Group and that there are no other factors that may affect his or her independence as an independent non-executive director of the Group.

We have issued the Policy on Diversity of Board Members to ensure that we consider factors such as gender, age, cultural and educational background, ethnicity, and length of service when assessing board diversity. Board members possess strong expertise in finance, management, and industry-specific technical fields. We have also established a continuous training and professional development plan for all directors, further strengthening the Board's governance capabilities.

In 2024, independent directors accounted for 3 out of 9 board members, and female directors accounted for 2 out of 9. All directors have operational and management experience in the food and beverage industry. 2 executive directors and 2 non-executive directors have substantial experience in enterprise risk management. 3 executive directors and 3 nonexecutive directors have extensive experience in corporate finance and tax management. 2 executive directors and 1 non-executive director have been deeply involved in the development and management of ESG strategies in previous management roles. These directors provide strong support for the Group's strategy formulation, governance and control, and performance evaluation of management.





In future, when identifying and recommending board member candidates, we are committed to increasing the proportion of female as far as possible to ensure gender diversity. Achieving gender equality is considered the ultimate goal of the Group's board.

Under the influence of ZJLD diversity policy, by the end of 2024, ZJLD had 40 female employees in senior management positions (associate director and above), accounting for 28% of total senior management.

Board of Directors							
		r Age Position		Professional Committee			
Name	Gender		Position	Audit Committee	Remuneration Committee	Nomination Committee	ESG Management Committee
Wu Xiangdong	Male	6	Executive Director, Chairman of the Board	/	/	Chairman	/
Yan Tao	Male	61	Executive Director, Chief Executive Officer	/	/	/	/
Zhu Lin	Female	54	Executive Director, Vice President	/	/	/	Chairman
Luo Yonghong	Male	53	Executive Director, Vice President	/	Member	/	/
Ng Kwong Chue Paul	Male	54	Executive Director, Company Secretary	/	/	/	Member
Sun Zheng	Male	44	Non-Executive Director	Member	/	/	/
Huang Ching-Shuan Johnson	Male	62	Independent Non-Executive Director	/	Chairman	Member	/
Li Dong	Male	48	Independent Non-Executive Director	Chairman	Member	/	/
Yan Jisheng	Female	45	Independent Non-Executive Director	Member	/	Member	Member

ESG Governance

To ensure ESG work is well-directed, planned, and effectively implemented, we have established a three-tier ESG governance structure. At the Board level, an ESG Management Committee has been set up, composed of 2 executive directors and 1 independent non-executive director, and responsible for setting the strategic direction of ESG work, approving ESG topics and initiatives, overseeing ESG-related performance, and promoting major ESG projects. At the management level, an ESG Management Department has been established, led by senior management from the Group headquarter and subsidiaries, and responsible for formulating ESG management policies, selecting ESG topics, implementing ESG strategies, and executing ESG-related budgets. At the execution level, ESG working groups in distilleries are formed by topic, responsible for planning and implementing ESG improvement initiatives, regularly reporting ESG-related data, and undergoing data verification and periodic reviews. In addition, the Audit Committee and Audit Department are involved in ESG management from a risk management perspective.

ረዋኣ	Board of Directors Approve ESG strategies Review the achievement of ESG obje and KPIs
Gover- nance	ESG Management Composed of Executive Directo Independent Non-executive Directo Develop ESG strategies Guide the development of ESG p Approve ESG topics and overse assessment process Monitor performance and progress o
□ Manage- ment	ESG Management Depart (composed of the Group's dedicated ES personnel, senior management of Zher Xiangjiao, and ESG experts) Develop ESG management policie prepare ESG topics Promote the implementation of strate budget execution Provide support for key ESG decis
دچ Execu- tion	ESG E (composed of mana functional departme Execute specific ESG ta
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Building a Solid Risk management and internal control

To ensure the effectiveness of ESG governance, ZJLD Group has issued the ZJLD ESG Policy, which outlines in detail the ZJLD's ESG governance structure, as well as the mechanisms for elections and meetings, thereby supporting the effective implementation of ESG governance. Meantime, we have established a comprehensive ESG performance evaluation system for senior management at both the Group headquarter and subsidiaries. A balanced scorecard approach is used to quantitatively assess the key ESG indicators and the progress of ESG projects, with assessment results directly linked to management compensation.

During the reporting period, the ESG Management Committee reviewed and approved the 2023 ESG performance evaluation results, the 2024 ESG work plan and annual targets, and established the "2850" dual carbon goal. Additionally, 24 dedicated ESG meetings were held at the Group level. To further enhance management's awareness of sustainability, the ESG Management Committee, with support from the ESG Department, organized a year-end ESG leadership conference, bringing together key ESG personnel from each distillery to exchange experiences and jointly advance the Group's sustainable development. Meanwhile, we engaged a team of professional and independent consultants to evaluate our current ESG practices. Based on their recommendations, we continued to optimize the Group's ESG governance structure, policies and processes, and developed and implemented a series of targeted ESG enhancement plans.



ZJLD actively participates in ESG-related international and industry organizations. As a member of the China Alcoholic Drinks Association, ZJLD refers to the ESG disclosure and evaluation guidance in "ESG Disclosure Guidelines for Alcohol Enterprises" and the "ESG Evaluation Guidelines for Alcohol Enterprises" (both issued in 2024), supporting ongoing improvement of ZJLD's ESG governance structures and management systems. Besides, Lidu has joined the Society of Entrepreneurs & Ecology (SEE) and became the eighth enterprise member of the association's Poyang Lake Project.

Risk Management and Internal Control

> Risk Management System

To achieve strategic objectives, ensure internal and external communications, and improve the efficiency of business operations, we have established a risk management system of three levels. This system is built upon the Code of Corporate Governance, the Basic Standard for Enterprise Internal Control and the 18 application guidelines, the COSO framework, and other relevant principles. Our risk management system is guided by external regulatory requirements and industry insights, oriented toward sustainable development, supported by the organizational structure, managed by internal policies and procedures, and equipped with practical management tools.

Level 1 Control

Frontline staff and management teams in each business unit are responsible for identifying, assessing and controlling risks in daily business operations, and developing and implementing risk control measures.

> **Business units at** distillery level

Level 2 Control

risk control.

at the Group level

Our risk management process includes risk identification, risk assessment, risk response, risk monitoring and reporting, and risk warning. Annual assessment of the effectiveness of risk management is conducted, with results reported to the Board of Directors. In 2024, ZJLD's risk management and internal control work covered areas such as raw material procurement, production, branding and marketing, financial management, and environmental management. The risk management framework addresses strategic risk, market risk, financial risk, operational risk, compliance risk, and ESG risk. Looking ahead, we will continue to review our risk management strategies, related objectives and indicators, and internal control systems. Through both internal assessments and third-party evaluations, ZJLD will comprehensively assess operational risks and implement corresponding improvement measures.





> Risk Culture Development

We integrate risk management into ZJLD's corporate culture, aiming to transform risk awareness into conscious actions by employees. Regular training on risk management is provided to both executive and non-executive directors to promote a risk-aware culture across the Group. At the same time, trainings on anti-corruption and responsible marketing are provided to all employees to strengthen their awareness of risk prevention. Risk standards are incorporated into product and service development, with strict controls applied to food safety and data privacy. In addition, risk management performance indicators are included in the balanced scorecard, which outcomes are directly linked to management compensation.

> Risk Identification and Mitigation

Based on annual internal and external audits, we establish a risk identification team annually, composed of senior management, financial experts, and external consultants. This team identifies and addresses key risks related to the Group's operations.

Specifically, Baijiu production is highly sensitive to temperatures and requires strict quality standards for raw materials. If the raw material production areas experience natural disasters, it may lead to shortages or declines in raw material quality, affecting both yield and quality of Baijiu products. To mitigate such risks, the Group has established long-term partnerships with multiple high-quality farming bases to secure a stable supply of premium crops.

In the long term, regulatory requirements for ZJLD products may become increasingly stringent, including but not limited to regulations on carbon emissions and packaging. In response, we have set targets regarding carbon peak and carbon neutrality, while actively implementing emission reduction measures. Meanwhile, we are promoting green packaging by replacing non-environmentally friendly materials with recyclable and biodegradable alternatives.

> Tax Compliance

We fully recognize that tax management is integral to the Group's strategic planning, investment decisions, daily operations, and risk control. Improper tax management can result in significant financial and reputational losses. To ensure legal and compliant tax practices and effectively control tax-related risks, we publicly released the ZJLD Tax Management Policy in 2024, committing to strict compliance with the tax laws, regulations, and guiding principles of the jurisdictions in which we operate.

ZJLD has implemented comprehensive tax control and risk management measures. At the Group level, we have established tax management task lists and workflows and developed a tax BI warning system, which monitors product filing times and filing prices for consumption tax and other taxes. At the distillery level, we have designated full-time tax personnel responsible for closely following up on potential issues flagged by tax authorities and verifying each reporting period's declaration for consumption tax and income tax, which are subject to final approval by the chief financial officers of the distilleries. Tax and finance departments of the distilleries conduct large-scale internal tax reviews by tax category to proactively manage and prevent tax-related risks every year.

> By the end of 2024, no penalties or warnings had been issued to the Group by tax authorities.



Risk Identification

·Identify risks within ZJLD's various business processes, including determining the sources of risk and key influencing factors

· Categorize the risks and form a risk list

Risk Assessment

· Evaluate and calculate the likelihood and potential impact of identified risks

· Assess key concerns and prioritize risks of each process, resulting in a risk map with risk ranking

Risk Response

·According to the type, degree, and potential consequences of risks, conduct in-depth analysis of root causes and assess the impacts

· Adopt risk response measures such as risk avoidance, mitigation, transfer, or acceptance

·Enhance risk control measures through improvements in business processes, organizational structure, and management policies

Risk Monitoring and Reporting

· Each business unit prepares an annual risk assessment report

. The compliance department conducts an independent annual evaluation of the effectiveness of risk management across the Group

Risk Warning

· Select key indicators that clearly reflect operational risks to establish major risk warning systems

·Timely issue warning alerts and adjust control measures accordingly





Business Ethics

We are committed to creating sustainable value based on business ethics. Through the establishment of relevant policies, codes of conduct, and operational mechanisms, we ensure that all employees comply with ethical principles, maintain lawful and compliant operations, uphold integrity, and engage in fair competition.

ZJLD has developed and issued the Code of Business Conduct, which comprehensively covers topics including anticorruption, anti-bribery, anti-extortion, anti-fraud, antitrust, prevention of conflict of interest, anti-money laundering and insider trading, as well as anti-harassment and anti-discrimination. We commit to provide annual business ethics training to all employees, and correlate compliance performance with the employee performance evaluations, compensation and promotion. Oversight of business ethics issues, as well as the review and updating of related audit standards, is jointly managed by the ESG Management Committee and the Audit Department of the Group.

In 2024, the number of violations and legal cases related to corruption and bribery, conflict of interest, discrimination and harassment, customer data privacy, money laundering and insider trading within ZJLD Group is as follows:

Category	Number of Verified Violations	Timely Handling Rate	Number of Litigation Cases
Corruption and Bribery	13	100%	0
Conflict of Interest	31	100%	0
Discrimination and Harassment	0	-	0
Customer Data Privacy	0	-	0
Money Laundering and Insider Trading	0	-	0

> Anti-Corruption and Anti-Bribery

In accordance with Criminal Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, we have developed and issued the ZJLD Anti-Corruption and Anti-Bribery Policy. This policy applies to all employees and business partners of the Group and provides detailed guidelines on areas including giving or receiving cash or items of value, providing or accepting business sponsorships, interactions with government officials, charitable donations, and misappropriation of funds.

Based on the ZJLD Anti-Corruption and Anti-Bribery Policy, we have established a comprehensive anti-corruption system, covering the following key areas:

Scope of Personnel Coverage

Internally, the policy applies to all directors, senior executives, and employees of the Group and its wholly-owned and controlled subsidiaries. Externally, it applies to all business partners, including customers and suppliers. The aim is to fully eliminate the risk of corruption.

Defined Management Organization

The Group's Compliance Department, as the management role, is responsible for formulating and implementing anticorruption policies. The Group's Audit Department, as the supervisory role, is responsible for monitoring anticorruption work to ensure effective system operation.

Multiple Management Measures

In accordance with the ZJLD Anti-Corruption and Anti-Bribery Policy and related policies, we conducted six compliance training sessions in 2024, emphasizing five compliance bottom lines ("iron rules"). Training coverage reached 100% of board members, senior management, and employees. Additionally, at distributor and sales partner conferences, we emphasized anti-corruption topics to partners. Key employees, suppliers and distributors are required to sign commitment letters or agreements outlining their responsibilities. We also conduct annual evaluations and behavioral assessments, and have established a whistleblowing and whistleblower protection mechanism to encourage participation in anti-corruption oversight. For business partners, we have implemented targeted measures to address potential corruption and bribery risks, especially in procurement. For example, the audit department, tender office, and business units jointly form bidding teams, multi-party price comparison for all large tenders. The audit department also conducts regular integrity audits on major suppliers and investigates corruption and bribery cases on an ongoing basis.

Control of Key Risk Areas

We have placed enhanced controls over core business processes such as procurement, sales, and financial management. Specific focus is placed on supplier selection and client development and maintenance to minimize corruption risks.



Key Control Areas

Purchasing

- Vendor selection
- · Procurement solicitation
- · Contract negotiation
- · Purchase execution
- Sales

· Customer development and maintenance

- · Sales pricing
- · Sales return
- ·Sales channel management

Financial management

- ·Budgeting and the adjustment
- · Fund raising
- · Approval of funds
- ·Bookkeeping and cost accounting
- · Donations and commercial sponsorship

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> Antitrust and Fair Competition

We implement the requirements of the Anti-Monopoly Law of the People's Republic of China and the Anti-Monopoly Compliance Guidelines for Business Operators, and have formulated the ZJLD Antitrust Compliance Management Policy and incorporated antitrust and fair competition provisions into the ZJLD Code of Business Conduct to effectively prevent antitrust compliance risks. The Group's Compliance Department has designated personnel responsible for antitrust compliance, overseeing the implementation of management's requirements, coordinating antitrust compliance in various business operations, and monitoring the execution across departments.

In 2024, we carried out training on antitrust and fair competition and implemented multiple control measures to manage related risks, including compliance check, performance evaluation, policy study, and updates to relevant management policies.



> Anti-Money Laundering

To effectively prevent money laundering activities, we have formulated the ZJLD Anti-Money Laundering Management Policy in accordance with the Anti-Money Laundering Law of the People's Republic of China and other relevant regulations. A sound internal control mechanism has been established to support anti-money laundering efforts. The Legal Department is responsible for overall coordination, the Finance Department handles day-to-day management, the Audit Department oversees monitoring, and the Sales Department is responsible for the implementation.

Legal Department

·Communicate anti-money laundering related laws, regulations and policies.

Coordi

nation

Mana-

gement

Super

vision

·Organize anti-money laundering law training activities.

· Guide all business units and departments to implement anti-money laundering requirements.

Finance Department

·Maintain customer information and identify suspicious customers.

- ·Collect and report data on large-value or suspicious payment transactions.
- ·Establish management policies for largevalue transactions.
- · Manage bank accounts.
- Investigate suspicious transactions.

Audit Department

·Accept reports of suspicious customers and suspicious transactions.

· Carry out investigations into incidents involving anti-money laundering risks, and issue recommendations on penalties.

· Evaluate the effectiveness of the internal policies and control mechanism for antimoney laundering, and make recommendations for management improvement. \checkmark

Sales Department

·Anti-money laundering working groups in each of the Group's sales regions.

·Conduct customer identification to fully understand the background of customers, actual controllers, sources of funds, etc.

· Require customers to sign a letter of commitment with the contract to take anti-money laundering obligations and cooperate with the Group's antimoney laundering work.

·Analyze large-value transactions on a regular basis.

· Report suspicious customers and their transactions and conduct investigations according to the requirements.

· Communicate the Group's antimoney laundering policies and requirements to customers.

Execution



other third parties

Whistle-blowing channels

• Email of the audit departments

audit department

to make a report

Whistle

blowing

Accep

tance

Investi-

gation

Conflict of Interest

To effectively prevent conflicts of interest between ZJLD and its directors, senior management, and employees, and to avoid actions that may harm the interests of ZJLD and its shareholders, we have established the ZJLD Conflict of Interest Management Policy. This policy clearly defines what constitutes a conflict of interest and outlines corresponding prevention measures. It also requires all directors, and senior management personnel to fill in the "Conflict of Interest Disclosure Form" and "Declaration on Conflict of Interest" within ten working days before December 31 each year. These signed documents must be submitted to the Group's Audit Department.

Preventing Conflicts of Interes

Directors, senior management, and employees

·Invest in or hold shares in companies or economic entities that have business dealings with or compete against ZJLD.

· Involve in related-party transactions. If such transactions occur, they must be disclosed in advance and approved by ZJLD.

·Serve as legal representatives, directors, supervisors, senior management, or consultants in companies or economic entities that have business dealings with or compete against ZJLD, in order to avoid conflicts of interest in the performance of duties. All employees must also refrain from engaging in activities that compete with ZJLD.

· Use ZJLD's resources or information to obtain personal gain or business opportunities, and compete with ZJLD.

·Accept or offer gifts that could influence their business decisions, and allow related parties to accept or offer those gifts.gifts.

st in ZJLD Group	•
of ZJLD Group are required	not to

Whistle-blowing Center ·Register whistle-blowing materials, conduct preliminary review and verification to decide whether to file a case · Cases that are filed are promptly forwarded to the audit team for handling ·Inform the whistle-blower of the outcome of

the investigation · Archive case records

Inspection Team

•The investigation team consists of at least two members who are familiar with whistle-blowing related procedures.

· Focus on evidence and facts, and investigate thoroughly. Case disposition always be issued with caution.

· Follow up on outcomes, and provide rewards to the whistleblower.

Whistleblowing Centers of each brand

		Zhenjiu	Lidu	Xiangjiao	
Phone Number	+8	6 133 1319 5953	+86 4008 551 308	+86 185 6522 7350	
Address	Internal Audit Department, 2/F of Office Building at Zhenjiu		Check-in reception, 1/F of Office Building at Lidu	Check-in reception, 1/F of Office Building at Xiangjiao	
Audit Department of the Group					
Phone Num	Phone Number 010-56969198(Director of Audit)				
Email	د complaint@zjld.com				
AddressAudit Department, 8/F, Tower A/B, Jiahe Guoxin Building, No. 1Baiqiao Street, Donghuashi Subdistrict, Dongcheng District, Beij		0.			

		Zhenjiu	Lidu	Xiangjiao		
Phone Number	+8	6 133 1319 5953	+86 4008 551 308	+86 185 6522 7350		
Address		al Audit Department, Office Building at Zhenjiu	Check-in reception, 1/F of Office Building at Lidu	Check-in reception, 1/F of Office Building at Xiangjiao		
	Audit Department of the Group					
Phone Num	Phone Number 010-56969198(Director of Audit)					
Email		complaint@zjld.com				
Address Audit Department, 8/F, Tower A/B, Jiahe Guoxin Building, No. 15 Baiqiao Street, Donghuashi Subdistrict, Dongcheng District, Beijing			0			

> Whistleblowing Management

To strengthen internal control and prevent improper, illegal, or non-compliant behavior, we have established the ZJLD Complaint and Whistleblowing Management Policy. A whistleblowing mechanism has been put in place across the Group, with clear communication to employees and public disclosure of reporting channels such as hotlines and email addresses to facilitate timely reporting by both internal staff and external parties. The policy allows for anonymous reporting and strictly ensures the confidentiality of reported content. We adopt a zero-tolerance approach toward any retaliation against whistleblowers, committed to protecting their legal rights in accordance with the law.

Each distillery under the Group has a designated whistleblowing center, managed by personnel appointed by the HR departments to handle report intake. Investigation and handling of cases are carried out by the audit teams of each distillery, also responsible for communicating the outcomes of investigations. The Group's Audit Department oversees the whistleblowing management process, reviews and updates relevant systems and procedures, and participates in the investigation and resolution of major cases.





Materiality Assessment

To respond to the concerns of internal and external stakeholders and to carry out ESG work in an efficient and structured manner, we conduct a materiality assessment process annually, subject to approval by the ESG Management Committee. We preliminarily develop a ESG topic list based on our business characteristics, strategic objectives, best practices in industry, international sustainability trends, regulatory requirements, and research findings from professional institutions. Through interviews, meetings, and surveys with internal stakeholders (such as the Board of Directors, senior management, and employees) and external stakeholders (such as consumers, distributors, and suppliers), we identify the ESG issues most relevant to our stakeholders and refine the list of material topics accordingly. We assess the importance of each ESG topic based on two dimensions: internal impact and external impact. These results, combined with our risk management processes, form ZJLD annual materiality matrix. For topics identified as high materiality, we give top priority to advancing related ESG initiatives, monitor progress, set measurable targets, and evaluate performance, linking the results directly to management compensation.

Review

We clarify ZJLD core values, development strategies, business activities, and key capabilities; we identify the current state and future direction of ESG development; and we determine internal and external stakeholders.

Topic Identification

With reference to domestic and international laws and regulations, market trends, international standards such as GRI, rating agency requirements, peer practices, media, and ZJLD's specific practices, we preliminarily form the ESG topic list.

Survey and Communication 3

Through interviews, meetings, surveys, and other methods, we maintain close communication with the identified stakeholders. In 2024, we collected a total of 482 materiality assessment questionnaires, covering shareholders and other investors, directors and senior management, employees, customers and consumers, distributors, suppliers, authorities and industrial institutions, as well as communities and NGOs. This allows us to gain a comprehensive understanding of stakeholder concerns and ultimately identifies 26 ESG topics.

Evaluation and confirmation

We analyze and discuss the results of interviews, meetings, and surveys, and assess the materiality of ESG topics across two dimensions "Impact on ZJLD Group's sustainable development" and "Impact on the external environment and society". Based on expert consultation, a materiality matrix is confirmed and finally approved by the ESG Management Committee.

