

农夫山泉

農夫山泉股份有限公司

NONGFU SPRING CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 9633

2024 SUSTAINABILITY REPORT





Contents

2	About this Report	33	Safety and Quality
3	Message from the Chairman	36	Responsibility and Services
4	Highlights in 2024	39	Sustainable Ecology
4	About Nongfu Spring	40	Environmental Management
4	Sustainable Development Highlights	42	Combating Climate Change
9	Awards and Honors in 2024	46	Sustainable Water Use
10	Sustainable Development Commitment	47	Packaging Materials and Waste Recycling
12	Sustainable Development Governance	49	Biological Conservation and Sustainable Agriculture
13	ESG Governance Structure	52	Employee Engagement
13	ESG Management System	53	Rights and Benefits Protection
14	Communication with Stakeholders	55	Training and Development
15	Materiality Issues	57	Care and Health
16	Passing on Values	60	Solid Cooperation
17	Rural Revitalization	61	Supplier Management
20	Corporate Citizenship	62	Responsible Procurement
23	Robust Governance	64	Appendix I: List of Laws and Regulations
23	Risk Management	64	Appendix II: HKEX Environmental, Social and Governance Reporting Guide
25	Integrity and Honesty	67	Appendix III: Sustainable Development Goals (SDGs) Guide
27	Health Protection	68	Appendix IV: GRI Standards Guide
28	Natural and Healthy	70	Appendix V: Sustainable Development Indicators
31	R&D and Innovation		

ABOUT THIS REPORT

OVERVIEW

This is the 2024 sustainability report (hereinafter referred to as “this report”) published by Nongfu Spring Co., Ltd. (hereinafter referred to as “Nongfu Spring”, the “Company”, “we” or the “Group”). The report discloses the Group’s responsible practices and environmental, social and governance (“ESG”) performance in relation to our shareholders, customers, partners, employees, the environment, communities, and other key stakeholders. This report covers the financial year from 1 January 2024 to 31 December 2024 (the “reporting period”), with some information backdated to previous years.

PREPARATION BASIS

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide, as set out in Appendix C2 of the Listing Rules of the Stock Exchange of Hong Kong Limited (hereinafter referred to as “HKEX”) and also the principle of “Comply or Explain”, while taking into account the significance, quantification, balance and consistency of the specific indicators relating to the performance disclosure of the main topics. We will continue to adjust and optimize the disclosure indicators in future reports.

In addition, this report makes reference to GRI Standards 2021 published by the Global Reporting Initiative (hereinafter referred to as “GRI”) in 2021, and responds to the concerns of capital market ESG index rating agencies, such as Morgan Stanley Capital International ESG Ratings (i.e. MSCI ESG Ratings) and the Dow Jones Sustainability Index (S&P DJSI).

The content of this report was determined in accordance with a set of procedures. The process includes identifying and ranking significant stakeholders and important ESG-related issues, determining the boundaries of this report, collecting relevant materials and data, preparing the report based on the information, and reviewing the information in this report.



REPORT SCOPE AND BOUNDARIES

The policies and data provided in this report cover the Company’s head office and subsidiaries (hereinafter referred to as “the Group”), and the scope of the report is consistent with that of the Annual Report. Unless otherwise stated, the currency used in the report is RMB. The intensity data involved are all based on the Company’s qualified product output data in 2024 as the denominator.

SOURCES OF INFORMATION AND ASSURANCE OF RELIABILITY

The data and examples in this report were derived mainly from the Group’s statistical reports and relevant documents. The Board of Directors of the Company undertakes that this report does not contain any false records or misleading statements and that it is responsible for the truthfulness, accuracy, and completeness of its contents.

CONFIRMATION AND APPROVAL

This report was confirmed by management and approved by the Board of Directors on 25 March 2025.

MESSAGE FROM THE CHAIRMAN

Time flies, and Nongfu Spring’s commitment to sustainable development has stepped into another year. The year of 2024 marks full of challenges for Nongfu Spring. As a leading enterprise in China’s packaged drinking water and beverage industry, we consistently uphold the philosophy of “natural and healthy”, dedicating ourselves to providing consumers with high-quality products and services. Here, on behalf of the Board of Directors of Nongfu Spring Co., Ltd., I would like to extend my heartfelt gratitude to the shareholders, partners, consumers and all our employees for their unwavering support!

Lead and convey the value of social responsibility. We continue to give full play to our own advantages, advance the process of agricultural modernization and rural revitalization to pursue agricultural scientific development and help farmers increase their income through industry revitalization, technological revitalization and ecological revitalization. We contribute to society through public welfare actions such as “Disaster Relief”, “Respect for Labor”, and “Poverty Alleviation”. We recognize that corporate growth is inherently linked to social support, and we remain dedicated to giving back through concrete actions, fostering compassion and hope.

Lay solid foundations through efficient governance. Nongfu Spring upholds a commitment to efficient and transparent corporate governance, maintaining a robust risk management framework while ensuring strict compliance with laws and regulations and adhering to the standards of business ethics of integrity. In 2024, we further optimized our three-tier ESG governance structure, integrating a robust governance framework with a sustainable development business strategy to enhance corporate resilience and brand value. We recognize that sustainable corporate development is inseparable from a robust governance structure. Only by laying a solid foundation can we achieve long-term and steady progress.

Keep quality first, crafting nutrition and health with dedication. Nongfu Spring is committed to a natural and healthy brand philosophy, steadfastly adhering to safety and excellence. In 2024, we persistently strengthen R&D innovation to enhance the nutritional and health attributes of our products. At the same time, we have leveraged our tea beverages as a starting point to explore and promote Chinese culinary traditions and lifestyle concepts, launching a series of innovative products that meet consumer needs, offering more nutritious and healthier choices.

Uphold green development and protect our ecological home. Nongfu Spring firmly upholds the ecological construction concept that “lucid waters and lush mountains are invaluable assets”. We actively support China’s “dual carbon” goals and are fully committed to green production and low-carbon transformation. In 2024, we further improved energy and resource efficiency in our production processes while increasing the recycling rate of materials. Additionally, by evaluating product carbon footprints and external environmental factors, we continuously enhance the environmental sustainability of our manufacturing and business operations, fulfilling our green commitment to protecting the earth environment.

Adhere to the “people-oriented” concept and create a warm and inclusive workplace. Employees are the cornerstone of corporate success. Only by fostering employee well-being can a company achieve sustainable development. Nongfu Spring values every employee’s contributions. In 2024, we continued to provide a fair and expansive platform for career development, enabling employees to reach their full potential in an inclusive, supportive, and healthy work environment. Through a comprehensive talent incentive system, enhanced employee care programs, and well-structured benefits, we have cultivated a sustainable development community in which employees and the Company grow in tandem.

Make collaborative efforts for a sustainable value chain. Nongfu Spring not only prioritizes its own development but also actively promotes the collective progress of the industry chain. In 2024, we deepened collaboration with industry partners, embedding ESG principles into the sustainable development of supply chain to jointly establish a green and low-carbon supply chain system. We believe that only when every link in the industry chain adheres to sustainability principle can true green transformation be achieved.

Look ahead and have a shared vision for a brighter future. Nongfu Spring remains dedicated to its “Natural and Healthy” philosophy, steadfastly advancing its sustainable development strategy, promoting green transformation, supporting rural revitalization, and fulfilling its responsibility of corporate citizenship. Together with our shareholders, partners, consumers, and employees, we will continue to write a new chapter of success for Nongfu Spring.

Finally, thank you again for your support and trust! Let us look forward to a future where Nongfu Spring continues to bring consumers more natural, healthy products and creates greater value for society!