Based on the Group's business practices and strategic planning, peer benchmarking, international standards, rating agency requirements, global sustainability trends, and the expectations of our stakeholders, we developed the ZJLD 2024 ESG Materiality Matrix. The matrix identifies 7 topics of high materiality, 13 topics of moderate materiality, and 6 topics of low materiality.



High Materiality	Moderate	Low Materiality	
Product Quality and Safety	Information Security	Employee Training and Development	Public Welfare
Customer Service	Responsible Supply Chain	Equal Employment and Diversity	Rural Revitalization
Water Management	Transparent Disclosure	Sustainable Agriculture	Food Waste Reduction
Resource and Energy Conservation	Responsible Marketing	Intellectual Property Rights	Biodiversity Conservation
Occupational Health and Safety	Waste and Pollutant Release	Climate Change Risk Management	Cultural Heritage
Business Ethics	Employee Rights	Corporate Governance System	Board Performance and Compensation
Green Packaging	Greenhouse Gas Emissions Management		

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ESG Journey Along Our Value Chain

From raw grain sourcing, base liquor brewing, and product bottling to end-product sales, we integrate ESG practices across the entire value chain. ESG principles are embedded in every stage of baijiu production, enabling sustainable value creation and forming a closed-loop system that supports the high-quality development of the baijiu industry.

Responsible Sourcing

> Risks and Opportunities

In the context of increasingly complex global supply chains, responsible sourcing has become a key issue for the sustainable development of the baijiu industry. The quality and origin of raw materials not only affect product quality but also have a direct impact on the ecological environment, social responsibility, and long-term business competitiveness.

From a risk perspective

the complexity and uncertainty of supply chains present various challenges for baijiu enterprises. On the raw material side, climate change may lead to fluctuations in the supply of key crops such as sorghum and wheat. At the same time, small and medium-sized suppliers may lack compliance in environmental protection and labor practices, posing risks of supply chain disruption.

From an opportunity perspective

Promoting supplier compliance and supporting them in adopting ESG practices and implementing energy-saving and emissions-reduction initiatives can help enterprises meet regulatory requirements and enhance supply chain resilience. This also contributes to reducing overall costs, improving efficiency, and fostering sustainable development between the enterprise and its suppliers.

> Our Governance

We aim to establish a transparent and sustainable supply chain management system to promote green cultivation and ecological protection, ensuring a long-term and stable supply of high-quality raw materials.

At the Group level, we have formulated the Supplier Entry Qualification Determination and Management Method, which clearly states that suppliers must meet legal and compliance requirements and undergo a comprehensive qualification assessment before being included in the supply system. In addition to basic factors such as quality, delivery, and price. the assessment also covers the supplier's actual performance in social responsibility, environmental management, and business integrity. The internal audit department monitors the entire supplier selection process to ensure compliance. The Group reviews and updates the policy annually in accordance with national standards and best practices in the consumer goods industry. In addition, we have issued the Procurement Management Policy, led by the Group Procurement Department in coordination with the ESG Management Department, EHS Department, and Internal Audit Department. Every year, we conduct ESG questionnaires and on-site visits for suppliers, focusing on potential risks related to labor compliance, health and safety, energy management, pollution prevention, and business ethics to ensure sustainable supply chain management. Under the Anti-Corruption and Anti-Bribery Management System, we require all suppliers to strictly follow the Group's relevant policies and establish internal anti-corruption mechanisms. All suppliers must sign an Integrity Commitment Letter before signing formal contracts to ensure fairness, transparency, and compliance in business cooperation.

On this basis, we have developed a Supplier Code of Conduct, which includes provisions related to human rights and labor, environment, and business ethics. The code addresses working conditions (e.g., working hours, physical/mental demands of the workplace, wages, benefits), discrimination and harassment, child labor, corporal punishment/disciplinary action, occupational health and safety, freedom of associations and collective bargaining, forced labor, and acceptable living conditions. The Procurement Department leads the implementation, while the ESG Management Department provides oversight. Purchasing practices towards suppliers are continuously reviewed to ensure alignment with the Supplier Code of Conduct and to avoid potential conflicts with ESG requirements. This supply chain management framework also applies to Tier 2 suppliers.

We clearly define the responsibilities of the Board of Directors and of each management level in supply chain governance to ensure effective implementation. Responsible procurement is carried out in compliance with the above policies by the procurement teams at Zhenjiu, Lidu, and Xiangjiao. Cross-brand meetings are regularly organized to share and learn best practices in responsible sourcing. The ESG Management Department is responsible for breaking down the Group's strategic goals of responsible sourcing into action plans for each distillery. The ESG Management Department also verifies procurement data and the data of significant suppliers' electricity, gas, and water usage, and conducts annual performance evaluations on Procurement Department's responsible sourcing practices.



Building a Solid
 Governance Foundation
 Governance Foundation

> Our Strategy

We are committed to building a transparent, responsible, and sustainable supply chain. Through a robust ESG management framework, we aim to promote shared environmental, social and governance responsibilities among suppliers, ensuring long-term stability and sustainable growth of the supply chain.

In 2024, we expanded the scope of our work on supplier ESG empowerment based on existing Supplier ESG Empowerment strategy, which involves on-site visits to significant suppliers to help improve their ESG performance. The number of significant suppliers visited increased from four in 2023 to eight in 2024. Considering the leading ESG practices in the consumer goods industry and the specific production processes of baijiu industry, we refined the ESG assessment criteria and provided tailored ESG improvement recommendations to suppliers based on the results of on-site evaluations. In 2025, we will continue implementing the Supplier ESG Empowerment project, conducting ESG capability-building visits to no fewer than eight significant suppliers. We carry out ESG desk risk assessments and on-site assessments for 100% of significant suppliers, and carry out ESG desk risk assessments for 100% of non-significant supplier desk assessments with systematic verification of evidence. All suppliers identified with significant ESG risks will be required to carry out corrective action within a defined timeframe under supervision.



In addition, we plan to study and release our 2030 Responsible Sourcing Strategic Goals in 2025. These goals will include actions to improve supplier compliance, promote sustainable raw material sourcing, and provide training for farmers, continuing to lead the future direction of responsible sourcing in the baijiu industry.

> Our Actions Supplier Entry and Evaluation

We strictly implement the Supplier Entry Qualification Determination and Management Method, conducting comprehensive assessments of potential suppliers' environmental, social, and governance performance and business relevance during the qualification process. ESG criteria is incorporated in supplier selection and contract awarding. Our ESG entry standards cover areas such as business ethics, environmental protection, product quality, production safety, labor compliance, human rights, and social responsibility, to ensure the compliance and sustainability of the procurement system.

All potential significant suppliers are required to complete an ESG risk questionnaire and undergo a rigorous ESG risk assessment pre-onboarding. If a supplier is found to have significant ESG-related risks—such as non-compliance in environmental protection, labor practices, or business ethics—or is involved in human rights violations (e.g., child labor or forced labor), we will not engage in any business with them. On the other hand, suppliers who demonstrate excellence in environmental protection, energy conservation, labor practices, and business ethics will receive preferential consideration during the selection process.

Before any contract is finalized, the Group's Procurement Department conducts on-site assessments to verify the supplier's actual performance in areas such as environmental protection, labor rights, and business ethics.

Supplier Management and Oversight

Supplier ESG Management

We have established a clear supervisory mechanism for ESG management of suppliers. Suppliers' ESG performance is assessed annually, with executive management responsible for final decision-making and the Board of Directors providing comprehensive oversight. ESG criteria is fully integrated into the annual evaluation of existing suppliers to ensure continuous improvement in sustainable business practices throughout the collaboration. Suppliers are excluded from contracting if they cannot achieve minimum ESG requirements within a set timeframe.

To ensure ESG compliance across the supply chain, the Group's Procurement Department—guided by the Procurement Management Policy and Supplier Code of Conduct—works with the EHS Department, Human Resources Department, Internal Audit Department, and external consultants to conduct an ESG risk assessment for suppliers. The supplier assessment is based on frameworks and methodologies including International Labour Organization (ILO) conventions and the ESG Evaluation Guidelines for Alcohol Enterprises, aiming to improve sustainable supply chain management.

Considering sector-specific risk and commodity-specific risks, along with supplier qualifications and historical cooperation records, we evaluate suppliers based on two dimensions: ESG impact and business impact. Suppliers are then categorized as either significant or non-significant.

significant suppliers

Significant suppliers are subject to stricter assessments. The annual ESG risk questionnaire for significant suppliers covers compliance (e.g., prior major environmental penalties, use of child labor or forced labor), environmental and social responsibility (e.g., energy conservation and emissions reduction, occupational health and safety, employee welfare), and governance mechanisms (e.g., anti-corruption, fair competition).

The Procurement Department also conducts on-site visits to verify the accuracy and completeness of the information provided by significant suppliers. In annual supplier evaluations, those that demonstrate excellence in energy efficiency and clean energy adoption receive additional points to encourage long-term sustainable partnerships. Conversely, if a supplier fails to meet ESG standards and cannot resolve issues within a set timeframe, points are deducted, which may affect contract renewals and future procurement decisions.

non-significant suppliers

n contrast, the review process for non-significant supplier mmediately terminated if any of the following issues are id
• Major environmental violations resulting in penalties wit • Infringement of labor rights, such as the use of child lab or withholding personal identification documents
·Serious compliance violations, including fraud, mon improper benefit transfers

We have also established formal whistleblowing channels to allow supply chain workers to report issues safely and effectively. In addition, social responsibility standards are incorporated into our legal agreements with suppliers to ensure strict enforcement of social responsibility requirements.

In 2024, all significant and non-significant suppliers passed the review process, and no major ESG risks were identified that would impact cooperation.



rs focuses more on controlling major risks. Cooperation is dentified:

thin the past three years

por or forced labor, requiring employees to pay deposits,

ney laundering, bribery, kickbacks, or other forms of

Key performance	2024

Supply Chain Stability

We have introduced a supply chain management system to enable full lifecycle management of suppliers. This system covers key functions such as access review, quality coordination and control, performance evaluation and improvement, risk warning, and compliance management, ensuring the stability of our supply chain. For significant suppliers, we place strong emphasis on the impact of their supply reliability on the Group's continuous operations, especially regarding key packaging materials for our core products. To mitigate supply chain risks, we adopt a parallel supplier strategy, engaging multiple significant suppliers for sampling and trial production. This ensures that, in the event of a supply issue with one supplier, the Group's production and operations can remain stable, avoiding business disruption caused by supply interruptions.

Supply Chain Environmental Data Tracking

We are gradually establishing a supply chain environmental data tracking system to collect and analyze key environmental indicators such as electricity, natural gas, and water consumption in the production processes of all significant suppliers. Through data management and optimization, we can identify energy-saving and emissionreduction opportunities among suppliers and promote collaborative low-carbon transformation.

Supplier Water Risk

In 2024, 58% of the Group's agricultural commodities were originated from water-stressed areas. To alleviate water resource pressure within the supply chain, we actively collaborated with key Tier-1 suppliers and implemented the following measures:

Addressing risks related to water quantity and quality

Through regular communication and training, we promoted the concept of water resource stewardship to suppliers and supported the adoption of advanced water recycling technologies to reduce water consumption during production.

Addressing risks related to regulatory changes or changes in pricing structures

We continuously monitored changes in regional water resource regulations and provided compliance guidance to suppliers to minimize operational risks. We also assisted suppliers in optimizing their production processes to improve water efficiency and reduce cost pressures caused by rising water prices.

Addressing risks related to stakeholder conflicts

We encouraged suppliers to establish effective communication mechanisms with local communities and governments to ensure fair water usage. Additionally, we promoted supplier participation in regional water management initiatives and supported the joint development of sustainable water resource management strategies with relevant stakeholders.



Local Sourcing

We actively leverage local supplier resources to reduce logistics costs and minimize carbon emissions associated with long-distance transportation. In the Group's main operating regions—East China, Central China, and Southwest China—local suppliers accounted for 89% of the total number of suppliers. In 2024, purchases from local suppliers accounted for 75% of the Group's total procurement value.

In 2024 Local suppliers accounted for 89% of the total number of suppliers, accounting for 75% of the Group's total procurement value

Supplier Development and Capacity Building

Supplier Remediation and Improvement

Based on annual ESG risk assessments, we formulate corrective and improvement plans for suppliers to help them enhance compliance and optimize their sustainable development management within a set timeframe. This is crucial to ensuring the long-term stability and responsibility of our supply chain. In 2024, we conducted ESG risk assessments for 33 significant suppliers and 128 non-significant suppliers, covering 100% of the Group's Tier-1 suppliers. For significant suppliers specifically, we issued a total of 460 ESG improvement items. Each recommendation was explained to the suppliers in detail, including the rationale for the ESG improvements and the necessary steps for implementation. Compared to 180 recommendations made in 2023, this increase reflects our updated ESG assessment questionnaire in 2024, which expanded the scope and raised performance expectations.

In 2024

conducted ESG risk assessments

33 significant suppliers

28 non-significant suppliers

460 ESG improvement items

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Supplier ESG Empowerment and Training

As part of our broader commitment to sustainable development across the value chain, we regard suppliers as key partners in the green transition. We aim to use our influence to promote ESG concepts upstream and drive a low carbon transition in the supply chain. In 2023, we launched the Supplier ESG Empowerment Program, which provides annual on-site technical guidance and tailored ESG improvement plans to help significant suppliers enhance their ESG management capabilities and jointly build a low-carbon, efficient supply chain ecosystem. We provide training for related employees on their roles in the supplier ESG programs.

In 2024, the Group continued to form a cross-functional ESG empowerment team composed of the EHS Department, Human Resources Department, Internal Audit Department, and external consultants. Leveraging professional expertise and industry experience, the team conducted on-site visits to eight significant suppliers, focusing on three key areas:



Based on the ESG management status of these suppliers, the team provided 32 energy and water-saving recommendations and 25 EHS capacity-building suggestions. Supporting ESG training was also provided, including guidance on mainstream ESG frameworks and standards, industry best practices, and benchmarking data. The suppliers were also supported in ESG benchmarks against peers to identify areas for improvement and optimize their sustainability strategies. We also provided supplier support (remote/on-site) on implementation of improvement actions.

In response to recurring quality issues in the production and logistics processes of significant suppliers, we also provide comprehensive annual supplier quality training. For more details, please refer to section Product Quality.

provided **32** energy and water-saving recommendations

improvement items identified during the

site visits.

provided **25** EHS capacity-building suggestions



Reduce electricity costs per RMB 10,000 of output value **by 1%** compared to that of 2023

According to feedback from Sanliang Rice Industry, all of our ESG recommendations and targets have been accepted and adopted.

Sustainable Raw Material Sourcing

ZJLD has established a raw grain base management system to implement sustainable agricultural procurement. This approach aims to ensure stable raw material supply and product quality while aligning with green development trends, ultimately achieving long-term synergy between ecological protection and the Group's economic performance.

Sustainable Agriculture Commitment

At the Group level, we have formulated the Sustainable Agriculture Commitment, under which we pledge to manage upstream agricultural products and promote sustainable farming practices among growers. Specifically, we provide technical support and oversee farming practices to help reduce water consumption, minimize environmental pollution, protect soil fertility, lower greenhouse gas (GHG) emissions, and prevent ecological degradation caused by agricultural activities.



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Grain Base Management System

We utilize a grain base management system to enhance efficiency and transparency in procurement, storage, and quality control. This system includes key functional modules such as supplier profiles, farmer records, agricultural input category management, grain seed procurement, and distribution records. By building a comprehensive database of suppliers and farmers, we can accurately manage raw material sources and ensure compliance and traceability in procurement activities.

The system categorizes and manages agricultural inputs—such as seeds and fertilizers—to optimize their usage and distribution. In terms of storage management, it enables real-time tracking of grain procurement and warehousing, improving operational efficiency and reducing losses and waste. Its quality inspection module ensures that raw materials meet standards during storage and use, supporting consistent product quality.

Additionally, the system includes a data visualization dashboard that displays key indicators such as raw material procurement, inventory, and quality testing results. This helps us monitor operational performance in real time and improve supply chain decision-making. We have also installed cameras at planting sites to remotely monitor crop growth and weather conditions. By implementing this raw material management system, we have built a more efficient, secure, and traceable supply framework, which strongly supports sustainable production and quality assurance.

Green Farming

Sorghum is our most critical raw materials. We actively promote organic certification for sorghum at our key grain bases. In 2024, the Group procured 5,000 tons of organic sorghum, accounting for 3% of the Group's total agricultural procurement by weight. We are considering further expansion of organic grain certification at the source in the future. In addition, our significant supplier Guiliang Agriculture has obtained the Green Food Grade A product certification. In 2024

procured **5,000 tons** of organic sorghum

accounting for **3**% of the Group's total agricultural procurement by weight



Sorghum Organic Certification



Green Food Certification

In 2024, we further advanced our green agriculture practices. The Group's Procurement Department and Quality Department jointly developed the Green Farming Manual, based on the certification requirements for green food standards. The manual provides guidance for eco-friendly cultivation of grain used in Baijiu production, encouraging farmers to reduce the use of chemical fertilizers and herbicides to minimize environmental impact and enhance the sustainability of grain cultivation.

At the execution level, we conducted random inspections of partnered farming bases from April to August and performed pesticide residue testing on harvested crops to ensure food safety. We also worked closely with the Zunyi Agricultural Science Institute, the Hongyingzi Sorghum Association, and technical staff from farmer service stations to regularly monitor crop pest and disease conditions and provide scientific fertilization guidance.

Furthermore, we required our partners to organize local farmer training sessions during the peak pest season (April–May), promoting environmentally friendly pest control methods such as physical pest removal to reduce reliance on chemical pesticides. These efforts support the joint development of a green and sustainable agricultural supply chain.

> Our Metrics

Tier-1 Supplier Distribution by Region

Region	Number of Key Suppliers	Region	Number of Key Suppliers	
East China	32	Northeast	3	
North China	4	Northwest	0	
Central China	34	Southwest	77	
South China	11			
Total Number of Tier-1 suppliers: 161				

Tier-1 Supplier ESG Review Summary

Supplier Type	Number of Suppliers	Coverage (%)	Major ESG Risks Identified	ESG Improvement Suggestions Issued
Significant suppliers in Tier-1	33	100	0	460
Non-signifiant suppliers in Tier-1	128	100	0	-

Supplier Evaluation and Improvement

	Value/Percentage
% of total spend on significant suppliers in Tier-1	33.33%
Total number of suppliers assessed via desk assessments/on-site assessments	161
% of unique significant suppliers assessed	100%
Number of suppliers assessed with substantial actual/potential negative impacts	0
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	0%
Number of suppliers with substantial actual/potential negative impacts that were terminated	0

Participation in Capacity Building Programs

Number of Suppliers in	% of Significant Suppliers	ESG Capacity Improvement	Energy and Water Efficiency
Capacity Building Programs	in Capacity Building Programs	Recommendations	Recommendations
8	24%	25	32

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Sustainable Brewing

> Responding to Climate Change

Climate change has already had widespread impacts on natural systems and socio-economic structures and is profoundly reshaping the development trajectory of the Baijiu industry. ZJLD places great importance on the impacts of climate change on our supply chain and production operations. We actively implement a series of climate actions and work closely with stakeholders - including employees, suppliers and customers - to jointly mitigate the effects of climate change, enhance the Company's resilience to climate-related risks, and actively seize emerging climate-related opportunities.

Climate Governance

We have integrated climate change management into the Group's overall ESG governance framework. The Board of Directors and its ESG Management Committee serve as the highest governing bodies for climate-related issues, responsible for overseeing and managing climate-related risks and opportunities that may have material impacts on the Group's business. The Committee holds each year at least one dedicated discussion on climate-related topics to define the Group's strategic direction in responding to climate change.

At the management level, the Group's ESG Management Department is responsible for identifying and assessing current and potential climate-related risks and opportunities and for formulating climate mitigation and adaptation plans. It also coordinates the implementation of climate-related work across distilleries. ESG execution teams at each subsidiary are tasked with implementing specific actions and monitoring climate-related risks and opportunities in daily operations.

To effectively promote climate action, we have established a clear and incentive-based reward and penalty system. Progress towards the Group's overall carbon reduction targets is directly linked to the annual bonuses of ESG Management Committee members. Additionally, the performance bonuses of managers and employees of relevant departments are tied to the achievement of energy-saving and emission-reduction indicators.

In terms of policy, we updated and improved the ZJLD Group Environmental Protection Policy this year. The policy outlines in detail the Group's commitments, management mechanisms, and key action areas in addressing climate change and other environmental issues. To further implement the Environmental Protection Policy, the Group also developed an energy management system, requiring all distilleries to support the Group's low-carbon and emissionreduction goals through the adoption of clean and renewable energy, energy-saving upgrades, and the phasing out of outdated production capacity.

Climate Strategy

Over the past year, through initiatives such as rooftop solar installation, enhancement of energy management system, implementation of electricity and gas conservation projects, and the phasing out of energy-intensive equipment, we successfully achieved the carbon reduction target - reducing our Scope 1 and Scope 2 emissions intensity by 20% compared to 2021 - ahead of schedule. We also reached a milestone of using 50% renewable electricity across the Group, laying a solid foundation for our 2025 goal of using 100% renewable electricity.

Building on the progress of recent years and to further advance our decarbonization efforts, we have decided to raise our climate ambition. We now commit to reaching carbon peak of our own operations (Scope 1 and 2) by 2028 and achieving net-zero emissions by 2050 ("2850" dual-carbon goal). This not only responds to China's national "3060" targets but also demonstrates our commitment to supporting the Paris Agreement's 1.5°C temperature control goal.





2021-2024 Scope 1 and 2 GHG Emissions and Intensity



2024 GHG Emissions by Scope (Scope 1, 2, and 3)



¹The data shown in the chart represents market-based Scope 1 and Scope 2 GHG emissions and intensity. The scope of statistics primarily covers the consumption of natural gas, diesel and gasoline by our self-owned equipment, methane escape during sewage treatment process, and the use of grid-mixed purchased electricity.

Emission factors are derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, as well as the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Power Generation Facilities and the 2022 Grid Emission Factors issued by the Ministry of Ecology and Environment of the People's Republic of China.