Zhong Shanshan

Chairman

HIGHLIGHTS IN 2024

ABOUT NONGFU SPRING

Nongfu Spring is a benchmark enterprise in China’s bottled water industry, specializing in the production and sales of packaged drinking water and beverages. The Company has laid out a diversified product matrix of packaged drinking water, tea beverages, juice beverages, functional beverages, agricultural products, etc. While expanding its scale, growth potential, and profitability, Nongfu Spring remains committed to providing consumers with natural and healthy beverages. In 2020, Nongfu Spring Co., Ltd. was listed on the Hong Kong Stock Exchange (stock code: 9633.HK), marking a new chapter in our development. Within the reporting period, the Group’s revenue amounted to RMB42,896 million, with total payment of taxes and dues of RMB6,652 million, including an income tax expense of RMB3,665 million.

Every drop of Nongfu Spring is traceable back to its pristine origin. Since its establishment, Nongfu Spring insists on building its factories at the source of its water supply and bottling at water source areas, ensuring that nature’s gift is delivered to every consumer. We conduct rigorous water source area assessments, selecting natural water sources with superior water quality and pristine environments. We uphold the concept of green sustainability and practice environmental and biodiversity protection in water source areas. We are committed to giving back to society by contributing to the economic development of local water source areas. Within the reporting period, Nongfu Spring Huangshan Water Source Area in Anhui was officially put into operation, further expanding our water source network. Our current water source areas include Thousand-island Lake in Zhejiang, Changbai Mountains in Jilin, Danjiangkou in Hubei, Wanlv Lake in Guangdong, Manas of Mount Tianshan in Xinjiang, Mount Emei in Sichuan, Mount Taibai in Shaanxi, Wuling Mountain in Guizhou, Greater Khingan in Heilongjiang, Mount Wuyi in Fujian, Daming Mountain in Guangxi and Huangshan in Anhui.

Excellent water source quality and sound product quality management system have created a solid foundation for the product quality of Nongfu Spring. Driven by innovation, we continuously expand our product matrix. Over the past two decades, we have continued to provide consumers with high-quality new products, injecting vitality into the corporate development. Today, the Group has more than ten flagship products such as “Nongfu Spring”, “Tea π”, “Oriental Leaf”, “Vitamin Water” and “Scream”. Looking ahead, we remain steadfast in our commitment to innovation, quality, and sustainability principle. With a spirit of craftsmanship, we will continue to develop premium products that cater to diverse consumption scenarios and meet the needs of consumers of all ages and tastes.



SUSTAINABLE DEVELOPMENT HIGHLIGHTS

Society: Deeply Engaging and Advancing Rural Revitalization with Strong Sense of Responsibility

Rural revitalization is the cornerstone of national modernization and a key arena for corporate social responsibility. Nongfu Spring integrates into the rural revitalization layout deeply by upholding industrial development, technological empowerment, and ecological harmony, aligning corporate development with rural prosperity to establish a responsibility-driven ecological industry chain centered on water, agriculture, and people.

Across vast rural landscapes, Nongfu Spring takes agricultural modernization as the fulcrum to promote the industry chain of “integration of the three industries” to extend deeply to the countryside, implant standardized planting, intelligent management and brand operation into the fields, and activate the self-sustaining capacity of traditional agriculture. Through technological innovation, we overcome resource constraints and ecological challenges, applying modern techniques such as biological control, drone inspections, and circular agriculture to realize the vision of smart agriculture. Furthermore, by translating ecological value into economic growth, we forge a path where “lucid waters and lush mountains” and “invaluable assets” go hand in hand. Through the protective development of water source areas and innovative cooperation models between agricultural planting bases and local farmers, we transform the natural beauty of rural areas into a driving force for sustainable growth.

At the same time, Nongfu Spring places people at the core of its corporate social responsibility strategy. Externally, we build a broad welfare network covering urban and rural communities through disaster relief, education improvement, public sports and other public welfare actions; and internally, we uphold employee growth and rights and benefits protection as fundamental principles, fostering an inclusive and equitable development platform that empowers individuals while driving the shared progress of the Company and society.