²Scope 3 covers all categories applicable to ZJLD Group, including C1 Purchased Goods and Services, C2 Capital Goods, C3 Fuel- and Energy-Related Activities (Not Included in Scope 1 or 2), C4 Upstream Transportation and Distribution, C5 Waste Generated in Operations, C6 Business Travel, C7 Employee Commuting, C8 Upstream Leased Assets, C9 Downstream Transportation and Distribution, C12 End-of-Life Treatment of Sold Products, and C14 Franchises.

Scope 1	Scope 2 (market-based)	Scope 3
115,661	7,588	1,243,042
8.47%	0.56%	90.98%





³Note 1: According to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, upstream transportation refers to transportation and distribution services purchased by ZJLD Group in 2024, including inbound and outbound logistics. Therefore, carbon emissions resulting from the transportation of raw materials, packaging materials, and finished products-where the Group bears the cost-are classified under C4 Upstream Transportation and Distribution. Emissions generated by the transportation between offline stores and our end consumers are classified under C9 Downstream Transportation and Distribution.

Note 2: Baijiu sold by ZJLD Group are finished products - no processing required. Therefore, there are no emissions related to C10 Processing of Sold Products.

Note 3: The consumption of our Baijiu by end consumers does not involve energy use or carbon emissions generation. Thus, C11 Use of Sold Products is not applicable.

Note 4: For ZJLD Group, C12 End-of-Life Treatment of Sold Products primarily refers to emissions generated from the disposal of nonrecyclable packaging materials, such as ceramic bottles. To address this, we are actively promoting the replacement of ceramic bottles with recyclable glass bottles to further reduce emissions at the product end-of-life stage.



Following the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) - now incorporated into the ISSB's IFRS S2 Climate-related Disclosures – we conducted the annual climate scenario analysis. For the transition scenario, we adopted the Net Zero Emissions by 2050 (IEA NZE 2050), and for the physical scenario, we referenced Shared Socioeconomic Pathway 3-7.0 (SSP3-7.0). These scenarios guided our identification and assessment of climate-related risks and opportunities, helping us better understand the impact of climate change on the Group's business operations and value chain.

During the reporting period, the Group's ESG Management Committee identified four physical risks and four transition risks. These risks were quantified, and corresponding mitigation measures were formulated. Additionally, we identified two climate-related opportunities and developed action plans in response.

Risk category	Risk name	Risk description	Time frame of impact⁴	Mitigation measures
Physical risk	Extreme heat	 Reduced efficiency of cooling systems across distilleries, along with increased energy consumption by other tempe- rature-sensitive equipment, leading to higher operational costs Extreme heat affects the microbial growth of baijiu, which has a negative impact on the quality and stability of the base liquor Extreme high temperatures affecting the efficiency and health of employees, which may result in increased expenditure on medical expenses and high temperature allowances Aggravated food supply risks due to extre- me heat, impacting supply chain stability and causing raw material prices to rise, thereby increasing procurement costs 	Short-, medium-, long-term	 Implemented: Safety and health measures for high-temperature operations to prevent heat-related injuries Implemented: Collaborating with farmers to establish planting bases with advance contracting, targeted procurement, and technical guidance to ensure supply chain stability In Progress: Upgrading technical equipment to reduce the impact of extreme heat on temperature-sensitive machinery In Progress: Developing weather monitoring systems to alert for extreme heat and enable early response In Progress: Installing distributed solar panels on workshop roof-tops to lower indoor temperature-start during hot weather

⁴According to the Group's business planning cycle and the lifecycle of our equipment and assets, the short term is defined as the next 5 years from the reporting year, the medium term as 5 to 10 years, and the long term as 10 to 30 years.

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Risk ategory Risk name	Risk description	Time frame of impact	Mitigation measures
Physical Water risk scarcity	 Climate change is expected to further increase the frequency and severity of droughts and floods, putting more regions and populations at risk of water insecurity Rising water stress negatively affects the Group's production continuity, as unstable water supply may lead to operational disruptions Extreme drought conditions affect the microbial growth of baijiu, which has a negative impact on the stability of the quality of our base liquor Water scarcity exacerbates food supply challenges, threatening supply chain stability and causing raw material prices to rise, thereby increasing procurement costs 	Medium-, long-term	 In Progress: Continuously identifying water-saving opportunities at the production level, implementing improvement plans, expanding the use of water recycling systems and reclaimed water to enhance water use efficiency In Progress: Providing watersaving training to key agricultural suppliers To be implemented: Constructing rainwater collection pools to increase alternative water water withdrawals
Physical Flooding risk	 Flooding may damage finished goods storage facilities, posing destructive risks to the distilleries' continuous operations and existing assets Damage to infrastructure and production equipment from flooding increases repair costs and reduces operational capacity, negatively affecting transportation, product delivery, and sales, which in turn impacts the Group' s revenue Flooding may pollute freshwater sources, reducing production capacity Exacerbation of the food crisis, affecting the stability of the Group' s supply chain, pushing up raw material prices and procurement costs 	Short-, medium-, long-term	 Implemented: Each distillery conducts at least one internal flood prevention drill per year to identify and address problems, improving emergency response systems Implemented: Strengthening construction and maintenance of drainage systems to withstand extreme rainfall events In Progress: Developing emer- gency plans for extreme rainfall and disasters, with adequate stockpiles of flood prevention materials
Physical Landslides risk	 Landslides may damage finished goods warehouses, posing a destructive threat to the distilleries' continuous operations and existing assets Landslides may damage distillery infrastructure; if critical facilities and equipment are affected, this can lead to property loss and production inter- ruptions If landslides cause road blockages or damage, it may negatively impact the Group' s supply chain 	Medium-, long-term	 Implemented: Regular geolo- gical surveys of slopes to identify unstable areas and carry out preventive measures, thereby reducing landslide risks In Progress: Establishing a monitoring, forecasting, and early warning mechanism for slope displacement, and con- ducting regular monitoring of deformation, stress, vibration, and hydrology

Risk category	Risk name	Risk description
Transition risk	Policy and regulatory risk	 China has established its "1+N" policy framework for carbon peaking and carbon neutrality, formulating medium and long-term GHG emission control strategies. In 2024, the release of the Work Plan for Accelerating the Establishment of a Dual Control System for Carbon Emissions has further accelerated low-carbor transitions across all industries. It is expected that regulatory policies regarding carbon emissions will continue to be tightened in the future. As the national carbon market expands to cover more sectors, the liquor industry may face mandatory emissions control requirements If the Group fails to comply with relevant national laws and regulations, it could face compliance risks. Additionally, ir order to meet regulatory requirements the Group may need to invest in professional services and personnel for decarbonization planning and emissions disclosure, which may increase management costs in the short term
Transition risk	Market risk	 Growing consumer awareness of green and healthy lifestyles is increasing demand for low-carbon products and services, while reducing demand for non- environmentally friendly products The green transition of products may lead to rising costs, including but not limited to those related to changes in raw and auxiliary materials, production proce- sses, workflows, and facilities
Transition risk	Reputa- tional risk	• As the public and investors' concern over climate change and green and low carbor development continues to grow, failure to align the company's business model with the low carbon economy may damage ZJLD's reputation and affect institutiona ESG rating results



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Time frame of impact Mitigation measures ·Implemented: Strengthening d climate governance and established a climate governance зl mechanism; conduct annual identification, assessment, and rk h disclosure of climate-related risks and opportunities c _ on ·In Progress: Promoting "zero-Medium-, carbon production" through enlong-term es ergy conservation, efficiency improvements, and increasing the ue use of renewable energy e er ·In Progress: Implementing supply iy chain decarbonization initiatives, l supporting suppliers in launching energy-saving, emission-reduction, and green packaging projects nt ld in s,) or ۱S ·Implemented: Continuously en ng promoting green packaging inind tiatives such as eco-friendly Medium-, materials, reduced packaging, and **1**long-term bottle recycling ad ·Implemented: Enhancing the ed publicity of green packaging ini-۱d tiatives to ensure consumer recognition of the products' environmental features ·In Progress: Procuring organic sorghum as a raw material ·Implemented: Actively engaging in er on external communications via the to official website, ESG reports, and other channels; participating in ith Medium-, various ESG awards and evaluage long-term tions to enhance the Group's ESG al capabilities and reputation ·Implemented: Improving climate and ESG-related international ratings through transparent disclosures; actively responding to stakeholders' concerns about climate and ESG topics to enhance the Group's international image and credibility

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Risk category	Risk name	Risk description	Time frame of impact	Mitigation measures
Transition risk	Technology risk	 Against the backdrop of global warming and increasing environmental protection efforts, China continues to introduce new energy consumption and carbon emis- sions control policies, imposing high energy-efficiency standards across all stages of liquor production. This creates greater pressure on the Group to adopt low-carbon technologies and may lead to increased compliance and operational costs Failure in investing in or developing new low-carbon technologies could result in financial losses 	Short-, medium-, long-term	 Implemented: Procured energy- efficient equipment rated Grade 1 or Grade 2 to avoid the risk of high-carbon assets becoming stranded In Progress: Conducting feasi- bility studies and cost-benefit analysis to assess various low- carbon technologies; increasing investment in "carbon neutra- lity" R&D advancing key indus- trial energy-saving technologies and continuously upgrading low- carbon and energy-efficient systems

Opportunity category	Opportunity description	Time frame of impact	Response plan
Consumer preference for green products	•As environmental awareness increases, consumers are showing stronger demand for low-carbon products and services and are willing to pay a certain premium for green products	Medium-, long-term	 Collaborate with packaging suppliers to research and develop bio-based packaging materials with better degradability (e.g., vinasse or bagasse) Expand the use of green packaging, focusing on environmentally friendly materials, packaging reduction and recycling to meet consumer demand for low-carbon products, enhancing brand reputation and supporting brand upgrading Procure green organic agricultural products and guide farmers in sustainable farming to further enhance the "green attributes" of products and gain consumer preference
Energy conservation, emissions reduction, and renewable energy	 Continue to implement energy- saving and emission-reduction projects during production to further improve the efficiency of energy and water consumption The use of renewable energy (such as distributed photo- voltaics) will support the com- pany's energy transition and help reduce energy costs 	Short-, medium-, long-term	 Continuously promote the design and construction of distributed photovoltaic systems and promote hybrid PV-energy storage projects Explore the feasibility of using other clean energy sources, such as biomass Conduct energy consumption analysis and work with relevant service providers to further identify energy-saving and emission-reduction opportunities and develop supplementary improvement plans

Our Climate Actions

Low-Carbon Operations (Scope 1 & 2)

We are committed to implementing a green manufacturing strategy across all aspects of our production and operations, pursuing efficient, clean, low-carbon, and circular development. Through technological innovation, equipment upgrades, energy management, low-carbon R&D, and the use of renewable energy, we continuously improve energy efficiency and reduce GHG emissions, driving the Group's clean and low-carbon transition. Thanks to our ongoing efforts, in 2024, the Group's carbon emissions intensity of its own operations further decreased to 2.50 tons of CO₂ equivalent per ton of base liquor produced, representing a year-on-year reduction of 17.35%.

In 2024 the Group carbon emissions intensity of its own operations further decreased to 2.50 tCO₂e /ton of base liquor produced

★ Energy Management

During the reporting period, all our three distilleries have obtained ISO 50001 Energy Management System certification and conducted internal and external energy audits in accordance with system requirements to improve energy performance.



Zhenjiu ISO 50001

Lidu ISO 50001

Each distillery has established energy management targets and plans tailored to its development stage and production characteristics. We have implemented electricity and energy consumption analysis and assessment mechanisms and the Management By Walking Around (MBWA) approach to promptly identify energy waste during daily operations, followed by corrective actions to continuously improve energy performance. Production teams provide targeted energy efficiency training to employees to enhance their awareness and capabilities in energy conservation.

For new equipment procurement, our internal requirements prioritize energy-efficient equipment rated Grade 2 and Grade 1, to gradually replace high-energy-consuming machinery and avoid the risk of stranded high-carbon assets. Additionally, when purchasing in-house vehicles such as forklifts, commuter buses, and internal transport vehicles, the Group requires all distilleries to prioritize the purchase of new energy vehicles, to further reduce our carbon footprint.

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representing a year-on-year reduction of 17.35%

Xiangjiao ISO 50001

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★ Natural Gas Conservation

The fermentation and distillation stages of liquor production consume significant amounts of natural gas. In 2024, carbon emissions from natural gas combustion accounted for approximately 71% of the Group's Scope 1 and 2 emissions. Therefore, improving the efficiency of natural gas consumption is critical to achieving our "2850" dualcarbon targets.

To this end, over the past year, our distilleries have strengthened centralized production management by aligning production schedules across workshops, centralizing steam supply and minimizing equipment standby time to enhance natural gas consumption efficiency.

We also upgraded the economizers of certain boilers, which improved the recovery efficiency of flue gas waste heat at the end of boilers. As a result, the natural gas consumption per ton of steam decreased by approximately 4.5 cubic meters. Additionally, by optimizing air intake to ensure full combustion and using high-efficiency insulation materials for boilers and steam pipelines, we have further reduced natural gas consumption.

Case Study Waste Heat Recovery from Distillation Pots at Zhenjiu



Distillation Pot Waste Heat **Recovery Equipment**

Zhenjiu effectively recovers waste heat generated from distillation pots during the liquor production process. This recovered heat is reused for heating water used in brewing and improving the temperature control efficiency in fermentation.

During the grain soaking trial phase alone, it is estimated that each production team can save over 300 m³ of natural gas annually. This significantly reduces natural gas consumption, contributes to energy conservation and emissions reduction, and supports the Group's "2850" dual-carbon targets.

It is estimated that each production team can save over **300** m³ of natural gas annually

Building on Xiangjiao's successful experience in rooftop PV system development, Zhenjiu completed the installation of nearly 70,000 m² of rooftop PV systems in 2024, with a designed capacity of 5.878 MW. As of the end of the reporting period, Zhenjiu had used 926,710 kWh of solar power throughout the year. Zhenjiu will continue expanding its distributed PV installations, aiming for a total capacity of 17 MW.



Meanwhile, Lidu successfully completed the installation of a 3 MW solar power project and a 600 kW/1.2 MWh energy storage system by the end of 2024. Grid connection is expected to be completed by July 2025, which will further increase the Group's proportion of renewable electricity consumption.

> Lidu successfully completed the installation of a 3 MW solar power project and a 600 kW/1.2 MWh energy storage system

* Accelerating Photovoltaic Development and Green Power Trading

In 2024, we continued to advance PV project construction and actively engaged in green power and green certificate trading. As a result, renewable electricity accounted for 50.8% of the Group's total electricity consumption.

Xiangjiao Distillery took the lead by completing the construction of a 4.68 MW solar power station in August 2023, which generated 2,242,575 kWh of green electricity in 2024. To further increase the share of renewable energy, Xiangjiao plans to expand its PV installation by an additional 1 MW in 2025.





Rooftop Photovoltaic

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In 2024, the Group engaged in green power trading for the first time. During the reporting period, Xiangjiao Distillery purchased a total of 478,000 kWh of green electricity, accounting for nearly 9% of its annual electricity consumption. As China continues to promote the development of the green power trading market, we will strengthen communication with local electricity retailers and power supply bureaus at each distillery's operation site. We will actively participate in medium- and long-term green power trading, using externally purchased green electricity as a key supplement to our rooftop solar power generation.



Xiangjiao Green Electricity Consumption Certificates

In addition to self-generated photovoltaic power and externally purchased green electricity, we also leveraged green electricity certificates (GEC) to support our goal of achieving 50% green electricity consumption in 2024. The Group purchased a total of 9,732 green certificates, equivalent to 9,732,000 kWh of green electricity.



Green Electricity Certificates

★ Electricity Conservation

In addition to actively increasing the use of green electricity, we implemented various electricity-saving measures at the operational level to reduce carbon emissions associated with power consumption. For example, by optimizing transformer operation modes and adjusting electrical loads based on transformer operating conditions, we reduced energy losses in transformers, thereby improving energy efficiency and achieving electricity savings.

Case Study Small Efforts Made Significant Electricity Savings

Through the implementation of the following measures, Xiangjiao achieved electricity savings of approximately 345,000 kWh in 2024:

 \cdot Renovated lighting switch controls in production workshops, warehouses, and liquor storage facilities, shifting from serial to independent controls, which allowed lighting to be used only when necessary, and enhanced supervision to minimize unnecessary usage.

·Adopted staggered lighting modes and adjusted streetlight timing and quantity based on actual needs.

·Applied time-controlled operation to high-power landscape water pumps, ensuring they remain off when there are no visitor receptions.

·Introduced temperature, timing, and usage controls for the central air conditioning system, with rules such as turning off the unit when rooms are unoccupied and keeping doors and windows closed during use.

Green Value Chain (Scope 3)

In 2024, Scope 3 GHG emissions accounted for approximately 91% of ZJLD Group's total Scope 1, 2, and 3 emissions. Driving low-carbon transformation across the supply chain is therefore critical to achieving the decarbonization throughout the Group's entire value chain.

★ Low-Carbon Procurement

In the procurement stage, we prioritize suppliers that demonstrate strong performance in energy conservation, emissions reduction, and clean energy usage. In 2024, the Group conducted on-site visits to eight key suppliers. Based on the assessments of their ESG management practices, we provided 32 energy-saving and emissions-reduction recommendations, along with 25 ESG capability enhancement suggestions. We also offered tailored ESG management training and required these suppliers to set specific targets for carbon reduction and water conservation. For further details on our low-carbon procurement practices, please refer to section Responsible Sourcing of this report.

ln 2024	The Group conducted on-site visits to eight significant suppliers	Provideo and em reco
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★ Low-Carbon Farming

The production of ZJLD's baijiu products relies heavily on high-quality agricultural inputs. To promote low-carbon and sustainable development in the industry, Zhenjiu collaborates with crop suppliers to establish green farming bases and implement sustainable farming practices. Measures include limiting nitrogen fertilizer usage by sorghum and wheat growers, using low-nitrogen compound fertilizer as base fertilizer before sowing, and applying foliar and medium-element fertilizers during topdressing to reduce GHG emissions associated with purchased grains. For more information on our low-carbon farming efforts, please see section Responsible Sourcing of this report.

ed **32** energy-saving missions-reduction commendations

Provided **25** ESG capability enhancement suggestions

Building a Solid



★ Low-Carbon Logistics

A significant portion of our Scope 3 emissions originates from logistics and transportation. Therefore, transitioning to low-carbon logistics is crucial for achieving value chain emissions reduction.

We have incorporated clauses encouraging the use of clean and new energy vehicles into logistics supplier contracts and give preference during tendering to transport providers that utilize environmentally friendly vehicles and reusable shipping materials. At the same time, we are promoting digital waybills to reduce paper usage, improving load efficiency through mixed loading, and optimizing delivery routes to lower logistics-related carbon emissions. In 2024, Zhenjiu fully



China Railway Truck

launched its Transport Management System (TMS), which enables centralized order consolidation and automated dispatching. By identifying the optimal route based on delivery destinations, the system significantly improves logistics efficiency while reducing unnecessary transport-related emissions. Additionally, we are gradually advancing multimodal transportation and exploring the feasibility of expanding low-carbon transport methods - such as rail and waterway shipping - on top of existing trunk railway logistics, with the aim to further reduce emissions during transportation.

In terms of logistics packaging, we reuse outer cartons for transporting finished liquor products and send damaged boxes to qualified third parties for recycling and regeneration. Given that plastic pallets have a longer service life compared to wooden ones and can be reused and recycled, we are gradually replacing wooden pallets with plastic alternatives to reduce wood consumption and minimize waste.

★ Distribution Centers and Retail Stores

We have extended our energy-saving initiatives to distribution centers and retail stores. In 2024, Lidu launched a carbon reduction project at the Zhiweixuan store in Wanshou Palace by installing solar panels and solar-powered lighting, effectively lowering carbon emissions from electricity use. Building on the success of this first green Zhiweixuan store, Lidu plans to expand the number of eco-friendly stores in 2025 to further reduce emissions from franchised retail locations on a broader scale.

Our Key Performance Indicators

Indicator	2021	2022	2023	2024
Electricity consumption (kWh)	11,791,980	19,052,763	22,426,343	26,336,270
<i>Renewable electricity consumption</i> (<i>kWh</i>)	0	0	2,376,024	13,379,285
Market-based Scope 1 and 2 GHG emissions (tCO_2e)	54,987	108,607	135,633	123,249
Market-based Scope 1 and 2 GHG emissions intensity (tCO ₂ e/ton)	4.97	3.89	3.03	2.50
Scope 3 GHG emissions (tCO ₂ e)	Uncounted	Uncounted	1,231,572	1,243,042

> Water Resource Protection **Risks and Opportunities**

The stability of water supply directly impacts the reliability of our supply chain and continuity of production, while water quality directly affects the quality of our products. A stable, sufficient, and high-quality water supply is an essential factor in our business success.

According to the United Nations World Water Development Report 2024, one-quarter of the global population is facing extremely high-water stress. Climate change and population growth are intensifying global water pressure. Based on the WRI Aqueduct Water Risk Atlas, we conducted a water risk assessment for the regions where our operations and significant suppliers are located. In 2024, the regions where Zhenjiu and Lidu distilleries are located were identified as high-water stress areas. The water stress level in the region where the Xiangjiao distillery operates has increased from medium-low in 2023 to medium-high in 2024. For details on water risk assessment in our supply chain, please refer to section Responsible Sourcing. To effectively address growing water stress, ZJLD Group has integrated water-related dependency and impact risk assessments into its corporate risk evaluation process. This includes assessments of local water policies, future water availability and quality, and evaluations of how it may impact the water use of surrounding stakeholders.

Our Governance

We place strong emphasis on water resource management and protection. The Group's CEO, Mr. Yan Tao, along with the ESG Management Committee and ESG Management Department, is directly responsible for water resource governance at the Group level, including target setting and overall supervision. Each distillery's Production & Equipment Department and Safety & Environmental Protection Department are responsible for implementing water-saving projects and monitoring wastewater discharge compliance on a daily basis. Water-related targets are defined as ESG key performance indicators and are incorporated into annual performance evaluations for responsible personnel, with performance outcomes directly linked to their bonuses.