Rural Revitalization

Industry Revitalization



Promote agricultural modernization through standardization, systematization, and contracting practices, tailor strategies to local conditions to support the development of rural distinctive industries, and help increase employment and income for local farmers, contributing to comprehensive rural revitalization. During the reporting period, we have procured a total of 157,000 tons of navel oranges and over 25,000 tons of tea leaves and flowers, leveraging price incentives to drive agricultural output growth and increase farmers’ income.



Agricultural standardization: Implement standardized management for cooperative farmers and cultivation bases, adopting a three-step model of “establishing systems, formulating plans, and setting up demonstrations” to facilitate their transition from simple, traditional procurement or planting practices to modernized management of tea gardens, orchards, and other cultivation bases, thereby meeting the demands of modern production.



Agricultural systematization: Establish a systematic management framework encompassing quality management, cultivation management, and risk management to enhance agricultural production efficiency and risk resilience, foster coordinated development of crop cultivation and processing, and promote localized value-added transformation.



Agricultural contracting: Through long-term, stable agricultural contracts, Nongfu Spring bridges smallholder farmers with broader markets via contractual commitment. By implementing contract-based procurement and price incentives, the company helps mitigate agricultural uncertainties, smooths price fluctuations between lean and bumper harvest years, ensuring “stable income in low-yield periods and increased earnings in abundant seasons”.

Technological Revitalization



Donate and establish five primary tea processing plants in major tea-producing areas such as Lincang and Pu'er in Yunnan, which were equipped with high-standard production lines, achieving a total daily fresh leaf processing capacity of 100 tons with a target investment of approximately RMB100 million, which covers over 230,000 mu of tea plantations and benefits over 200,000 surrounding farmers.



Through technological empowerment, standardized management, and profit-sharing mechanisms, the agricultural industry chain has been extended from the planting end to the consumer terminal, forming a deeply integrated closed loop of “field-factory-market.” During the reporting period, Nongfu Spring acquired tea in Yunnan amounting to RMB600 million.



Provide long-term and stable technical support to raw tea suppliers nationwide. The total daily production capacity of dried tea at Nongfu Spring’s partnered primary processing factories in Yunnan has increased from 40,000 kg to 120,000 kg, and improved the flavor compliance rate from 52% to over 90%, with consistent improvements.



Train special detection dogs, known as “Citrus Guardians”, to identify Huanglong disease (citrus greening disease), develop and promote the industry standard *Training and Usage Guidelines for Working Dogs Searching for Huanglong Disease*. Detection dogs now achieve an accuracy rate exceeding 99%, significantly outperforming traditional chemical and visual inspection methods in efficiency and precision.



Establish and launch a virus-free seedling cultivation system at the Jiangxi base, tackling Huanglong disease (citrus greening disease) at its source. Within the reporting period, over 150,000 virus-free scions were distributed, marking a key breakthrough in biological control for the navel orange industry in southern Jiangxi. This initiative has supported the recovery and expansion of the navel orange industry in southern Jiangxi, with navel orange plantations now covering 1.94 million mu and an annual yield of 1.93 million tons, ranking first globally in both planting area and production.



Enhance agricultural modernization and automation by equipping farmers with modern mechanized agricultural machinery and automated farming and irrigation facilities, including irrigation systems of integration of water and fertilizer, airplane spray drones, automated harvesting platforms.

Ecological Revitalization



Every drop of Nongfu Spring originates from premium natural water sources, bypassing municipal water treatment to reduce energy and resource consumption. Through direct conversion of “lucid waters and lush mountains” into “invaluable assets” at water source areas, this model generates employment and advances development in water source areas with ecological sustainability.



In response to the national initiative of “planting fruit trees on the mountains and growing grains in the fields”, we have actively implemented apple planting bases on barren hillslopes. Over 4,000 mu of desertified land in the Gobi in Xinjiang have been transformed into apple orchards. This initiative provides stable income for fruit growers while contributing to windbreak and sand stabilization, improving local ecosystems and advancing ecological revitalization.