In accordance with the Water Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the National Water Conservation Action Plan, and other applicable regional, national, and international standards, we have updated the water management-related provisions in the Group's Environmental Protection Policy, as well as each distillery's wastewater management policies. These updates aim to reduce the environmental impact of wastewater discharge, lower water consumption, and protect ecosystems in the watersheds where we operate. We will revise and update these policies in a timely manner based on changes in laws, public policy, industry best practices, and the Group's sustainability strategy.

Additionally, all three distilleries of the Group have obtained ISO 14001 Environmental Management System certification. In accordance with the system's requirements, we have established wastewater management mechanisms and regularly conduct water efficiency assessments to identify opportunities to improve water usage and reduce wastewater at every stage of production and operations. Thanks to our continued efforts in water resource management, the Group encountered no water-related issues (including water withdrawal and quality) and reported no major water incidents during the reporting period⁵.

withdrawal and quality) and reported no major water incidents during the reporting period⁵.

⁵According to the CSA (Corporate Sustainability Assessment) definition, a major water-related incident is defined as one resulting in losses exceeding USD 10,000.







the Group encountered no water-related issues (including water

Building a Solid 8 Governance Foundation Water Resource Protection

Our Strategy

To improve water efficiency, we set a Group-level target to reduce water withdrawal intensity (measured by tons of base liquor produced) by 20% by 2025 compared to 2021. Through a series of water-saving technical transformations, our water withdrawal intensity in 2024 decreased by over 57% compared to 2021, allowing us to achieve this strategic goal ahead of schedule. The Group is committed to taking further measures to conserve water, aiming for an additional 5% year-on-year reduction in water intensity by 2025.

In terms of water pollution control, we commit to reducing concentrations of chemical oxygen demand (COD), Total Nitrogen (TN), ammonia nitrogen, and Total Phosphorus (TP), while strictly complying with applicable laws, regulations, and discharge standards. We set the following wastewater management targets for 2024: for all indirectly discharged wastewater, the concentrations of COD, TN, NH₃-N, and TP must be at least 40% below the relevant regulatory discharge limit values; for directly discharged wastewater, the concentrations of COD, NH,-N, and TP must be at least 20% below the regulatory discharge limits. Through continuous improvement of our wastewater treatment processes and equipment, we successfully achieved these wastewater management targets in 2024.

Our Water Footprint

Our distilleries are located in Guizhou, Jiangxi, and Hunan provinces in China. Our water footprint has a direct impact on local stakeholders and the surrounding ecological environment.

2024 Freshwater Withdrawal by Source (surface water, groundwater, municipal supplies)



2021-2024 Freshwater Withdrawal and Intensity



2021-2024 Water Consumption and Intensity













Our Actions

Water Conservation Management

In 2024, the Group's distilleries continued to advance various water-saving initiatives and implemented over ten water conservation retrofit projects. These included upgrading the bottle-washing water recycling systems in packaging workshops, using water-efficient cleaning equipment, installing cooling water recovery systems, and upgrading wastewater treatment plants to reuse reclaimed water. At the same time, each distillery has gradually established water monitoring, metering, and statistical systems, installed water meters across all water usage points to support datadriven water conservation management. We also enhanced routine inspections for water conservation, promptly addressing any anomalies and strictly enforcing reward and penalty mechanisms to reduce water leakage, overflow, dripping, and seepage. In addition, our production technicians regularly held workshops to share leading water-saving processes and equipment retrofitting practices within the baijiu industry. They explored the feasibility of applying advanced water-saving technologies and equipment across different production stages. Each production team conducted regular training sessions on water conservation to share techniques and initiatives across various production processes, embedding water-saving awareness deeply into daily operations.



In 2024, ZJLD Group recycled a total of 270,866 tons of water, achieving a water recycling rate⁶ of 9.80%, representing a year-on-year increase of **31.75**%. The use of alternative water sources⁷ amounted to **85,500** tons, accounting for 3.32% of total water withdrawal. Overall, the Group's total volume of recycled and reused water reached **356,366 tons**, with a combined recycling and reuse rate of **12.51**%.



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⁶According to GB/T 21534-2021 Terminology for Water Conservation, "recycled water" refers to the water that has already been used in a defined water use unit or system and is then reused within the same process. For ZJLD Group, recycled water includes recycled water used for bottle washing in the packaging workshops and recycled cooling water. Water recycling rate = recycled water / (recycled water + total water withdrawal).

⁷Proportion of alternative water sources = amount of alternative water sources / (amount of alternative water sources + total water withdrawal). Alternative water sources include the use of distiller's spent liquor (tail liquor) to prepare base pot water instead of fresh water, reuse of treated wastewater from sewage treatment stations, and reuse of cooling water. In 2024, we also used a certain amount of rainwater in the cooling water system at Lidu. However, since the rainwater collection volume could not be accurately measured, rainwater has not been included in the 2024 statistics of alternative water sources.





Wastewater Management

We strictly comply with national and local wastewater discharge standards and closely monitor our internal wastewater management processes. To prevent water pollution at the source, we have implemented a separation system for rainwater, industrial wastewater, and domestic sewage. The main production sites of Zhenjiu, Lidu, and Xiangjiao are all equipped with wastewater treatment plants and real-time online monitoring devices at discharge points to track COD, ammonia nitrogen, TP and TN, ensuring 100% compliant discharge of wastewater.

Beyond compliance, we are committed to further enhancing wastewater discharge standards by launching initiatives to improve effluent cleanliness. Each distillery has upgraded its wastewater treatment systems and optimized its treatment processes to reduce COD and ammonia nitrogen concentrations, to meet selected indicators of table 3 for direct discharge under the Wastewater Discharge Standards in Fermented Alcohol and Baijiu Industry (GB27631-2011).

Water Source and Biodiversity Protection

Biodiversity is the foundation of human survival and development and the lifeblood and cornerstone of the Earth's living community. We recognize that the sustainable development of our company is closely linked to the health of the ecosystems of the watersheds where we operate. We are committed to the long-term protection of these ecosystems and actively cooperate with local governments, communities, and environmental organizations to carry out activities focused on safeguarding water sources and preserving biodiversity.

★ Biodiversity Risk Assessment

Following the LEAP (Locate, Evaluate, Assess, Prepare) approach under the Taskforce on Nature-related Financial Disclosures (TNFD) framework, we conduct biodiversity risk assessments for our operating locations and surrounding areas, integrating related risks into our overall risk management processes. The assessment process includes:

Locate •	→ Evaluate •	Assess	→ Prepare
We identify the inter- faces with the natural environment at opera- tional sites, surroun- ding areas, and the locations of key upst- ream and downstream suppliers, to pinpoint business activities that are significantly depen- dent or have notable impacts on nature.	We assess the natural resources and ecosy- stem services our ope- rations rely on, and eva- luate the positive and negative impacts of our activities on nature, further analyzing the scale, scope, and seve- rity of these dependen- cies and impacts.	With the aid of WWF's Biodiversity Risk Filter and a location-specific methodology, we assess nature-related physical and transition risks and opportunities to deter- mine their material significance to our business.	Based on the assess- ment results, we deve- lop response measures and targets, refine our risk management stra- tegies, and ensure tran- sparent disclosure of relevant information.

In 2024, the Group conducted biodiversity risk assessments for all our operating sites and surrounding areas, as well as selected significant supplier regions. Overall, no severe biodiversity-related risks were identified in these areas.

To proactively address potential biodiversity risks, we adopted the AR³T framework (Avoid, Reduce, Restore & Regenerate, Transform). Specifically, we undertook the following biodiversity and watershed protection actions:

Avoid & Reduce

Prior to the launch of the Baiyangou project, the Group conducted a detailed regulatory planning assessment for the designated area, to avoid ecological redlines and thereby minimizing potential negative impact of our production activities on surrounding ecosystems and biodiversity.

Restore & Regenerate



Lidu Distillery is located near Poyang Lake, a Ramsar-listed wetland of international importance. In June 2024, Lidu joined the SEE Conservation Ecological Association's Poyang Lake Project Center – Jiangxi Poyang Lake Ecological Protection Foundation. Through this partnership, the Group supports the protection of endangered species such as the Siberian crane and Yangtze finless porpoise and their habitats, contributing to the "Green Poyang Lake" initiative and the Yangtze River protection strategy.

Lidu Joined SEE Conservation Ecological Association

Transform

During the reporting period, each distillery carried out watershed protection activities. Volunteer teams of employees participated in river cleanup efforts and environmental awareness campaigns. In response to the national call for ecological civilization, Xiangjiao signed a long-term "Clean Shore" cooperation agreement with the Shaoyang Ecological Protection Association. Since August 2024, Xiangjiao has organized over 500 volunteers in riverbank clean-up public service activities, fulfilling the promise to "protect clear waters to craft Xiangjiao fine liquor". Awareness booths were set up during these events to educate the public on water conservation. Volunteers distributed information on river protection, water-saving practices, and waste sorting to promote sustainable and low-carbon lifestyles.

Zhenjiu, in collaboration with the Zunyi Municipal Ecology and Environment Bureau, organized watershed protection campaigns, including a cleanup of drinking water sources involving over 60 participants and achieving the removal of 3 m3 of waste. Additionally, a public speech campaign was held on National Ecology Day to raise awareness among employees and local residents about the importance of environmental protection.



Xiangjiao Watershed Protection Activities

Zhenjiu Water Source Garbage Cleanup Activities

Our Key Performance Indicators

Indicator	2021	2022	2023	2024
Freshwater withdrawal (ton)	1,306,799	1,844,350	2,236,919	2,492,191
Freshwater withdrawal intensity (ton/ton)	118.18	66.12	49.93	50.59
Water consumption (ton)	882,385	1,009,138	1,168,775	1,338,509
Water consumption intensity (ton/ton)	79.80	36.18	26.09	27.17
Wastewater discharge (ton)	424,414	835,212	1,068,144	1,153,682
Wastewater discharge intensity (ton/ton)	38.38	29.94	23.84	23.42



Pollution Prevention **Risks and Opportunities**

Throughout the baijiu brewing process – from raw material storage to fermentation starter making, liquor production, and auxiliary operations - pollutants such as wastewater, waste gas, and solid waste are inevitably generated. These not only affect the surrounding ecological environment but can also pose risks to the quality and safety of baijiu products.

ZJLD firmly upholds a philosophy of green and ecological brewing. The Company continues to strengthen its pollution prevention efforts, improve resource utilization efficiency, and actively explore innovative ways to turn waste into valuable resources. Through concrete actions, the Group puts into practice the belief that "lucid waters and lush mountains are invaluable assets", truly embracing circular economy and green development.

Our Governance

In accordance with applicable laws and regulations such as the Environmental Protection Law of PRC, the Law on the Prevention and Control of Environmental Pollution by Solid Waste, the Law on the Prevention and Control of Atmospheric Pollution, and the Law on the Prevention and Control of Noise Pollution, we have updated the waste management provisions in the ZJLD Environmental Protection Policy. The updated policy clearly outlines the Group's environmental commitments and principles, as well as the specific requirements for each distillery to implement environmental protection actions.

At each distillery, the Safety & Environmental Protection Department and the Production & Equipment Department are responsible for pollution prevention during daily operations. Waste gas and waste-related targets are incorporated as ESG key performance indicators and included in the annual performance assessments of responsible managers.

All three distilleries under the Group have obtained ISO 14001:2015 Environmental Management System certification. In accordance with the system's requirements, each facility has established corresponding waste gas and waste management systems and mechanisms, and conducts regular audits to identify and implement improvement measures.



Thanks to our continued investment in green production, Xiangjiao was awarded as the national "Green Factory" in 2024, and Lidu received the provincial "Green Factory" recognition from Jiangxi Province.



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Lidu ISO 14001

Xiangjiao ISO 14001





Our Strategy

We have established corresponding annual targets based on the types of pollutants. For solid waste, we require 100% compliant disposal of all waste (including hazardous and general solid waste) each year. Regarding air emissions, we have also set reduction targets, aiming to decrease the air emission intensity (measured per ton of base liquor produced) by 5% in 2024 compared to 2023. Through a series of waste and emission management measures, we successfully achieved the above targets by the end of the reporting period.



Our Actions

As of the end of the reporting period, we have obtained all necessary pollution discharge permits from relevant regulatory authorities and strictly comply with applicable environmental laws and regulations. At the same time, we continuously seek measures to reduce environmental pollution and resource waste. Each distillery regularly conducts training for employees on waste reduction and pollution prevention to enhance their environmental awareness and skills. Over the past four fiscal years, ZJLD Group has not experienced any major violations or penalties related to ecological or environmental issues⁸.

Solid Waste Management

With the objective of "harmless treatment, reduction, and reuse", we have established detailed regulations for the classification, storage, recycling, and disposal of solid waste and hazardous waste and chemicals. Each distillery strictly follows the "three preventions" standards - leakage prevention, loss prevention, and dispersion prevention - to ensure 100% compliant solid waste and hazardous waste and chemicals disposal. On top of the compliance, we are committed to reducing resource consumption by formulating waste reduction action plans and promoting the recycling of waste generated during production to minimize landfill use. We convert vinasse into feed or fertilizer to maximize the use of by-products from liquor production. Additionally, we recycle used equipment parts and pit mud from the brewing process. We also collaborate with environmental companies to treat sludge through harmless methods, converting it into nutrient-rich soil for mine restoration and home gardening. Looking ahead, we will continue to increase R&D investment in waste reduction and actively practice a circular economy model to minimize waste generation.



⁸According to the definition under the CSA rating system, a major fine or penalty refers to any single fine or penalty with an amount exceeding USD 10,000.

Food Conservation

ZJLD Group is committed to continuously reducing food and grain waste across production operations and employee dining. In 2024, we measured food loss and waste by conducting detailed statistics by food category and generation stage, and launched initiatives to reduce food waste and utilize food scraps as resources.

Grains such as sorghum and wheat are the primary raw materials in baijiu production. In response to the national "grain-saving and loss-reduction" initiative, we strive to contribute to national food security. We continuously explore improvements in brewing techniques to enhance grain efficiency (i.e., liquor yield per unit of grain). Incentive mechanisms are implemented in brewing workshops, rewarding employees for production that exceeds standard grain consumption benchmarks, thereby encouraging efficient grain consumption.

To reduce food waste, we issued guidelines for employee dining, requiring staff to follow a "small portions, multiple times" principle and avoid taking excessive portions that lead to waste. Employees wasting more than 50 grams of food may face penalties depending on the severity. In collaboration with food waste recyclers, we also repurpose food scraps into animal feed or industrial oil products, reducing food waste across the value chain.

Air Emissions Management

We actively take measures to mitigate the environmental impact of air emissions, including the use of bag-type and cyclone dust collectors, and the installation of fume purification equipment. In the packaging workshops, we installed dedicated smoke and dust removal systems to collect and treat fumes generated by hot melt strapping and laser engraving machines before they are discharged outdoors. This significantly improved the working environment and achieved a better smoke removal performance than previously used on-site purifiers. By the end of 2024, all coal-fired boilers in distilleries had been replaced with natural gas boilers, laying the foundation for future desulfurization of the production process.

Our Key Performance Indicators

Indicator	2021	2022	2023	2024
Total general solid waste generated (ton)	41,592	95,113	158,301	173,623
General solid waste intensity (ton/ton)	3.76	3.41	3.53	3.52
Total hazardous waste generated (tons)	Uncounted	2.28	2.66	5.11
Hazardous waste intensity (ton/ton)	Uncounted	0.00008	0.00006	0.00010
Total air pollutants emissions (ton)	13.29	29.62	38.49	41.79
Air pollutants emissions intensity (ton/ton)	0.0012	0.0011	0.0009	0.0008



• Building a Solid Governance Foundation



\gg Health and Safety

Risks and Opportunities

Brewing supreme baijiu not only requires exceptional craftsmanship but also the dedicated efforts of the people behind the process. ZJLD values every employee and places safety production as the top priority.

Traditional distillation processes involve potential risks during production, such as oxygen deficiency at the bottom of fermentation pits, injuries from crane operations, and flammable/explosive hazards in storage areas. If mismanaged, these risks can lead to workplace injuries or occupational diseases, and in severe cases, production disruptions, increased operational costs, legal disputes, and damage to the company's reputation and brand image. Moreover, with the increasing stringency of Chinese regulations such as the Work Safety Law and Law on Prevention and Control of Occupational Diseases, production accidents may result in greater penalties and accountability risks.

Prioritizing employee health and safety not only reduces accident frequency and operational costs, but also improves employees' focus and sense of wellbeing, thereby boosting productivity, increasing loyalty, and building core competitiveness for the company.

Our Governance

We have established a comprehensive occupational health and safety management system based on the Work Safety Law, Law on Prevention and Control of Occupational Diseases, Labor Law, and Fire Protection Law of the People's Republic of China, as well as by referencing ISO 45001 Occupational Health and Safety Management System. This system includes standardized policies, procedures, objectives, and evaluation mechanisms throughout the entire employee lifecycle. It applies unified safety standards across the organization, covering full-time and part-time employees as well as external contractors, ensuring that all company personnel and business partners are incorporated equally into the safety management network.





•As the highest governing body for occupational health and safety, ZJLD Board of Directors is responsible for regularly reviewing and approving the Group's health and safety policies and management systems, as well as key safety performance indicators and targets.

·Additionally, under the authorization of the Board, the Group CEO and senior management have jointly established ZJLD Group Work Safety Committee, which is fully responsible for the Group's safety management. This includes setting safety-related KPIs and targets, formulating technical safety measures and labor protection plans, conducting safety inspections and oversight, investigating and handling safety incidents, and pursuing accountability for serious negligence.

•The Group ESG Management Department supports the Work Safety Committee by overseeing the strategic planning and performance of employee health and safety, collecting safety-related data and indicators, and evaluating the occupational health and safety performance of the Group's distillery.

• Each distillery has established a Safety Leadership Team responsible for building, implementing, monitoring, and continuously improving their safety management systems. The General Manager of each distillery serves as the team leader, while a Deputy General Manager in charge of workplace safety handles daily operations. Both full-time and part-time safety personnel are assigned according to regulatory requirements. These safety teams are responsible for employee safety training, formulating detailed safety guidelines, operational procedures, and emergency response plans, conducting safety inspections, enforcing safety directives from the Group's Safety Committee, and ensuring the implementation of all safety requirements. At the same time, we incorporate indicators such as work-related injuries into the performance evaluation of occupational health and safety targets. These are included in employees' annual KPI assessments and directly linked to the compensation of responsible personnel.

In addition, we continuously improve our occupational health and safety governance structure to ensure the effective implementation of occupational health and safety practices across the Group.


Our Strategy

Drawing on our experience in work safety, we have built a comprehensive occupational health and safety (OHS) strategy based on a robust safety management framework. Our strategy aims to foster a strong safety culture, implement a tiered risk control and prevention system to reduce workplace injuries, closely link safety performance with compensation, and establish full lifecycle oversight mechanisms for contractor operations.

Accordingly, we have set four core safety management targets for 2025



All these indicators are defined as core ESG performance metrics and are directly linked to performance evaluations and compensation of management personnel.

Our Actions

Occupational Health and Safety Management System

All of our distilleries have obtained ISO 45001 Occupational Health and Safety Management System certification. In accordance with ISO 45001 standards, we conduct annual internal and external reviews of OHS risks and hazard assessments to comprehensively identify risks that could impact employee health or lead to workplace injuries. Our ESG Management Department reviews the internal safety of each distillery annually to ensure their completeness and effectiveness.



Based on the results of our occupational health and safety risk assessments, we dynamically adjust the risk ratings for each production process and develop targeted action plans. These include measures such as increasing safety training and drills, installing additional protective equipment, and supplementing personal protective gear to mitigate identified safety risks. We also set quantitative goals and indicators to continuously monitor the effectiveness of these measures.

In the event of workplace injuries or accidents, we immediately initiate an accident investigation process. Depending on the severity of the incident, either the Group's Work Safety Committee or the Safety Leadership Team under each distillery will promptly establish a dedicated investigation team to analyze the root cause of the incident, issue an Accident Investigation Report, develop a set of corrective action plans, and submit for oversight by the labor union.

Workplace Safety Training and Drills

We provide occupational health and safety training for front-line production employees in the form of three levels: distillery-level, workshop-level(or department), and team-level. In 2024, the Group organized a total of 950 safety education sessions, including 114 distillery-level, 280 workshop-level(or department), and 556 team-level sessions. A cumulative total of 374,546 participants received health and safety training, achieving 100% employee coverage across the Group.





We have established emergency response plans for potential safety hazards such as fire safety, gas leaks, boiler explosions, forklift accidents, mechanical injuries, and elevator entrapment. Emergency drills are regularly conducted to improve responders' ability to handle incidents effectively under pressure. In 2024, the Group conducted 1,065 emergency drills, with 29,648 total participants.

Emergency Drill

First Aid Experts Invited for On-Site Training

As part of the Group's enhanced "Life Guardian Program", we partnered with local Red Cross Societies to develop a comprehensive "training-certification-drill" emergency response framework. Certified first aid trainers were invited to deliver modular training sessions covering cardiopulmonary resuscitation (CPR), use of automated external defibrillators (AED), and wound bandaging. The training was rolled out in batches, prioritizing employees in key roles across production, logistics, and visitor tour services. In 2024, a total of 394 employees obtained First Aid Responder certificates issued by the Red Cross.

Given that survival in cases of cardiac arrest heavily relies on AED intervention within the critical "golden 4-minute window", and considering the distance between our distilleries and hospitals, we proactively installed AED devices across all facilities. We also conducted CPR and emergency response training to equip our staffs to respond effectively to sudden cardiac events.

Heat Stress Mitigation Measures

Under the guidance of our occupational health and safety strategy, ZJLD has established an innovative three-pronged high-temperature protection system, focusing on weather response, heat protection, and performance enhancement.

By monitoring weather alert dynamically, we implemented a flexible work schedule to avoid physically demanding tasks during hours with highest temperatures. The Group also established an allocation mechanism for heat-relief supplies, including: distributing glucose powder to "qu" fermentation workers, providing heatstroke prevention medication to front-line production staff, and equipping outdoor workers with protective gear.