Promoting the circular agricultural model of “fruit peel and pomace – winter feed for animal husbandry – organic fertilizer from manure,” the fruit peels and pomace generated during fruit processing and juicing are treated and used as winter feed for local animal husbandry. The livestock manure is then fermented and processed into organic fertilizer, which is reapplied to the orchards. This approach not only reduces waste emissions but also enhances soil fertility.

Social Welfare

Corporate Citizenship



Guided by the *Emergency Response and Handling Policy for Public Crisis Events related to People’s Livelihood*, we responded swiftly to natural disasters in Zhejiang, Guangxi, Guangdong, Fujian, Hunan, Hubei, Anhui, Jiangxi, and Guizhou, rushing to disaster sites at the first opportunity to provide emergency water supplies.



Under the “Understanding Hardship, Expressing Gratitude” initiative, approximately 10,000 youth accompanied by parents delivered over 600,000 bottles of heat-relief drinking water and tea beverages to outdoor workers across nearly 200 Chinese cities during extreme heatwaves.



Mr. Zhong Shanshan, founder and chairman of the Company, established the Zhong Ziyi Education Foundation. In 2024, the Foundation donated a total of RMB360 million to Zhejiang University, Peking University, and Tsinghua University to support scientific research and innovation talent development.



The total amount of charitable donations reached RMB29.7 million, and there was a total of 134,793 hours of employee participation in volunteer activities throughout the year.

Products and Services

Natural and Healthy



Products of Nongfu Spring are developed with the “natural and healthy” concept. Products that are sugar-free or low-sugar, sodium-free or low-sodium, or fat-free or low-fat reached over 85% of total sales by weight during the reporting period.

R&D and Innovation



We launched multiple new products including newly introduced 17.5° juice, new flavor Water-Soluble C100, new reformulated Scream, new flavor Tea π, and the Tanbing large-pack coffee, enriching the diversified product matrix.



There were a total of 137 research and development personnel, with R&D expenditures reaching RMB306 million.



“Key Technology Innovation and Industrial Application of Not From Concentrate Orange Juice Industry” won the first prize of Science and Technology Progress Award of China Light Industry Council.



Number of valid national patents held during the reporting period: 443.

Safety and Quality



The passing rate of external test and national sampling test reached 100% for the whole year.



Zero recall related to product safety or quality issues.

Responsibility and Services



Inviting over 150 new media KOLs to water source areas for water source search, the campaign generated 600 million cross-platform exposures, raising awareness of natural ecology and water source areas protection while showing the responsible brand and product image.



26,768 participants took part in the compliant marketing training for the distributors. 2,289 courses on 713 topics were launched for online learning and a total of 875 training sessions were conducted online and offline.



The annual complaint handling rate reached 100%.

Employment Development & Care

Organization Development



The total number of employees is 26,098, with a year-on-year increase of 7% and a total of 5,091 new employees joining the company.



Adhering to diversified talent recruitment, 507 new ethnic minority employees were hired. Among them, 100 were recruited at the Hunan Sangzhi factory, 61 at the Guangxi Damingshan factory, and 12 at the Xinjiang base. This initiative has played a positive role in promoting ethnic integration and stabilizing local employment.

Salary and Welfare



Employees' income has continued to grow for many years and ranks among the top in the industry in terms of cash income. Within the reporting period, total employee benefits expenditure (inclusive of directors' remuneration) was RMB4,301 million.



Upgraded the critical health illness assistance policy and launched the "Heart to Heart Care Program" to establish a solid protection system for employees and their families. The program significantly increased financial aid amounts for critical health illness, alleviating the economic burden caused by medical expenses and family hardships. By the end of the reporting period, this initiative had benefited over 187 employees, with total assistance costs reaching 5.65 million RMB.