No heat-related work injuries occurred in 2024.

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A cumulative total of **374,546** participants received training



First Aid Training



Our Indicators

Category	Employee Type	2024 Occurrences (Count)
Fatalities	Full-time Employees	1
Fatalities	Contractors	0
Lost Time Injuries	Full-time Employees	161
Lost time injuries	Contractors	2
Restricted Work Injuries	Full-time Employees	13
Restricted work injuries	Contractors	0
Non-Restricted Work Injuries	Full-time Employees	1
Non-Restricted work injuries	Contractors	0
First-aid (self-treated) Injuries	Full-time Employees	3
Near Misses	Full-time Employees	4

Category	Employee Type	2024 Affected Working Time (Workdays)
Workdays Lost Due to	Full-time Employees	3,169
Work-Related Injuries	Contractors	22

Category	Employee Type	2024
Lost Time Injury Rate (LTIR) ⁹	Full-time Employees	1.44
Lost Time injury kate (LTIK)	Contractors	0.42

⁹Number of Lost Time Injuries * 200,000/total hours worked in the year

Green Packaging and Reliable Product > Green Packaging **Risks and Opportunities**

To attract consumer attention, the baijiu industry has long been rife with instances of excessive packaging. While extravagant and ornate packaging may temporarily create a glamorous facade, it cannot conceal the enormous consumption of resources and the heavy burden on the environment. In recent years, national authorities have introduced standards such as the Requirements for Limiting Excessive Packaging of Commodities—Food and Cosmetics (GB 23350-2021), which impose strict controls on packaging layers, void ratios, and other metrics, requiring noncompliant products to be removed from store shelves and subject to corrective education.

We fully understand that true brand value does not come from superficial embellishment, but from a sense of responsibility toward consumers, society, and nature. Therefore, we are committed to advancing green packaging in the baijiu industry, advocating for refined yet understated design concepts. By using eco-friendly materials, reducing packaging weight, and actively exploring and developing degradable and renewable packaging materials, we aim to reduce resource waste and environmental pollution while leading a new trend in green consumption.

Our Governance

At the group level, we have implemented the Green Packaging Management Policy, requiring comprehensive tracking of packaging material categories and weights of each category, and mandating the implementation of green packaging practices throughout the entire product lifecycle. Based on national standards and benchmarked against leading practices in the consumer goods industry, we update this policy annually. In addition, we have issued a List of Prohibited and Restricted Packaging Materials, which clearly defines the non-environmentally friendly packaging materials banned in both mass production and new product prototyping.

The Product Development Departments of Zhenjiu, Lidu, and Xiangjiao are responsible for executing green packaging work in accordance with the above policies. Cross-brand meetings are regularly organized to share and learn best practices in green packaging. The Group ESG Management Department is responsible for breaking down the strategic targets on sustainable packaging across each subsidiary, validating data accuracy, and conducting annual evaluations of each Product Development Department in green packaging.





Our Strategy

In 2024, on top of our existing "3R" packaging strategy (recycle: using eco-friendly and recyclable materials, reduce: reducing packaging materials, and reuse: promoting upcycling), we expanded the scope of our green packaging efforts. With reference to the Evaluation Methods and Guidelines for Green Packaging (GB/T 37422-2019) and best practices from the consumer goods industry, we established a new "4R1D" green packaging strategy:



Under this updated "4R1D" strategy, we will continue to fully implement green packaging practices and aim to achieve our strategic goal of "more than 95% (by weight) of packaging materials being recyclable or degradable" by 2025. Additionally, we plan to research and publish our 2030 green packaging strategic goals in 2025, to continue leading the green packaging movement in the baijiu industry.

Furthermore, drawing on our experience from the year-round bottle recycling and upcycling project in 2024, the Group has set a 2025 target to recycle and upcycle no fewer than 29,000 bottles, in an effort to continually promote environmental awareness among consumers.



Our Actions



★ Developing High-End Package-Free Product

Traditional boxed baijiu often come with luxurious packaging and elaborate decorations, significantly increasing the consumption of paper, plastic, and wood, while also generating high carbon emissions and waste during production. In light of this, we are committed to eliminating extravagant packaging and focusing on launching a range of premium bottled baijiu without outer boxes.

Package-free bottled baijiu is not new to the industry, but it has long been associated with low-end products. To lead the high-quality development of premium package-free baijiu in China, we focus on baijiu quality itself—selecting rare, aged base baijiu and letting the value lie in the product rather than the packaging. To ensure product authenticity, each bottle is assigned a unique identification code with an embedded NFC chip that allows accurate traceability of the storage area, ceramic vat number, and specific bottling quantity, ensuring full traceability and product integrity.

Currently, our premium package-free baijiu products include: Zhenjiu 2013 Real Vintage, Zhen 30 (Grand Gold Award Commemorative), Lidu Sorghum 1955, Lidu Sorghum 1975. These products span multiple brands and aroma types, forming a clear product matrix. The annual sales volume has reached 3.6 million bottles, setting a benchmark for the high-end box-free baijiu category in the industry. Additionally, the Zhenjiu 2013 Real Vintage uses FSC-certified paper tote bags instead of standard ones, replacing over 30,000 bags in 2024 alone.



★ Design upgrade for weight reduction

For its 500ml Shaoyang Daqu product, Xiangjiao implemented a bottle lightweighting initiative. After multiple rounds of lightweight prototyping, the weight of a single bottle was reduced from the original 400g to 305g, achieving a weight reduction of nearly **24**%.

★ Removal of Product "Certificate of Conformity" Labels

Lidu replaced traditional paper "Certificates of Conformity" with printed "Qualified" markings directly on the bottles. This initiative eliminates the need for over 1.4 million paper labels annually, significantly reducing paper consumption.



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Zhenjiu · Real Vintage Baijiu 2013

Green Packaging

Recyclable Packaging ("Recycle")

***** "Ceramic-to-Glass" Initiative

As a pioneer in green packaging practices, ZJLD has implemented a systematic transformation in its packaging materials. A flagship example is the "Ceramic-to-Glass" project, which addresses the environmental drawbacks of ceramic bottles—namely, high energy consumption and poor recyclability. To make this project feasible, our Group has adopted a strategic shift to replace ceramics with recyclable glass.

Through technological innovation and collaboration with suppliers, ZJLD successfully developed glass bottles that replicate the texture and appearance of ceramics while significantly improving environmental performance. This initiative enabled the packaging transition for core product lines such as Zhenjiu Black Gold Edition (Lao Zhenjiu, Zhen 15, Zhen 30), Zhenjiu Collection Edition (Lao Zhenjiu), and Lidu Aged Premium Series. In 2024 alone, a total of 226,000 ceramic bottles were replaced,



Lidu Aged Premium Baijiu Ceramic **Bottle Replacement**

eliminating 124 tons of ceramic materials. This initiative preserves the premium tactile and visual experience of the products while building a closed-loop green packaging system spanning design, production, and recycling.



★ "Foam-to-EPE" Project

As a continuation of the 2023 "Foam-to-EPE" project, Lidu has replaced the remaining 60% (by weight) of nonenvironmentally friendly foam (EPS) packaging for its 1955 and 1975 product lines with more sustainable pearl cotton (EPE). This transition is estimated to have reduced carbon emissions by approximately 515 tons of CO, equivalent.

★ Use of Recycled Glass

We actively select packaging suppliers that use recycled glass in bottle production. In 2024, the Group used a total of 27,430 tons of glass, of which approximately 20% was recycled content.



Renewable Packaging Materials ("Renew")

We actively explore advanced practices in sustainable packaging by incorporating renewable and bio-based materials.

Xiangjiao dries and processes distillers' vinasse, repurposing them as cushioning fillers in the packaging of 7,918 units of its Dongcang Fengtan products. This not only imparts a distinctive aroma to the packaging but also replaces materials like pearl cotton, offering bottle protection while reducing environmental impact.

Zhenjiu has launched pilot collaborations with packaging suppliers to develop creative cultural products made from repurposed distillers' vinasse. These are distributed to consumers as complimentary gifts, helping to raise environmental awareness.

Packaging Reuse ("Reuse")

★ Bottle Recycling & Cultural Innovation Project



ZJLD has pioneered an upcycling system in the baijiu industry, addressing the longstanding challenge of bottle recycle. In response to the issue of high-end baijiu bottles-characterized by high design complexity, high energy consumption in production, and high procurement costs-being discarded right awyafter use, the Group has built a full-cycle "recovery-refurbishment-repurposing" approach through industry chain collaboration:

• At the production end, slightly blemished bottles that do not affect quality are recovered.

Baijiu Bottle Table Lamp encourage customers to return used bottles.

 \cdot At the supplier end, packaging suppliers are partnered in the cultural innovation project, who are responsible for transforming cleaned and artistically processed bottles into cultural and creative merchandise, which would be returned to consumers.

Zhenjiu has developed a comprehensive control mechanism covering recovery tracking, processing, and final product inspection. Recycled bottles are paired with premium Zunyi white tea to create cultural gift sets, blending baijiu and tea traditions in a "symbiotic culture". Zhenjiu has also launched a joint research project with Chengdu University to design and exhibit "baijiu bottle lamps", exploring new reuse scenarios while promoting public awareness of sustainability. In 2024, Zhenjiu recycled and repurposed nearly 25,000 bottles.

Lidu and Xiangjiao recycled and transformed more than 5,000 bottles in 2024, creating vases, tea canisters, and lamps for display and gifting at retail stores. These repurposed items also featured in visual merchandising designs at experiential stores, offering the baijiu bottles a meaningful "second life".

Degradable Packaging ("Degradable")

We are also replacing non-degradable and hard-to-recycle packaging materials with degradable alternatives.

Zhenjiu has fully launched its transition to degradable packaging materials and has completed prototype testing for replacing pearl cotton (EPE).

Meanwhile, Lidu has adopted non-woven fabric tote bags for its Lidu Sorghum 1308 Heritage Tribute product. Compared with traditional bags, these non-woven bags are not only more biodegradable but also reduce the use of adhesives or glue.

Our Key Performance Indicators

Indicator	2022 Performance	2023 Performance	2024 Performance
Total amount of recyclable, reusable, and degradable packaging materials used (tons)	45,913	46,590	51,327
Proportion of recyclable, reusable, and degradable packaging materials (by weight, %)	97.26%	98.32%	99.10%
Number of recycled bottles upcycled	0	11,642	29,922

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• At the consumer end, a reverse logistics network is established via distributors to



Lidu 1308 Aesthetic Chandelie



Lidu Sorghum 1308 Heritage Tribute Product (Non-Woven Bag Edition)



Product Quality

Risks and Opportunities

We firmly believe that the ultimate value of premium baijiu lies not only in its rich and enduring taste, but also in its reverence for health and responsibility. In our pursuit of excellence, we uphold responsibility at our core, confronting potential risks to product quality in the baijiu industry. Raw materials such as sorghum and wheat may pose food safety risks due to soil contamination with heavy metals or pesticide residues; lapses in brewing process control or improper storage environments can lead to the formation of harmful substances.

Today, high-quality and sustainable brewing is becoming a key industry trend. This not only enhances product value and meets consumers' increasing demand for premium and healthy options, but also fosters market trust and strengthens brand influence through transparent quality and traceability systems. As ZJLD continues to expand into overseas markets, high product quality remains a critical foundation for global credibility.

Looking ahead, we will continue to reinforce quality management across the entire value chain, leverage innovation to drive sustainable development, and brew safer, healthier, and greener premium baijiu-elevating product quality from the "compliance baseline" to the "responsibility highline."

Our Governance

We have established a comprehensive quality management system supported by multiple internal policies, including the Corporate Quality Management Regulations, Food Safety Management System, and Food Safety and Product Recall Policy, to advance quality control across the board.

At the Group level, the Corporate Quality Management Regulations define requirements for product R&D, raw and auxiliary material control, production process quality management, inspection, metrology, customer complaint handling, and supplier evaluation, ensuring that quality standards are embedded throughout the production process.

The Food Safety Management System further details responsibilities and procedures across various departments, covering employee health management, food safety training, raw material inspection, factory release testing, storage and transportation management, production safety, equipment maintenance, and food traceability.

In addition, the Food Safety and Product Recall Policy clarifies the response process for food safety incidents, the responsibilities of the food safety team, and protocols for handling and recalling unsafe products. In the event of a food safety incident, we will immediately suspend the sale of related products, notify ZJLD's food safety leadership and regulatory authorities, and initiate a recall based on the severity of the issue to ensure consumer safety and reduce potential risks.

All of these systems and policies are reviewed and refined annually based on national standards and leading consumer goods industry practices.

Our quality management system has passed several authoritative certifications, including Hazard Analysis and Critical Control Points (HACCP), and ISO 9001 Quality Management System, which enhances its effectiveness and reliability.



To ensure quality and safety in raw materials, production, and finished goods, we have established quality control teams in Zhenjiu, Lidu, and Xiangjiao. These teams are composed of professionals with backgrounds in food science and quality inspection and are responsible for setting and enforcing company-wide quality standards. They also provide supplier training to improve raw material quality. Cross-brand meetings are regularly organized to share and learn best practices in product quality, ensuring that all production processes meet internal and regulatory requirements.

We have implemented a food safety management mechanism with designated food safety directors and officers in each department who oversee product quality throughout the entire process. This is supported by a performance evaluation system and control routines based on "daily monitoring, weekly inspection, and monthly scheduling."

The Group's ESG Management Department is responsible for breaking down the strategic target on product quality across each subsidiary, verifying food safety data, and conducting annual evaluations of the quality departments' product quality work.

Our Strategy

We are committed to building a comprehensive, end-to-end quality management system, ensuring exceptional quality in every drop of baijiu through rigorous standards while fulfilling our corporate responsibility and driving sustainable development in the industry. We have set a 2025 target for Product Quality and Responsibility: zero product or service complaints related to food quality and safety throughout the year. This goal has been incorporated into ESG key performance indicators and included in annual evaluations for responsible management.

Our Actions

1

In 2024, we implemented a series of initiatives aimed at continuously improving product quality below.

Optimizing Our Quality Management Model

We have established a full-chain quality management model centered on a culture of quality. Upholding the belief that "quality is the lifeline," we have embedded this culture into our corporate strategy, management practices, organizational structure, and systems. From prioritizing quality at the strategic level to building a robust Total Quality Management (TQM) system, we create value through end-to-end quality control and ensure stable advancement of our quality initiatives through the effective operation of multiple management systems.

To continuously improve product quality, we focus on key aspects of quality management and are driving a transformation of our quality model through the following:

From "Post-Inspection" to "Upfront Prevention"

We enhance quality involvement at the product design stage, strengthen process monitoring, and improve preventive mechanisms to ensure products meet high standards from the source.







From "Local Control" to "Full-Chain Management"

We extend quality management across the entire product lifecycle, deepen cross-departmental collaboration, and promote resource integration to achieve refined, holistic management.

2

From "Single-Sided Standards" to "Co-Created Standards"

We have built a collaborative quality framework involving ZJLD, packaging design firms, and packaging producers. Through dynamic evaluation and a co-development model, we foster mutual growth and contribute to raising quality standards across the industry.



Full-Process Quality Control in Production

We have established a comprehensive lifecycle quality management system that ensures end-to-end control from raw material sourcing to customer delivery. This closed-loop approach covers raw material inspection, production, finished product testing, warehousing and transportation, and customer feedback, ensuring that our product quality remains consistently controlled.

Source Control: Strict Selection of Raw Materials

Quality assurance begins at the entry point. We rigorously screen packaging materials, grains, and additives to ensure compliance with national and industry standards. All acceptance information, supplier quality issues, and corrective actions are documented, creating full visibility across the supply chain. Our Quality Department conducts safety and chemical analysis of incoming materials and randomly samples finished liquor to test for harmful substances such as plasticizers, sweeteners, and heavy metals-strictly ensuring food safety.

Production Monitoring: Craftsmanship in Every Drop

During production, we use advanced technologies and optimized processes to monitor key steps such as fermentation, distillation, and blending, maintaining stable flavor and premium quality. Each distillery has designated green food inspectors responsible for setting quality control standards and monitoring critical production points. We implement standardized team management systems and establish "trusted quality teams" to ensure safety and reliability. To further ensure product consistency, we use advanced equipment such as Isotope Ratio Mass Spectrometry (RMS) and Liquid Chromatography-Mass Spectrometry (LC-MS) to screen and analyze various compounds.

Finished Product Testing: Rigorous Quality Checks

Finished products are subjected to a number of quality tests, such as organoleptic evaluation and physical and chemical index testing, before leaving the factory to ensure compliance with food safety regulations and stringent internal corporate standards.

4 Warehousing and Logistics: Safeguarding Quality

We apply scientific warehousing systems to precisely control temperature and humidity, ensuring product stability during aging. Enhanced logistics monitoring minimizes external impacts on product quality, protecting the refined taste of every bottle.

End-User Feedback: Driving Continuous Improvement

We' ve established a customer feedback monitoring system to gather market reactions and complaints, using data insights to inform product iteration and quality enhancement, thereby continuously elevating our quality standards.

Supply Chain Quality Control and Improvement

★ Standardized Supply Chain Management

We have established a comprehensive quality standard system for suppliers that spans five core areas: raw material procurement, production control, quality testing, on-site management, and warehousing & logistics, ensuring supplier products and services meet industry standards.

Raw Material Procurement Standards

We manage raw material bases with full traceability, conduct food safety testing and sensory grading to ensure that all materials meet Group sourcing requirements.

Production Control Standards

Suppliers must adhere to key control point lists, implement real-time process monitoring, follow a three-level foreign object prevention system, and meet strict equipment cleaning validation standards to ensure safe and controlled production.

Quality Testing Standards

Multi-level checkpoints cover physicochemical indices, physical properties, and food safety to guarantee that each batch of raw materials meets the highest quality benchmarks.



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On-Site Management Standards

We apply visual board management, monitor staff health, implement four-tier pest control defenses, and maintain temperature and humidity monitoring to ensure a hygienic and stable production environment.

Warehousing & Logistics Standards

We reinforce transport safety, enforce temperature-controlled shipping, and implement shock resistance testing to ensure seamless quality across the supply chain.

★ Process Quality Management

Our closed-loop system improves quality through proactive management, root cause analysis, production monitoring, and continuous improvement:



★ Supplier Evaluation Management

We apply a rigorous evaluation system to select and retain high-performing suppliers and enhance overall supply chain quality.



Product Quality Month Campaign

Every year, Zhenjiu, Lidu, and Xiangjiao organize a Product Quality Month campaign to foster collective ownership of quality and strengthen the foundation for high-quality development. During this campaign, we conduct food safety training sessions for frontline employees and hold specialized food safety meetings for department heads. A "Quality and Food Safety Commitment Letter" signing ceremony is held, and participants take part in food safety examinations.

We also encourage staff to proactively identify issues and improve processes through quality case studies, knowledge competitions, and the recognition of outstanding individuals in quality performance. Additionally, we conduct simulated product recall drills to test the Group's ability to respond swiftly and effectively to unexpected quality issues.



Industry-Academia-Research Joint R&D

Baijiu production technique is a precious national heritage of China, and we pride ourselves on inheriting the time-honored baijiu-making techniques and developing recipes, flavor and product quality continuously through in-depth industry-academia-research collaboration and studies.

We have a dedicated product development team responsible for product development and package design. By the end of December, 2024, our product development Establishing a Strategic Partnership with Guizhou University team consisted of 252 employees, among whom a vast majority have a bachelor's degree or above. Our product development team is spearheaded by a technical committee consisting of 78 recognized baijiu experts with extensive industry and product development experiences, among whom nine are national baijiu appraisers, 11 hold senior liquor-maker certificates, six hold senior engineer qualifications and 52 are provincial baijiu adjudicators.

We have also strengthened our product development capabilities by collaborating with several universities and research institutions, such as Jiangnan University, Guizhou University, Tianjin University of Science and Technology and SinoLight Inspection & Certification Co., Ltd. (中轻检验认证有限公司). With the technical support from these academic institutions, we have identified certain traceable components in baijiu production for the enhancement of the flavor and functional quality of our baijiu products.

In 2024, we have entered into a strategic cooperation agreement with Guizhou University and have set up a teaching and research base. Moreover, in collaboration with Guizhou University and a local seed company, we will carry out certain tasks associated with the project titled "Quality Standardization and Application Promotion of Special Wheat for Sauce Aroma Dagu"(《酱香大曲专用小麦质量标准化及应用推广》) as part of the Scientific and Technological Research by Hundred Schools and Thousand Enterprises (百校千企科技攻关揭榜挂帅) initiative of the Department of Education of the Guizhou Province for the year 2024.





Quality Month Campaign



Digital Quality Management

We have developed and implemented applications and systems to manage product quality, optimize production processes, and improve efficiency in quality oversight, including:



In 2024, we successfully established a comprehensive quality management system that encompasses the entire process beyond the overall quality control, streamlining from procurement stage, production process and laboratory setting all the way to the quality in our finished products and after-sales stage. This system facilitates precise batch quality management, efficient quality traceability, and in-depth quality analysis, all while adhering to both national and corporate quality management standards.



By the end of 2024, we completed the construction of our intelligent weighing monitoring system. This system integrates video surveillance, smart license plate recognition, and automatic weighing hardware, paired with dedicated intelligent monitoring software. It facilitates automatic weighing, real-time data uploads, and full video and photo documentation across various operational scenarios such as raw material inbound logistics and internal transfer of grains and base liquor, greatly improving the efficiency of weighing and ensuring the accuracy and integrity of the data.



In 2023, we launched our raw grain supply chain system, which traces and monitors the whole process from grain allocation to procurement and warehousing, significantly improving our procurement efficiency while ensuring the quality of grain procurement.



We have allocated a unique digital code for each base liquor container used for storage to carry out fine management of base liquor with different vintages and values.

In the future, we plan to introduce AI-powered visual inspection technology to further enhance detection efficiency and accuracy, with real-time feedback of results.

Enhancing Product Accessibility

We are committed to improving the accessibility of our baijiu products, enabling more consumers to conveniently obtain and enjoy them responsibly. Specific initiatives include:

Channel Expansion	Leveraging diversified channels such media, and global distribution to imp
Market Coverage	Expanding into tier-2 and tier-3 cities
Price Adaptability	Offering products at various price poir
Logistics Optimization	Enhancing delivery efficiency to ensur
Responsible Promotion	Strengthening brand awareness and c and moderate consumption of baijiu.

Our Key Performance Indicators

health concerns was **zero**.



as physical stores, restaurants, e-commerce, social prove purchasing convenience.

as well as overseas markets to increase brand visibility.

ints to meet diverse consumer needs.

ire product safety and timely arrival.

consumer education to promote proper understanding



(Intellectual Property Protection

> Intellectual Property Protection

Risks and Opportunities

Patents, copyrights, trademarks, domain names, know-how, proprietary technologies, trade secrets, and other intellectual property rights form the protective moat of ZJLD's continued operations. Trademark infringement and counterfeit products pose significant risks not only to us but to the entire baijiu industry. These issues harm our economic interests and severely impact brand image and market order. Strengthening intellectual property (IP) protection and cracking down on counterfeit goods help maintain fair market order, enhance brand value, and support sustainable development.



Our Governance

At the group level, we have established an Intellectual Property Protection Policy, with the Public Relations Department and Market Supervision Department responsible for supervising and implementing IP protection efforts.



Our policy outlines the standard procedures that our dedicated team should follow during the registration, filing, and application of intellectual property rights.

Our Actions

Registration

We continue to innovate in new product development, packaging design, and brand expansion, maintaining the brand's premium positioning while catering to new consumer trends and the Group's sustainable development philosophy. Registration of new technologies, designs, materials, and trademarks has always been a key aspect of our intellectual property protection efforts. As of the end of 2024, we have registered 31 copyrights, 190 patents, 1,646 trademarks, and 71 domain names in China. In addition, we submitted 20 patent applications and 215 trademark applications during the year.

As of the end of 2024,we have registered			
31	190	1,646	71
Copyrights	Patents	Trademarks	Domain nam

Protection

We primarily rely on patents, copyrights, trademarks, trade secrets, the Anti-Unfair Competition Law, and contractual rights (such as non-disclosure agreements) to protect our intellectual property. All of our employment and commercial contracts clearly specify the rights and obligations related to intellectual property ownership and protection.

According to our Intellectual Property Protection Policy, the dedicated team in ZJLD's PR Department is responsible for the timely registration, filing, and application of the Group's intellectual property rights and may engage professional IP service providers when needed.

Anti-Counterfeiting

To combat counterfeit products and protect our brand reputation, a special team under the Market Inspection Department is responsible for monitoring and handling counterfeiting incidents. If any counterfeit products are identified, we initiate legal proceedings and take other measures based on advice from our IP consultants and lawyers.



To raise employee awareness of intellectual property protection-such as patents and trademarks-and to prevent brand damage and the risk of infringing on others' IP rights, the Group provides monthly training for relevant employees. Topics include trademark and patent basics, common risks and prevention strategies, trademark registration and patent application processes, and OA workflow training.



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Accountable Marketing and Customer Service

> Responsible Marketing **Risks and Opportunities**

In an era where healthy consumption is increasingly emphasized, the baijiu industry faces social challenges such as excessive drinking, underage drinking, and drunk driving. Without effective promotion of responsible drinking, brand reputation may be compromised and regulatory pressure may arise. Moreover, alcohol advertising and sales regulations are tightening globally, with some markets imposing stricter restrictions on high-alcohol products, creating uncertainty for industry growth.

By promoting a culture of moderate drinking, strengthening educational outreach on responsible drinking, and enhancing product innovation and marketing strategies, companies can not only meet compliance requirements but also cater to consumers' pursuit of healthier lifestyles and explore new market opportunities. Additionally, leveraging digital technologies to guide consumption and strengthen after-sales services can further enhance brand image and earn wider public recognition.

Our Governance

As the Group's influence expands, we are committed to ensuring responsible promotional content, encouraging moderate drinking and healthy living, strictly prohibiting inappropriate messages and enforcing appropriate sales practices in our daily operations.

In light of this, in 2022 we introduced and implemented the Responsible Marketing, Advertising and Sales Policy, which outlines the procedures for advertising distribution and conducting responsible marketing reviews. We make the following commitments:



The brand centers of Zhenjiu, Lidu, and Xiangjiao are responsible for implementing responsible marketing in accordance with this policy. Cross-brand meetings are regularly organized to share and learn best practices in responsible marketing. The ESG Department breaks down strategic goals for responsible marketing to each brand and annually reviews violations and the brand centers' performance in responsible marketing.

Our Strategy

We have set annual responsible marketing targets and are committed to avoiding any penalties or litigation resulting from misleading advertising by 2025. Additionally, we aim to ensure that 100% of all outdoor advertisements are reviewed by both the Legal Department and the ESG teams of the respective brands, with audit records properly retained. These targets are defined as ESG Key Performance Indicators (KPIs) and are included in the annual performance assessments of the responsible personnel.

Our Actions

Internal Control Mechanism for Responsible Marketing

Zhenjiu, Lidu, and Xiangjiao have all established a comprehensive advertisement review process. All advertisements must be reviewed and approved by the Group's Legal Department and ESG Management Department's responsible marketing team before being released. This mechanism ensures that promotional content and sales methods comply with regulatory requirements and that all marketing materials advocate moderate drinking while avoiding any reference to excessive consumption, drunk driving, or underage drinking. Furthermore, we conduct irregular retrospective audits of marketing practices and materials used by our distributors to ensure ongoing compliance.







In accordance with our Responsible Marketing Policy, we conduct systematic training sessions each year on responsible marketing practices, targeting brand promotion teams, sales teams, and distributors. These sessions ensure that all relevant personnel follow proper guidelines and fulfill their responsibilities during promotion and sales.

For our marketing and sales staff, training focuses on compliance during promotional and sales activities. This includes prohibitions against exaggerating product benefits, encouraging irrational



Responsible Marketing Training

consumption, or promoting alcoholic beverages to minors. Additionally, we emphasize the importance of responsibility in customer interactions, guiding staff to communicate messages of moderate drinking and to provide sufficient information to help consumers make informed decisions.

To further enhance the sustainable operational capabilities of our distributors, promote responsible drinking, and protect consumer rights, we also extend our training programs to include both online and offline responsible marketing sessions tailored for distributors. These sessions cover the core concepts, implementation strategies, and compliance requirements of responsible marketing, enabling distributors to better understand and uphold these practices, and to generate greater positive value for the industry and society.

Responsible Drinking Reminder

We are committed to promoting responsible drinking. All our baijiu products carry a responsible drinking label. In 2024, we enriched the content of this reminder by updating the label to state: "Alcohol consumption is not recommended for pregnant women and minors. Excessive drinking is harmful to health. Drunk driving is strictly prohibited". Additionally, since 2022, we have implemented age verification mechanisms across all major online platforms, including our official website and self-operated mini programs, to reduce brand exposure to minors and prevent underage drinking.



Responsible Drinking Reminder



ZJLD official website - age verification



Zhenjiu mini program - age verification

Responsible Marketing Practices

In October 2024, the "National Responsible Drinking Awareness Week" officially launched under the theme "Be rational and responsible, Say No to Drunk Driving". Organized by the China Alcoholic Drinks Association, this initiative calls on the liquor industry to proactively shoulder social responsibilities and promote the sustainable, scientific, healthy, and harmonious development of the sector.We actively responded to the campaign by conducting responsible drinking awareness activities in over 30 stores across key markets such as Guangdong, Henan, Shandong, and Hubei. Through displaying posters, playing awareness videos, and distributing informational brochures, we vigorously promoted the concept of responsible and moderate alcohol consumption.



In July 2024, Zhenjiu joined hands with the Changsha Traffic Police to co-host the "Cherish Safety · Drink Responsibly" summer public welfare campaign. The event featured police-community collaboration and engaging interactive activities to actively promote responsible drinking and raise public awareness about traffic safety. The campaign attracted widespread public attention, generating over 9.828 million brand impressions, 63,000 interactions, and drawing more than 3,000 on-site participants. This fully demonstrated Zhenjiu's strong commitment to social responsibility and its proactive role in promoting safe and responsible drinking practices.

Collaborating with Local Traffic Police on Responsible Drinking Promotion

In April and October 2024, Xiangjiao grandly hosted its Spring and Autumn Sealing Ceremony Cultural Festivals, drawing over 10,000 partners and consumers from across the country to participate in the celebration. At the events, responsible drinking messages were continuously displayed on large screens, promoting a culture of healthy and moderate alcohol consumption through concrete actions. Guests were able to immerse themselves in Xiangjiao's rich brewing craftsmanship and cultural heritage, while jointly embracing and practicing the principle of drinking responsibly.



Drinking Promotion

In addition, Lidu has set up a column on the topic of responsible drinking on the "Home of National Fans" mini program to spread the concept of rational drinking online. Through this platform, we popularize the knowledge of responsible drinking among consumers, advocate healthy drinking habits, and digitally contribute to the transmission of positive social values.

Our Key Performance Indicators

In 2024, the Group reported **0** non-compliance incident related to misleading advertising or lack of health warnings.



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The promotion of "National Rational Drinking Promotion Week"



Responsible Drinking Promotion at Sealing Ceremony Cultural Festival



³ Customer Service

Risks and Opportunities

In the current period of profound transformation in the baijiu industry, customer service is no longer merely a valueadded function-it has become the "final mile" that determines brand survival. Poor service quality, such as slow response times or inefficient problem resolution, can lead to reduced customer satisfaction and ultimately impact a company's market competitiveness and brand image. Exceptional customer service, on the other hand, can serve as a key differentiator, helping ZJLD stand out in a fiercely competitive market. The Group has established a comprehensive customer management system, with dedicated service teams responding to customer needs, coordinating product logistics and delivery, gathering customer feedback, and addressing complaints.

Our Actions

Customer Management System and Policies

To address varying customer needs across different consumption scenarios, we have built a tiered, omnichannel aftersales service system.

For offline consumer group

The quality department takes the lead in logging, assigning, handling, and tracking issues related to quality or service raised via the hotline.

For online consumer group

We have established a complete private domain operation and service system. Once an order is paid through an ecommerce platform, the system automatically triggers a customer engagement mechanism, proactively reaching out to consumers via the Group's official WeChat account to provide comprehensive after-sales support and future purchase consultation.



Customer Complaint Reception Mechanism

ZJLD has established (Zhenjiu: 400 099 8899, Lidu: 400 855 1308, Xiangjiao: 400 822 2979) to receive complaints and provide after-sales service around the clock.

To ensure transparency of the complaint channels, sales personnel are required to share the designated customer complaint hotline number with clients. This ensures that in the event of a dispute, customers have a direct and accessible channel to file complaints and receive timely resolution.

We also assign dedicated staff to coordinate closely with the Market Supervision Administration to handle cases where customers escalate complaints due to dissatisfaction or misunderstandings. These cases are actively negotiated and resolved to ensure customer satisfaction.



Receive complaints and provide after-sales service around the clock

Customer Complaint Handling Mechanism

We have developed a tiered response mechanism tailored to different types of customer complaints.

Product and Logistics Issues

We manage the entire process from issue identification to solution delivery. For issues such as leakage, breakage, contamination, or incorrect shipments, we have authorization protocols in place to offer quick resolutions. These include small-sum instant compensation, refunds before returns, returns before refunds, refunds without returns, or direct product replacement-all designed to promptly address customer concerns, soothe dissatisfaction, and meet customer needs.



We apply a "dual-track" approach of original packaging + quality inspection confirmation. If the product remains in original condition and passes inspection, refunds are processed quickly.

All complaint cases and related investigations or resolutions are thoroughly documented to track progress and evaluate effectiveness.



Thriving Together with our Employees and the Society

ZJLD Hotline Service

Zheniiu:4000998899 Lidu:4008551308 Xiangjiao:4008222979



Customer Satisfaction Surveys and Improvement

We have implemented a proactive feedback mechanism to continuously enhance the customer experience. The Quality and Customer Service teams jointly conduct satisfaction surveys to dynamically gather feedback and analyze core indicators such as response time and issue resolution rate. Quantitative evaluation of these data helps guide targeted improvements in service processes.

Offline Purchases

In 2024, we refined our satisfaction survey templates for offline customers. Led by the Quality Department, periodic surveys are conducted among offline distributors, and the collected data informs targeted service improvements.

Online Purchases

We assign each customer a dedicated service representative. Prior to the purchase, customers receive detailed consultation to support their decision-making. After the order is placed, we follow a structured service protocol: on the second day, we proactively share shipping details and logistics updates; on the third day, we check whether the delivery was received in good condition and resolve any issues such as breakage or defects; and on the seventh and fifteenth days, we follow up with the customer to gather feedback on their overall experience.

Our Key Performance Indicators

Number of customer complaints in 2024: 95

Proper resolution rate of customer complaints: 100%

Customer service satisfaction rate: 100%

Keyperformance 2024

> Data Security and Privacy Protection **Risks and Opportunities**

With the rise of digitalization and intelligent technologies, data collection and utilization now permeate every aspect of ZJLD Group's operations. Through IT systems and various e-commerce platforms, we interact with a large number of suppliers, distributors, and consumers. The improvement of the Personal Information Protection Law and the growing societal focus on information security present not only compliance requirements but also corporate responsibilities for our data management. We have always placed great importance on business data security and customer privacy. We believe that only with rigorous management policies, comprehensive management procedures, and cutting-edge protection technologies can ZJLD ensure data security, avoid potential regulatory fines and access restrictions, gain the trust of customers and partners, and ultimately enhance brand value.

Our Governance

Based on the Personal Information Protection Law of the People's Republic of China, we have developed the ZJLD Group Information Security Policy, under which data is classified by sensitivity and detailed procedures for information security protection are specified to ensure the safety of data and customer privacy.

In terms of information security management, the Group's Board of Directors holds supervisory responsibility for overall information security. The Director of the Information Center is responsible for formulating specific information security strategies and implementing the security work plan. We classify data assets into four levels based on their importance and sensitivity, and we establish differentiated approval processes and handling requirements for extracting and distributing data of different classifications. Departmental responsibilities for data utilization are clearly defined. In the event of data loss, leakage, or other incidents, responsible individuals may be subject to disciplinary education, financial penalties, or administrative action depending on the severity. If national laws are violated or if the incident causes significant impact to the company, it will be handed over to judicial authorities for legal action, and the responsible unit or department heads will be held accountable.

Our Actions

Data Privacy Protection Measures

We have deployed firewalls within our databases to shield business data from intrusion or hacking attempts. Additionally, we utilize remote data backup systems to ensure data security. Access to ZJLD's core business data is restricted through the Group's dedicated Virtual Private Network (VPN), providing another layer of protection against data leaks.

We also use third-party systems to collect and manage customer data. Information access is permission-based-each salesperson can only view their own customer information, minimizing the exposure of the Group's customer database. Furthermore, we have implemented system-level security controls that prohibit bulk exports and large-scale information viewing. In the event of a data leak, we follow a well-established incident response protocol: the IT team immediately analyzes the nature of the leak, affected consumers, and order execution processes to identify risks and implement rapid mitigation.



Thriving Together with our Employees and the Society

User Privacy Assurance

Users can retain control over their data by updating their registration information at any time. We commit to obtaining explicit user consent before sharing any personal data. Once the service relationship ends, we promptly delete user data to avoid the risks associated with prolonged storage.

Data Security and Customer Privacy Training

All new hires must undergo mandatory information security training upon onboarding. Additionally, all employees receive at least one information security training session per year, aimed at guiding the proper handling of data across various sensitivity levels.

In 2024, all customer-facing staff across our brands—including sales and customer service teams—participated in customer privacy protection training. These sessions emphasized the importance of data privacy and shared best practices to boost awareness and competence among employees.

Data Disclosure

Keyperformance 2024

In 2024, the number of complaints related to customer privacy violations or data leaks was **Zero**.



Thriving Together with Our Employees and the Society

Whether it is caring for our employees, nurturing talent, or engaging in community development and public welfare, we have always upheld the concept of inclusive growth. We deeply integrate social responsibility into every aspect of our operations, building a value network in which the company, employees, and society prosper together—providing sustained momentum for regional economic development.

Building a Solid

Nurturing Craftsmanship

> Diversity and Inclusion **Risks and Opportunities**

Employees of different genders, ages, ethnicities, and backgrounds may encounter cultural or value-based conflicts in the workplace, which can affect teamwork and operational efficiency. Discrimination in the workplace can also lead to employee turnover and reputational damage.

A diverse and inclusive corporate culture helps spark innovation, enhance collaboration, and improve employee satisfaction-essential for the long-term and sustainable growth of an enterprise. ZJLD is committed to creating an inclusive, female-friendly workplace where equal rights in both work and life are protected, and all forms of discrimination are strictly prevented and eliminated.

Our Governance

In accordance with the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Labor Law, the Labor Contract Law, the Regulations on the Employment of Persons with Disabilities, and other relevant legislation, we have released the "ZJLD Group Policy on Respect, Diversity, Equality, and Inclusion." The Group commits to strictly complying with the United Nations' Universal Declaration of Human Rights, the Convention on the Elimination of All Forms of Discrimination Against Women, and the ILO Convention on Discrimination (Employment and Occupation). We explicitly prohibit any violations of human rights, discrimination, and harassment, as well as human trafficking, forced labor, the use of child labor, or the withholding of identification documents. We uphold equal employment and equal pay for equal work. The policy also mandates annual training for all employees and lays out procedures for background checks, incident reporting, and resolution of violations, ensuring the fundamental human rights of all employees, suppliers, and stakeholders in our business and operations.

Our Actions

Respect for Human Rights

We have integrated human rights protection provisions into the Group's Policy on Respect, Diversity, Equality, and Inclusion, firmly prohibiting all forms of forced labor. We ensure that every employee enjoys statutory weekends and national holidays as mandated by Chinese law. We also explicitly prohibit the employment of child labor, verifying candidates' identification documents during the recruitment process. In addition, the Group ensures that all employees have the right to collective bargaining and the freedom of association, and guarantees that union representatives advocate for the rights and interests of all employees.

The Group upholds the principles of independence, objectivity, and fairness by conducting annual human rights due diligence through on-site visits, document reviews, interviews, and other methods. A continuous improvement and monitoring mechanism has been established to regularly review and evaluate the implementation of action plans. The human rights due diligence covers compliance with human rights in the Group's own operations, human rights conditions within the supply chain, and the impact of business operations on local communities. The scope of review includes forced labor, human trafficking, child labor, freedom of association, collective bargaining rights, equal pay for equal work, and anti-discrimination, among other areas. For identified human rights risks, the Group formulates detailed action plans that specify responsible departments, concrete measures, timelines, and expected outcomes. Regular systematic reviews are conducted to ensure that risks are effectively mitigated or eliminated.

In 2024, no human rights-related incidents occurred across any of the Group's operating entities.

Inclusive Corporate Culture

We are committed to creating a gender-equal work environment and safeguarding the rights of female employees. In talent selection and appointments, we firmly reject gender bias and provide equal career opportunities for women. In 2024, women accounted for 28.5% of management roles, while 27.8% of senior management roles were female.

We strictly uphold the principle of equal pay for equal work. In 2024, the Group conducted an internal review and optimization of pay equity to ensure that male and female employees performing the same work, with comparable capabilities and performance, receive equal compensation. This reflects our commitment to fairness and motivates female employees to reach their full potential.

Throughout the year, we organized regular training sessions and seminars on topics such as gender equality, female leadership, and prevention of workplace sexual harassment. Additionally, our annual employee health checkups in 2024 included dedicated "two-cancer" (breast and cervical) screening programs for female employees. We also equipped each distillery with a mother-and-baby room to ensure that every woman in our company feels respected, valued, and supported.

Women accounted for **28.5%** of management roles

28.5%

Case Study Xiangjiao Distillery – A Female Blending Master's 25-Year Dedication



Peng Haiyan joined Xiangjiao Distillery right after graduating from school in 1999. Thanks to the company's talent-first approach to recruitment, she became a female blending master in the Liquor Design Center at the time. Determined to refine her craft, she underwent intensive tasting training every day and actively participated in internal expert seminars and training programs to stay abreast of the latest industry developments and technical advancements. The company provided ample resources and opportunities for hands-on practice, enabling her to hone her skills through real-world application.

In 2006, Peng was selected for the first time as a Tasting Committee Member of Hunan Province. She later earned the titles of National First-Class Liquor Taster and Master Distiller in 2010. In 2023, she reached a new peak in her career, being appointed as a judge for the 10th National Baijiu Evaluation Committee, winning the Gold Medal for Sauce Aroma in the Hunan Provincial Liquor Design Competition, and being named one of Hunan's First Liquor Tasting Masters. Her signature product, Longjiang Iron Cap, won the Core Product Award for the Central-Southern Production Region in 2024.

Xiangjiao Outstanding Female Blending Master Peng Haiyan

Over 25 years, Peng Haiyan has risen from apprentice to industry icon. The certificates and trophies on the honor wall are not only testaments to her individual perseverance but also a reflection of a woman breaking through traditional industry barriers - and a tribute to the craftsmanship heritage of Chinese baijiu.



We respect and embrace diverse cultural traditions, providing a fair and inclusive employment environment for ethnic minority employees. We regularly host ethnic minority forums to encourage cultural exchange and sharing among employees from different backgrounds.

Additionally, we actively support the employment of military veterans. As of the end of 2024, the company has employed 469 veterans and provided them with relevant job training to support their transition into the workforce.

Ethnic Minorities Forum

97 ZJLD Group Inc.



Diversity and Inclusion



Lidu Female Staff Training

27.8% of senior management roles were female 27.8%

Data Disclosure

Category	2024
Total number of full-time employees by gender (Male)	8,235
Total number of full-time employees by gender (Female)	3,145
Total number of employees by employment type (Full-time)	11,380
Total number of employees by employment type (Temporary)	4
Total number of full-time employees by age group (Under 30)	3,706
Total number of full-time employees by age group (30–50)	6,972
Total number of full-time employees by age group (Over 50)	702
Total number of full-time employees by region (From provinces where we operate)	9,299
Total number of employees by region (Not from provinces where we operate)	2,081
Employee turnover rate by gender (Male)	13.46%
Employee turnover rate by gender (Female)	21.24%
Percentage of women in management positions	28.54%
Percentage of women in senior management positions	27.78%
Percentage women in R&D and engineering positions	28.36%
Percentage of employees from ethnic minority groups	4.12%

> Employee Rights and Benefits **Risks and Opportunities**

Protecting employees' rights and well-being is a key reflection of a company's humanistic care and a vital measure for achieving stable and sustainable development. Neglecting employees' legal rights, violating labor contract terms, or providing benefits below legal standards may expose companies to labor disputes or even legal risks, reduce their appeal to talent and employee loyalty, and harm brand image.

Furthermore, labor-related regulations are becoming increasingly stringent in China, requiring companies to pay close attention to labor compliance.

ZJLD Group fully recognizes that employees are the driving force behind sustainable development. Ensuring employee rights and enhancing employee welfare helps strengthen the company's ability to attract talent and build a cohesive workforce, ultimately improving production efficiency and innovation capacity.

Our Governance

We have established comprehensive human resources management systems and policies to ensure compliance with applicable Chinese laws and regulations, including the Labor Law of the People's Republic of China, Labor Contract Law, and others, covering recruitment, promotion, dismissal, compensation, working hours, leave, and benefits.

Our Strategy

ZJLD upholds the values of "respecting employee contributions and recognizing their worth". Employee rights are always at the core of our operations. We enhance employees' happiness and sense of belonging through a variety of measures aimed at safeguarding their rights and enriching their benefits. Employees' recognition is what motivates us in these efforts. The Group has set a target for 2025 to achieve an employee satisfaction survey response rate of no less than 90%, and a satisfaction rate of no less than 85%. Based on the previous year's results of the employee satisfaction, we conduct analysis and implement targeted improvements.

The value

Respecting employee contributions and recognizing their worth

Goal in 2025

and a satisfaction rate of no less than 85%





Our Actions

Employee Benefits

The Group complies with relevant laws and regulations by enrolling all employees in basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and the housing provident fund. We also ensure employees' legal rights to various types of leave, including annual leave, sick leave, maternity leave, nursing leave, marriage leave, bereavement leave, and parental leave.

We offer both cash and non-cash benefits to employees, such as housing allowances, transportation subsidies, communication subsidies, talent incentives, high-temperature subsidies, disability allowances, home purchase subsidies, newborn gifts, birthday celebrations, holiday gifts, retirement packages, and travel opportunities for children of employees taking college entrance exams. In addition, we regularly organize team-building activities, including sports events, speech contests, and group trips.

Regular working stress management sessions and health seminars are conducted, and annual health check-ups are arranged for all employees. Additionally, on International Women's Day each year, we hold special care initiatives for female employees, including purchasing critical illness insurance, organizing screenings for breast and cervical cancer, and providing support during key stages of women's health.







Tug-of-war

Birthday Banquet

Mental Health Lecture

For applicable positions, such as sales, flexible work hours and working-from-home arrangements are adopted.

Employee Communication and Satisfaction

We place great importance on employee feedback and have actively built diverse and transparent communication channels to promptly understand and respond to employee concerns and suggestions. Each distillery under the Group has established a General Manager's Mailbox, encouraging staff to propose improvement ideas, which are addressed in a timely manner. We also listen to our employees through regular interviews, democratic meetings, and weekly team gatherings. In 2024, we conducted a comprehensive employee satisfaction survey covering the Group's headquarters and all business units across the three distilleries. The overall response rate reached 93%, with 68% of respondents rating their satisfaction at 4.5 out of 5 or higher. The survey provided valuable insights into employee perspectives on corporate strategy, culture, work feelings, work purpose, work pressure, etc. Based on areas of lower satisfaction, we developed detailed improvement plans and worked closely with department heads to ensure effective implementation.

Performance Evaluation and Compensation

Employee compensation consists of base salary, performance bonuses, and various allowances. The Group is committed to continuously improving remuneration and sharing the fruits of our success with employees. We have optimized our performance appraisal system to objectively and fairly assess individual contributions, which serve as the basis for compensation, promotions, and annual awards. We implement both annual and monthly comprehensive assessment of employee performance based on management by objectives and multi-dimensional performance considerations, covering all positions and levels. Evaluations are tailored by job function and level to ensure a differentiated assessment approach. By rewarding merit and high performance, we aim to maximize employee motivation and engagement.

Humanistic care

We remain committed to supporting employees facing financial hardship and caring for retired staff. Leaders at each distillery regularly visit and offer assistance to employees in need and retirees, showing genuine concern for their wellbeing and doing their utmost to help-demonstrating the company's "people-oriented" values. In addition, we regularly organize forums and homecoming tours for retired employees. These ongoing initiatives not only reflect our gratitude and respect for the contributions of veteran distillers, but also serve to pass on and promote the Group's craftsmanship spirit, inspiring a new generation of ZJLD people to carry the torch forward.



Retiree Care

Data Disclosure

Employee satisfaction survey response rate

Percentage of employees rating satisfaction 4.5 or above (out of 5)



(Employee Rights and Benefits



Semployee Training and Development

Risks and Opportunities

Baijiu enterprises face numerous challenges in talent selection and retention. Shifts in industry trends can render employees' mindsets and skills outdated, making it difficult to meet evolving market demands and apply new technologies. This may result in lower product and service quality, causing the company to lose its competitive edge. Additionally, the absence of systematic training and a clear career path can lead to talent loss, further increasing labor and operational costs.

In an increasingly competitive and sustainability-focused baijiu industry, a stable and efficient workforce is the cornerstone of corporate competitiveness. Only by fostering a strong talent pipeline can performance be significantly enhanced.

Our Governance

ZJLD's steady development relies on the hard work of every team member. We attach great importance to employee growth, with talent pipeline development being a top priority. To this end, we have established a comprehensive system of talent selection, assessment, training, and development policies covering recruitment, onboarding, quarterly and annual training, leadership programs, and skills development courses - providing strong institutional support for talent acquisition, development, utilization, and retention.

The HR teams at Zhenjiu, Lidu, and Xiangjiao are responsible for recruitment and selection, performance evaluation, and the formulation, execution, and tracking of annual training plans. They also monitor and summarize the achievement of annual training targets.

Our Strategy

Goal in 2025

The average annual training hours per employee and per manager should not be less than **40 hours**

We firmly believe that talent is the primary driver of productivity. Through diversified recruitment channels and internal referral incentives, we maintain high standards in selecting qualified candidates. We have built a comprehensive training system that spans from onboarding new hires to developing mid- and senior-level managers, aiming to cultivate a strong talent pool.

We have set a target for 2025: the average annual training hours per employee and per manager should not be less than 40 hours.

Our Actions

Talent Attraction and Selection

Attracting talent that aligns with the company's development needs is a key focus of our human resources strategy. The Group utilizes both online and offline recruitment channels while promoting a company-wide internal referral incentive system to diversify talent sourcing. We also actively engage in university-industry collaboration projects to cultivate targeted talent pipelines.



Agricultural University to launch the "Lidu Class", a sustained talent pipeline initiative that boosts the company's research capabilities. In March 2024, Zhenjiu entered a strategic partnership with Guizhou University to strengthen industry-academia collaboration and drive joint innovation, providing strong support for both product quality improvement and the Group's high-quality development.



Lidu and Tianjin University of Science and Technology launch strategic cooperation

Employee Training

Building a Solid

Governance Foundation

We integrate the talent philosophy of "attracting, retaining, and utilizing talent" throughout our business operations. Through innovative talent management systems, we aim to build a solid and capable team. We also implement systematic training programs to enhance employees' professional skills, technical knowledge, and business ethics across all levels of the organization.

We have established a comprehensive training system that covers all employees, offering a full spectrum of development opportunities through a blend of online and offline, internal and external training formats. Training programs include onboarding for new employees, leadership training for managers, competency-building courses across all levels, and professional skill development across various functional areas.

Focusing on our two core pillars-marketing management and production management-we have designed targeted training camps and specialized courses tailored to employees at different levels. These programs emphasize professional mindset building, talent pipeline development, and skill certification systems. At the same time, we actively seek external training opportunities to help employees unlock their potential and expand their skillsets.

For newly onboarded employees, we adopt a dual model of mentorship and instructor-led guidance. Upon commencement of employment, new hires are offered a structured training journey that spans their entire career cycle. This approach helps them integrate quickly into the work environment, accelerates their professional growth while enabling new employees to genuinely experience company's culture of care and support.

Creating a strategic talent development base



Employee Training and Development

Building a Solid

Case Study Lidu Distillery – Youth Reserve Team

Established in 2022, the Youth Reserve Team is part of Lidu Distillery's talent strategy designed to address the intense competition in the baijiu industry. The company's leadership regards young professionals as the "fountainhead" of corporate vitality, and stressed the importance of a structured development system to build a pipeline of high-caliber talent.

The Youth Reserve Team engages in diverse activities including experience sharing, marketing practice, book clubs, and product appreciation sessions like the "Zhiweixuan" experience. These initiatives are strategically designed to enhance members' comprehensive competencies and business acumen. The company has also launched a dedicated learning app and the "Guobao Lecture Hall", offering rich educational content and platforms for professional exchange.

The team actively participates in community service. On July 20, 2024, the Youth Reserve Team visited the New Era Civilization Practice Station in Jiaoshi Village, Lidu Town, Jinxian County, to carry out a public education session on drowning prevention and emergency first aid skills, enhancing the safety awareness and lifesaving knowledge among local youth.



Youth Reserve Team

Leadership Development

ZJLD Group provides leadership development programs for mid- and senior-level managers, including "Da Jiang Camp" and "General Officer Camp". These programs cover a wide range of topics such as leadership enhancement, management psychology, team building, time management, 6S management and practical application, performance excellence evaluation standards and models, global and domestic affairs analysis, and compliance risk education. Taught by senior in-house leaders and external experts, the training includes modular learning, mentorship, projectbased practice, online assessments, and presentationbased evaluations to comprehensively improve the capabilities of mid- and senior-level management.



Management training

Career Advancement

To accelerate the growth of core technical talent and ensure a robust talent pipeline, we have launched an innovative "Five-Star Promotion System". Employees who complete leadership training, pass knowledge and performance evaluations, and receive a five-star rating are eligible for accelerated promotion. This mechanism supports individual career growth while strengthening the Group's long-term talent foundation.



Data Disclosure

Indicator
Percentage of employees trained by gender (Male)
Percentage of employees trained by gender (Female)
Percentage of employees trained by employee categor
Percentage of employees trained by employee categor
Average training hours per employee by gender (Male)
Average training hours per employee by gender (Femal
Average training hours per employee by employee cate
Average training hours per employee by employee cate





In addition, we conduct regular (every 2-3 months) one-on-one development discussions with workshop reserve talent to understand their work and life status and provide customized career development guidance.

> We conduct regular (every 2–3 months) one-on-one development discussions with workshop reserve talent

	2024
	100%
)	100%
ory (Below manager level)	100%
ory (Manager level and above)	100%
e)	82
nale)	110
ategory (Below manager level)	90
ategory (Manager level and above)	90

Building a Solid

Giving Back to Society

> Cultural Heritage **Risks and Opportunities**

For centuries, liquor has been deeply intertwined with Chinese traditional culture, shaping the souls of poets and literati while inspiring timeless literary and artistic works. However, with younger generations becoming less familiar with baijiu culture, there is a growing risk of cultural and craftsmanship discontinuity. As a leading baijiu group holding China's "No.1 Project" for baijiu and home to the oldest known baijiu distillery site—the Yuan Dynasty Fermentation Pits-ZJLD bears the responsibility of preserving and revitalizing baijiu heritage. We integrate intangible cultural heritage and historical relics as core brand features, promote the fusion of baijiu with cultural tourism, and extend our efforts overseas to share Chinese liquor culture with the world.

800 Years of Heritage

In Lidu Town, Jiangxi, a centuries-old cellar cluster spanning the Yuan, Ming, and Qing dynasties continues its legacy, preserving the cultural DNA of Chinese baijiu through 800 years of continuous fermentation. Recognized as one of the "Top Ten Archaeological Discoveries in China in 2002", a "National Key Cultural Heritage Site", and a "National Industrial Heritage", the Yuan Dynasty Fermentation Pits remain active with 167 OTU ancient microbial communities. These, along with traditional techniques passed down through fortytwo generations of master brewers, form the living cultural code of Chinese baijiu.



To safeguard the "National Treasure" fermentation pits and

traditional craftsmanship, we have established a sustainable model of "brewing for preservation and preserving through brewing". Advanced intelligent monitoring systems ensure the integrity of these historic fermentation pits, allowing visitors to witness and experience centuries-old brewing techniques while generating contemporary cultural and economic value. This approach transforms baijiu heritage into a dynamic cross-temporal cultural dialogue.

Millennium of Hongzhou Kiln, Brewing From Ancient **Times to the Present Day**



Hongzhou Kiln Site

In November 2024, Lidu in the construction of the "National Treasure Winery", accidentally found a suspected Tang Dynasty Hongzhou kiln site.The experts on-site investigation concluded that the site belongs to the late Tang Dynasty to the Five Dynasties period of the kiln site, representing a core production area. This discovery for the study of the Tang Dynasty Hongzhou kiln firing history, porcelain production process is of great significance, while highlighting the national treasure Lidu rooted in the deep heritage of Jiangxi culture. Hongzhou kiln previously found in the Ganjiang River Basin, the discovery of the Lidu winery to fill the gap in the Fuhe River Basin, has

a very high historical significance and cultural value. Lidu immediately stopped the construction of the winery, and plans to build the Lidu Tang Dynasty Hongzhou Kiln Site Museum on the original site, and restoration of the excavated site, so that tourists can see the full picture of the Tang Dynasty Hongzhou Kiln, to understand the history of the Hongzhou Kiln. Today, the "dual heritage sites" of the Yuan Dynasty cellar pits and Tang Dynasty Hongzhou Kiln converge at Lidu, reflecting the cultural vein of pottery and wine symbiosis, and Lidu is famous as the "Ancestral Court of Distilled Spirits".

Drinking Ancient Liquor, Crafting Modern Portry

Zhenjiu hosted the "Zhenjiu Cup·Liquor Culture Poetry Grand Prix", attracting over 6,000 entries from participants across China, including poets from Hong Kong and New Zealand. The competition culminated in the selection of 100 outstanding works, which were announced at the award ceremony on July 27.

With the theme "Cherishing What Matters, Toasting Poetry with Liquor", the contest aimed to explore and celebrate the profound emotions and values worth preserving. By integrating poetry with baijiu culture, it sought to promote Poetry Contest Activities and uphold China's rich literary heritage. The success of the competition not only demonstrated the profound heritage of Chinese poetry and baijiu culture, but also promoted the prosperity of poetry creation and leading the inheritance and development of Chinese traditional culture.

Baijiu's World Heritage Bid, Crowned on the Global Stage



This strategic masterpiece-infused with the microbial genes of Yuan Dynasty fermentation pits and crafted using intangible cultural heritage techniques-redefined international sensory expectations with its "one sip, four Lidu 1308 Heritage Tribute Product aromas" complexity. More than just a fine spirit, its goldgilded bottle, featuring movable-type printing embossments, a 3D Yuan Dynasty fermentation pit base, and calligraphic Chinese motifs, created a tangible cultural artifact. The outer box, crafted using intangible cultural heritage techniques, established a multi-sensory cultural narrative (visual-taste-touch), sparking intellectual discourse on the scientific legitimacy of baijiu's World Heritage bid at the Paris International Symposium.

As part of its heritage bid, Lidu pioneered the "Product as a Declaration" model-transforming abstract cultural heritage preservation into a tangible consumer experience. For every bottle of 1308 Tribute sold, RMB 8 is donated to the Baijiu ICH Special Fund, ensuring a sustainable financial mechanism for cultural preservation. Through a series of international initiatives, Lidu has built a cross-cultural exchange platform, not only enhancing baijiu's cultural premium in the global spirits market but also fostering widespread international consensus on baijiu's inclusion in the world heritage list.



Cultural Heritage



As a key member of the "The seven China Baijiu" ICH (intangible cultural heritage) Application Alliance, Lidu has pioneered innovative approaches to globalizing Chinese baijiu culture. In August 2024, Lidu hosted the "1308 Heritage Tribute" Global Launch Event at the UNESCO headquarters in Paris, offering an immersive cultural experience that showcased the millennia-old charm of Chinese baijiu to the world.

A Soirée into Song Dynasty Elegance

Lidu Song Banquet brings to life the elegant social gatherings depicted in Emperor Huizong's Literary Gathering (Wenhui Tu), recreating the refined lifestyle of Song Dynasty scholars and literati. Centered around Lidu Gaoliang 1308, the banquet integrates the sophisticated aesthetics of the Song era-tea ceremonies, incense burning, music, fine cuisine, and premium baijiu—offering guests an immersive experience of the grace and charm of a Song-style feast.

In 2024, the Lidu Song Banquet made its international debut in Kyoto, Japan, marking a cross-cultural exchange between China's "Baiiiu Ancestral Home" and Japan's "Millennium Ancient Capital". The event featured traditional practices such as ikebana (flower arrangement), incense burning, and tea whisking, allowing guests to experience the refined elegance of Song Dynasty banquets firsthand while savoring Lidu's signature "one sip, four aromas" — a flavor profile preserved from its 800-year-old Yuan Dynasty fermentation pits.

The global expansion of the Lidu Song Banquet holds significant value in promoting Chinese baijiu culture. It not only introduces the timeless aesthetics of the Song Dynasty to international audiences, enhancing baijiu's global recognition and prestige, but also fosters a deeper appreciation of Chinese baijiu and its rich cultural heritage through immersive storytelling. This initiative is a vital step toward strengthening the international presence and influence of Chinese baijiu culture.



Lidu Song Dynasty Banquet in Kyoto

Public Welfare **Risks and Opportunities**

Giving back to society has always been our unwayering commitment. We actively participate in social welfare initiatives, support education, and promote environmental protection, demonstrating our responsibility and dedication as a socially accountable enterprise.

Public welfare efforts align with the Group's sustainable development philosophy. These initiatives not only contribute to the company's long-term stability, international recognition, and market acceptance but also foster cooperative relationships with communities and government institutions. By engaging in public welfare, we help drive regional development and create a positive social impact.

Charitable Activities

We actively participate in philanthropy, focusing on supporting disadvantaged groups and uniting various social forces to promote public welfare.

Zhenjiu Charity Banquet

On December 8, 2024, Zhenjiu hosted a charity banquet in Zhongshan City, donating RMB 250,000 to the Zhongshan Education Foundation's "One Love · Educational Charity-Dream Fulfillment Program". The initiative aims to help students achieve their academic dreams. Additionally, an auction featuring signed bottles of wine by Olympic champions was held during the event, with all proceeds also donated to the Zhongshan Education Foundation to support 50 underprivileged students in pursuing higher education.

The second stop of the Zhenjiu Charity Banquet took place in Liling, Zhenjiu 50th Anniversary Charity Gala Hunan, on December 14, 2024. The total funds raised from the event amounted to RMB 2.085 million, including a RMB 250,000 donation from Zhenjiu. All proceeds from the event were donated to the Liling Federation of Industry and Commerce's Public Welfare Fund to assist local families in need.

Zhenjiu plans to host charity banquets in 200 cities across China by the end of 2025, aiming to raise over RMB 100 million to expand the reach of its philanthropic efforts.

Honoring Heroes, Supporting Veterans



We uphold the esteemed tradition of supporting military personnel and their families, carrying forward the legacy of patriotism and service while enhancing the sense of honor and pride among retired veterans.

On the morning of July 30, 2024, Xiangjiao participated in the Hunan Province Veterans Employment and Entrepreneurship Service Promotion Conference. On the same day, the company also traveled to Liuyang to carry out a public welfare event in honor of Army Day, providing financial aid and daily necessities to veterans in need.

Condolences for Veterans



Public Welfare



Building a Solid Governance Foundation our Value Chair

Supporting Youth Education

We place great emphasis on youth education and actively contribute to building a better society, universities, and future opportunities through philanthropic educational investments, advocating for equal access to education.

"My University Dream" Charity Scholarship Fund

The Xiangjiao • My University Dream charity scholarship fund was jointly established by the Hunan Communist Youth League Committee and Xiangjiao Distillery. Each year, the program provides financial aid of RMB 5,000 per student to at least 1,000 financially disadvantaged high school graduates from Hunan who have been admitted to full-time universities.

As of 2024, this initiative has been running for seven consecutive years, benefiting over 7,500 students and accumulating donations exceeding RMB 38.4 million. In 2024, Xiangjiao integrated its sealing ceremony sales with the Xiangjiao • My University Dream fund, pledging 5% of sealing sales revenue directly to the scholarship program. This move aims to establish the initiative as a long-term philanthropic commitment, ensuring its sustainability as a lasting public welfare brand.

Since 2022, Lidu Distillery has collaborated with the Jiangxi Hope Project to establish the Guobao Lidu • My University Dream charity scholarship fund. Over a five-year period, this initiative provides a one-time financial aid of RMB 5,000 per student to economically disadvantaged high school graduates from Jiangxi who have been admitted to full-time universities. In total, the fund has committed RMB 10 million to help these students achieve their academic aspirations.

In 2024, Tang Siling, Vice President of ZJLD Group and General Manager of Lidu Distillery, was appointed as the new Chairman of the Jinxian County Education Development Foundation. As part of its ongoing commitment to educational development, Lidu Distillery pledged a donation of RMB 7 million to support the advancement of education in the region.



Xiangjiao•My College Dream

Jinxian County Education Development Foundation Membership Meeting



Lidu•My College Dream

cultural experience. The students visited prestigious institutions such as The Chinese University of Hong Kong and Hong Kong Baptist University, exploring their historical archives and libraries while engaging in face-toface discussions with esteemed scholars. Additionally, they toured cultural landmarks like the Hong Kong Palace Museum, broadening their global perspective and deepening their understanding of historical and contemporary cultural influences.

Furthermore, Lidu launched the My University Dream initiative, providing

holistic support to students throughout their university application journey. The program included on-site consultations for college application guidance, as well as the Guobao Lidu Cultural Heritage Tour and Charity Volunteer Lecture Series, helping students make informed choices and gain insights into their academic and career paths.

Promoting Environmental Protection

The breathtaking landscapes we enjoy are nature's precious gifts. As we marvel at and immerse ourselves in these wonders, we uphold a deep sense of reverence. We believe that by protecting the environment, reducing waste, and respecting nature, we can preserve these invaluable lands for future generations.

Zhenjiu's Global Expedition for Environmental Awareness

★ Everest Cleanup Mission—April 2024

An eight-member team embarked on a nine-day trek to Everest's South Base Camp at an altitude of 5,364 meters. Over three days, they conducted a large-scale waste cleanup operation, advocating for a "Leave No Trace" approach to outdoor adventures. This initiative reflects ZJLD's ESG commitment to green development, demonstrating how extreme exploration and public welfare efforts can create both social and commercial value.



Everest Light Gatherer

★ Antarctic Exploration—November 2024

In an unprecedented journey, Zhenjiu invited over 200 key opinion consumers (Zhenfen) aboard the Guizhou Zhenjiu mega cruise ship. Departing from Ushuaia, Argentina, the expedition covered 1,585 nautical miles over 11 days, ultimately reaching the pristine Antarctic Peninsula. During the voyage, participants engaged in in-depth discussions on Antarctic ecology and scientific research history, experiencing firsthand the beauty and purity of "the last untouched land on Earth". Through this initiative, Zhenjiu reinforced ESG principles and, together with consumers, issued a global call to "Cherish and Protect the Planet".

Volunteer Tree-Planting Initiative



In March 2024, Xiangjiao's Youth League Committee launched the "Flourishing Youth, Building Xiangjiao Dreams" volunteer tree-planting activity. More than 60 young employees and Youth League members joined forces to plant over 100 trees. This hands-on initiative exemplifies ZJLD's commitment to ecological sustainability while embodying the spirit of dedication, solidarity, mutual support, and progress.

Xiangjiao Voluntary Planting



Public Welfare

Everest Light Gatherer



Antarctic Light Chaser

	- (🛞	Building a Solid Governance Foundation) · (100	ESG Jo our Val
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Charity Donation Amount	2024
Scope of dedicated contribution (e.g., education, environmental issues, labor needs, health, culture, sports) and money spent on the scope of dedicated contribution (RMB million)	17.90
Education (RMB million)	11.71
Disaster Relief (RMB million)	0.05
Charity (RMB million)	2.52
Culture and Sports (RMB million)	2.58
Community Welfare/Poverty Alleviation (RMB million)	0.50
Environment (RMB million)	0.01
Others (RMB million)	0.52

Volunteer Hours in Charitable Initiatives	2024
Scope of dedicated contribution (e.g., education, environmental issues, labor needs, health, culture, sports) and time spent on the scope of dedicated contribution (hours)	7,892
Education (hours)	2,557
Disaster Relief (hours)	181
Charity (hours)	343
Culture and Sports (hours)	3,491
Community Welfare/Poverty Alleviation (hours)	498
Environment (hours)	798
Others (hours)	24

> Rural Revitalization **Opportunities and Challenges**

For ZJLD, rural revitalization is not only a crucial component of its ESG strategy but also a proactive initiative to navigate industry cycles. Recognizing the fundamental connection between liquor production and agriculture, the company is committed to using industrial development to support agriculture and improve farmers' livelihoods. The key to longterm success lies in balancing capacity expansion with ecological conservation, and stabilizing farmer interests amid market fluctuations. By achieving this balance, ZJLD aspires to evolve from a participant in rural revitalization into a leader in shared prosperity within the liquor industry.

Our Goals

By 2025, we aim to increase rural employment by 50% compared to our 2021 baseline and double the volume of agricultural product procurement. As of 2024, the company has already achieved these ESG strategic goals ahead of schedule, with 6,698 rural employees and 179,214 tons of agricultural product procurement.



Our Actions

As a leading liquor brand, ZJLD is committed to driving economic growth and advancing rural revitalization while expanding its business.

Promoting Rural Industrial Growth Through Industrial Integration

In recent years, ZJLD has actively leveraged the opportunity presented by Zunyi's large-scale organic sorghum farming initiative. By deepening collaborations with local farming bases, we have implemented the "Company + Base + Cooperative + Farmer" model to promote the scalability, standardization, and digitalization of sorghum production. This approach has accelerated the transformation and upgrading of the sorghum industry in Zunyi, Shaoyang, and Jinxian.

Additionally, we have strengthened scientific planting support for key raw materials such as Red Tassel Sorghum, ensuring a structured approach to purchasing and processing agricultural goods. Through direct purchasing from local farmers and providing technical training, pest control solutions, and financial support, we have incentivized more farmers to cultivate sorghum while achieving precision management across the entire production chain.

ZJLD currently operates 400,000 mu (≈26,667 hectares) of Red Tassel Sorghum farms and 160,000 mu (≈10,667 hectares) of wheat farms across 12 counties in Zunyi. This initiative has directly increased household incomes for over 50.000 rural families.



Rural revitalization

ees and the Soc

Case Study **Guobao Lidu Fruit Tree Plantation**

On Tree Planting Day 2024, Lidu organized an event in collaboration with the county labor union, the chamber of commerce, government officials, volunteers, and over 100 "Guofen" (loyal Lidu consumers) to plant hundreds of fruit trees in a local orchard. This initiative continues Lidu Liquor's tradition of "rooting in the land and giving back to the countryside", integrating fruit tree planting with rural revitalization.

By establishing orchards, the project not only fosters future demand for fruit purchasing and processing but also creates new income opportunities for local farmers, indirectly boosting rural household earnings.



Fruit Tree Planting

Promote Employment in Rural Areas

Talent is the primary resource for advancing rural revitalization, and it is a key factor in achieving sustainable development in rural communities. ZJLD actively explores initiatives to promote employment and encourage returning migrant workers to find job opportunities locally.

Through the inheritance and innovation of traditional techniques, we cultivate a new generation of skilled workers. For returning laborers, we implement tailored talent development programs, exploring new technical training methods to continuously enhance their employability. By creating opportunities for them to become frontline employees and skilled brewing technicians, we integrate them into the ZJLD workforce.



Supporting Rural Revitalization

We employ a mentorship model where experienced craftsmen pass on their expertise to newcomers, helping them develop into specialized technical personnel. Additionally, we provide cultural literacy training, vocational skills programs, and other educational initiatives to continuously improve the employability of the rural workforce, ultimately facilitating better job opportunities for rural communities.

Indicators for rural revitalization	2024
Number of employees hired from rural areas	6,698
Total agricultural products procured (tons)	179,214



Materiality

this report.

Balance

Consistency



> Reporting Principles

This report has been prepared in accordance with the principles of Materiality, Quantification, Balance, and Consistency as outlined in Appendix C2 of the Hong Kong Stock Exchange Listing Rules.

We have conducted a comprehensive materiality assessment involving communication with key stakeholder groups, including investors, consumers, distributors, suppliers, and employees, to identify ESG topics that are significant to our business and external stakeholders and to determine their priority. The data collected from this assessment has been used to define the disclosure content of

• Quantification

We disclose measurable environmental and social key performance indicators, including the standards, methodologies, assumptions, and conversion factors used to calculate emissions and energy consumption. Where applicable, we also set quantitative performance targets. Historical data is provided to facilitate comparisons and demonstrate our progress over time.

This report is structured and presented clearly to fairly reflect our initiatives, progress, and performance.

We adopt consistent methodologies to enable meaningful ESG data comparisons over time. If there are any changes in statistical methods, key performance indicators, or other relevant factors affecting comparability, we will disclose them in a timely manner.

Performance Table

Environmental Performance

Indicator	Unit ¹⁰	2021	2022	2023	2024
Water		2022			
Total freshwater withdrawal	ton	1,306,799	1,844,350	2,236,919	2,492,191
Fresh water withdrawal intensity	ton/ton	118.18	66.12	49.93	50.59
Water consumption	ton	882,385	1,009,138	1,168,775	1,338,509
<i>Fresh water consumption in areas</i> ¹⁰ <i>with high water stress</i>	ton	531,707	641,002	658,535	955,545
Water consumption intensity	ton/ton	79.80	36.18	26.09	27.17
Wastewater discharge	ton	424,414	835,212	1,068,144	1,153,682
Wastewater discharge intensity	ton/ton	38.38	29.94	23.84	23.42
Ammonia nitrogen emissions	kg	740	2,021	4,202	2,000
Chemical oxygen demand (CODs) emissions	kg	18,827	33,685	37,275	52,026
Biochemical oxygen demand (BODs) emissions	kg	7,458	12,485	16,636	15,973
Energy Consumption					
Total energy consumption	MWh	163,227	332,206	392,469	468,246
Total energy consumption intensity	MWh/ton	14.76	11.91	8.76	9.51
Non-renewable energy consumption	MWh	163,227	332,206	390,093	454,866
Renewable energy consumption	MWh	0	0	2,376	13,379
Direct energy consumption	n				
Natural gas	m³	13,928,629	28,832,023	33,986,739	40,575,310
Diesel	liters	50,200	74,700	99,891	142,912
Gasoline	liters	Uncounted	Uncounted	80,384	83,160
Indirect energy consumpti	on				
Electricity consumption	kWh	11,791,980	19,052,763	22,426,343	26,336,270
Renewable electricity consumption	kWh	0	0	2,376,024	13,379,285
Electricity consumption intensity	kWh/ton	1,066.38	682.99	500.54	534.64
Greenhouse Gas Emissions	5				
Scope 1 GHG emissions	tCO ₂ e	48,136	97,538	123,719	115,661
Scope 2 GHG emissions (market-based)	tCO ₂ e	6,851	11,070	11,914	7,588

¹⁰For environmental intensity indicators, packaging related intensity indicator is calculated based on the finished products produced in 2024 (ton), other intensity indicators are calculated based on the base liquor produced in 2024 (ton).
¹¹According to the World Resources Institute (WRI) "Aqueduct Water Risk Atlas", in 2024, ZJLD Group has two distilleries located in high water stress areas, namely Zhenjiu Distillery and Lidu Distillery.

Indicator	Unit
Greenhouse Gas Emissions	
Scope 2 GHG emissions (location-based)	tCO ₂ e
Scope 1 and 2 GHG emissions (market-based)	tCO ₂ e
Scope 1 and 2 GHG emissions (location-based)	tCO_2e
Scope 1 and 2 GHG emissions intensity (market-based)	tCO_2e/ton
Scope 1 and 2 GHG emissions intensity (location-based)	tCO_2e/ton
Scope 3 GHG emissions	tCO ₂ e
Waste	
Total general solid waste generated	ton
General solid waste intensity	ton/ton
Food waste generated	ton
Food waste intensity	ton/ton
Food waste recycled	ton
Total hazardous waste generated	ton
Hazardous waste intensity	ton/ton
Total waste recycled	ton
Total waste landfilled	ton
Air Pollutants	
Total air pollutants emissions	ton
Air pollutants emissions intensity	ton/ton
Nitrogen oxide (NOx) emissions	ton
Sulfur dioxide (SO ₂) emissions	ton
Particulate matter (PM) emissions	ton
Volatile organic compounds (VOCs) emissions	ton
Packaging	
Total amount of packaging materials used for finished products	ton
Strength of packaging materials used for finished products	ton/ton
Total amount of recyclable, reusable and degradable packaging materials used	ton
Percentage of recyclable, reusable and degradable packaging materials (by weight)	%
Number of recycled wine bottles	number

2021	2022	2023	2024
6,851	11,070	13,326	14,132
54,987	108,607	135,633	123,249
54,987	108,607	137,045	129,793
4.97	3.89	3.03	2.50
4.97	3.89	3.06	2.63
Uncounted	Uncounted	1,231,572	1,243,042
41,592	95,113	158,301	173,623
3.76	3.41	3.53	3.52
Uncounted	Uncounted	Uncounted	470
Uncounted	Uncounted	Uncounted	0.00954
Uncounted	Uncounted	Uncounted	344
Uncounted	2.28	2.66	5.11
Uncounted	0.00008	0.00006	0.00010
41,385	94,626	157,495	171,888
207	487	806	1,740
13.29	29.62	38.49	41.79
0.0012	0.0011	0.0009	0.0008
11.99	24.68	23.94	35.60
0.36	3.54	11.92	2.04
0.94	1.40	2.64	4.15
0	0	0	0
70,086	47,207	47,386	51,793
2.28	2.00	2.03	2.06
Uncounted	45,913	46,590	51,327
Uncounted	97.26	98.32	99.10
0	0	11,642	29,922

Social Performance

Indicator	Unit	2021	2022	2023	2024		
Product Quality and Safety							
Number of complaints about products and services	number	uncounted	61	150	95		
Percentage of products subject to recall for safety and health concerns	%	0	0	0	0		
Employment							
All employees	number	7,264	10,980	11,008	11,380		
Health & Safety							
Full-time employees: number of work-related fatality	number	0	0	0	1		
Full-time employees: rate of work-related deaths	%	0	0	0	0.01%		
Full-time employees: number of lost workdays due to work-related injuries	number	78	110	68	162		
Full-time employees: number of workdays lost due to injury	days	2,191	3,190	2,129	3,169		
Full-time employees: lost time injury rate (LTIR) (based on 200,000 work hours) ¹²	/	1.09	0.98	0.62	1.44		
Full-time employees: recordable workplace accidents	number	78	110	131	176		
Full-time employees: total recordable injury rate (TRIR) (based on 200,000 hours worked) ¹³	/	1.09	0.98	1.20	1.57		
Contractors: number of work-related fatality	number	0	0	0	0		
Contractors: number of lost time workplace injuries	number	0	0	0	2		
Contractor: number of workdays lost due to work-related injuries	day	0	0	0	22		
Contractor: lost time injury rate (LTIR) (based on 200,000 work hours) ¹⁴	/	0	0	0	0.42		
	2024 Employee Rights and Benefits Statistics						
Response rate of employee satisfaction questionnaire	%				93%		
Percentage of employees with satisfaction score of 4.5 and above	%				68%		
Staff Development and Training	g Statisti	cs					
Percentage of employees trained by	gender (c	overage)					
Male	%	98.7	96.7	98.3	100		
Female	%	98.0	95.0	94.5	100		
Percentage of employees trained by	Percentage of employees trained by employee category (coverage)						
Managers	%	99.0	94.1	93.7	100		
Non-managers	%	98.7	97.9	94.5	100		

¹²Lost Time Injury Rate (LTIR) (based on 200,000 work hours) = (Number of lost time injuries × 200,000) / Total work hours in the year
 ¹³Total Recordable Injury Rate (TRIR) (based on 200,000 work hours) = (Number of recordable injuries × 200,000) / Total work hours in the year
 ¹⁴Lost Time Injury Rate (LTIR) (based on 200,000 work hours) = (Number of lost time injuries × 200,000) / Total work hours in the year

Indicator	Unit	2021	2022	2023	2024	
Average number of hours o	Average number of hours of training completed per employee, by gender					
Male	hours	34	68	107	82	
Female	hours	38	44	86	110	
Average number of hours o	Average number of hours of training completed per employee, by employee category					
Managers	hours	66	53	83	90	
Non-managers	hours	35	61	95	90	
Total investment in staff training						
Employee training expenses	RMB million	8.86	11.42	9.05	5.51	

Employment Dem

Total number of employees by employment

Part-time

Number of full-time employees by gender

Male

Female

Number of full-time employees by age grou

Under 30 years old

30 to 50 years old

Over 50 years old

Number of full-time employees by region of

From the provinces in which we operate

Outside the province

Employee recruitment

Number of new employees hired during the year

Of which, the number of newly employed female employees

Proportion of newly created positions filled by internal employees during the year

Average recruitment cost

ographics in 2024							
t category							
	number	11,380					
	number	0					
	number	8235					
	number	3145					
р							
	number	3706					
	number	6972					
	number	702					
foperati	on						
	number	9,299					
	number	2,081					
	number	1,453					
	number	439					
	%	17.71					
	RMB	726.05					

Employment Demographics in 2024			
Employee turnover rate by gender			
Male	%	13.46	
Female	%	21.24	
Employee turnover rate by age group			
Under 30 years old	%	17.24	
30 to 50 years old	%	15.18	
Over 50 years old	%	12.69	
Employee turnover rate by region of operation			
From the provinces in which we operate	%	10.26	
Outside the province	%	33.73	
Diversified employment statistics			
Percentage of female employees in management	%	28.54	
Percentage of women in senior management	%	27.78	
Percentage of women in junior management	%	27.97	
Percentage of women in management in the sales department	%	35.58	
Percentage of female employees in R&D and engineering positions	%	28.36	
Percentage of employees from ethnic minority groups	%	4.12	
Percentage of ethnic minority groups in management	%	4.02	
Charity Statistic for	2024		
Total amount of public charity donations	RMB million	17.90	
Education	RMB million	11.71	
Disaster Relief	RMB million	0.05	
Charity	RMB million	2.52	
Culture and Sports	RMB million	2.58	
Community Service / Poverty Alleviation	RMB million	0.50	
Environment	RMB million	0.01	
Others	RMB million	0.52	

Charity Statistic for 2024				
Total hours of participation in public charity	hours	7,892		
Education	hours	2,557		
Disaster Relief	hours	181		
Charity	hours	343		
Culture and Sports	hours	3,491		
Community Service / Poverty Alleviation	hours	498		
Environment	hours	798		
Others	hours	24		

Governance Performance

	Busi	ness Et	th		
Number of Verified Violations in 2024					
Corruption and bribery	number	13			
Conflict of interest	number	31			
Discrimination and harassment	number	0			
Customer data privacy	number	0			
Money laundering and insider trading	number	0			
Number of Litigation Cases					
Corruption and bribery	number	0			
Conflict of interest	number	0			
Discrimination and harassment	number	0			
Customer data privacy	number	0			
Money laundering and insider trading	number	0			

ss Ethics

Timely handling rate	%	100%	
Timely handling rate	%	100%	
Timely handling rate	%	-	
Timely handling rate	%	-	
Timely handling rate	%	-	

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> Assurance Report



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Objectives of Work

Bureau Veritas Certification (Beijing) Co., LTD ("BUREAU VERITAS") has been engaged by ZJLD Group Inc. (hereafter referred to as "ZJLD Group") to conduct an independent Assurance of its 2024 Environmental, Social and Governance Report (the "Report"). This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the report are the sole responsibility of the management of ZJLD Group. Our sole responsibility was to provide independent assurance on the accuracy and reliability of information included, and on the underlying systems and processes used to collect, analyse and review it.

Scope of work

ZJLD Group requested Bureau Veritas to verify the accuracy and reliability of the following: Data and information included in the Report from 2024.1.1 to 2024.12.31.

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Group) and statements of future commitment;

Level of assurance: reasonable assurance level

Assurance standard

- Auditing and Assurance Standards Board
- 3

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

- Interviews with relevant personnel of **ZJLD Group**; Review of documentary evidence produced by **ZJLD Group**;
- 2 3.
- 4 sampling principle
- analysis.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Non-financial Reports, based on current best practice in independent assurance. The work was planned, carried out and concluded based on reasonable, rather than absolute assurance, as determined by Bureau Veritas.

Assurance Conclusion

On the basis of our methodology and the activities described above, it is our opinion that:

BUREAU VERITAS

123 ZJLD Group Inc.

INDEPENDENT ASSURANCE STATEMENT



Positional statements (expressions of opinion, belief, aim or future intention by ZJLD

Financial data and information that has been audited by a third party.

1. International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)"), developed by the International

GRI Sustainability Reporting Standards, published by the Global Reporting Initiative Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Accounting and Reporting Standard, published by the Greenhouse Gas Protocol Initiative (GHG Protocol)

Evaluation of information against Global Reporting Initiative (GRI) principles of Materiality, Accuracy, Completeness, Balance, Clarity and Comparability; Audit of performance data, tracing and checking the sample data according to the

5. Review of **ZJLD Group** data and information systems for collection, aggregation and



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> Assurance Report



Certification

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- The information and data included in the scope of our assurance are accurate, reliable
- .
- The information and data included in the scope of our assurance are accurate, reliable and free from material mistake or misstatement; The information is presented in a clear, understandable and accessible manner; The information of the Report provides a fair and balanced representation of related ESG management activities during the period from 2024.1.1 to 2024.12.31; ZJLD Group has established appropriate systems for the collection, aggregation and analysis of relevant information. The performance data for 2024 has been disclosed with Comparativity. with Comparability.

Accuracy

The information and data disclosed in the report are objective and reliable. ZJLD Group has established appropriate systems for the collection and arrangement of quantitative data on organizational governance, environment and social management. Through on-site assurance, the evidence provided by ZJLD Group is relatively reliable and the report is of objectivity.

Materiality

ZJLD Group identified and disclosed material ESG issues and related information in accordance with the GRI Sustainability Reporting Standard.

Completeness

The report of ZJLD Group focuses on the aspects of "Sustainability governance", "Environmental responsibility", "Social responsibility". The report discloses data and information related to materiality analysis, product responsibility, social responsibility, environmental responsibility, and employee responsibility, which are of concern to the stakeholders of ZJLD Group. The disclosed is of relative Completeness.

Based on the work conducted, we recommend ZJLD Group to consider the following:

It is suggested that the organization continuously enhance communication with stakeholders, establish a dynamic response mechanism, and systematically safeguard the integrity and relevance of material issues.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Environmental and Occupational Health and Safety, Social Responsibility with more than 190 years history in providing independent assurance services. Members of the assurance team have no interests or conflicts of relationship with ZJLD Group. We have conducted this Assurance independently and impartially. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities.

BUREAU

Wendy Zhao



Director of Greater China Region Bureau Veritas Certification (Beijing) Co., LTD 2025-04-08

Assurance Team Leader Bureau Veritas Certification (Beijing) Co., LTD 2025-04-08

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