Training and Development



The percentage of employees participating in training reached 100%, and the average number of training hours was 39.07.



The Company has launched new talent development projects including the "Internal Trainer System", "General Curriculum System", and "Sales-Production Talent Development Program".

Occupational Health and Safety



By the end of the reporting period, over 80% of the factories of Nongfu Spring have passed the ISO 45001 occupational health and safety management systems certification.



All factories have achieved full coverage of automated external defibrillators (AEDs) first aid equipment and training.



The Company launched the mental assistance program-EAP Platform, providing online psychological counseling services, convenient appointments with psychologists, and learning courses to promote a healthy work environment and personal growth.

Sustainable Supply Chains

Supplier Management



The Company established a dedicated Tea Procurement Department, front-loaded the tea procurement management model, and has comprehensively enhanced the quality of raw tea material procurement.



The supplier quality audit coverage rate reached 100%, and extended to tier-two suppliers.



To support rapid business expansion, the supplier pool increased by 33% year-on-year, with supplier strategic development in tea and other categories to enhance supply chain risk resilience, ensuring stability and operational continuity.

Responsible Procurement



The ratio of suppliers covered by the business conduct policy reached 100%, and the ratio of suppliers who signed business ethics clauses reached 100%. Awareness campaigns on the *Letter of Information Regarding Integrity to Business Partners* were conducted for all active suppliers.

Environment: Following Nature’s Path to Forge a Green Model for Sustainable Development

Amid global climate crises and resource challenges, Nongfu Spring upholds its mission of “harmonious coexistence between humans and nature”, embedding green development across all operational stages. From water source management to end products, the Company has established a full lifecycle environmental management system and low-carbon operational practices.

Guided by the principle of taking “water” as its core, Nongfu Spring “prioritizes protection over exploitation”, through scientific water source areas assessments, dynamic monitoring, and ecological restoration to ensure the sustainability of natural water resources; aligned with dual-carbon goals, it promotes a cleaner energy structure, low-carbon production processes, and efficient logistics systems, exploring new pathways to balance emission reduction with production growth; moreover, taking the circular economy as a breakthrough point, it reshapes the closed loop of “resources-products-recycled resources”, giving new life to used packaging materials, agricultural by-products, etc., and reducing the burden on natural resources. In biodiversity protection, Nongfu Spring adheres to the ecological strategy of “avoidance, mitigation, and compensation”, and coordinates the planning of factory construction, agricultural development, and nature protection, enabling the interactive integration of industry and ecology.



Sustainable Ecology

System Building



ISO 14001 environmental management system 100% covers Nongfu Spring and all its subordinate factories.

Environmental Management



During the reporting period, the overall water use intensity of Nongfu Spring was the same as that in 2020, the water intensity for both water and beverage products are lower than industry benchmarks. During this year, 322 million tons of water were recycled.



100% of the by-products from tea residue, pomace, and fruit peel processing were utilized, effectively reducing food waste by 135,192 tons.

Recyclable



It continued to promote the objective of 100% recyclable of plastic packaging materials for water and beverages, and 99.9% of packaging materials were recyclable during the reporting period.

Combating Climate Change



Nongfu Spring conducted climate-related risk and opportunity identification in alignment with *IFRS S2 Climate-related Disclosures*, updating its list of material climate-related risks/opportunities and corresponding mitigation strategies, actions, and targets.

The Company designed and implemented technical solutions for proactive response to agricultural extreme weather events.



The greenhouse gas emission intensity of Nongfu Spring during the reporting period was 0.0427 tons of carbon dioxide equivalent per ton of qualified product output¹, marking a 2% year-on-year decrease, with 63% progress toward its greenhouse gas emission intensity target.

Sustainable Agriculture



It promoted the construction of sustainable agriculture, and assisted farmers in adopting sustainable planting methods of saving water resources and protecting the soil and ecological environment, so as to reduce the possible influence of agricultural production on the natural environment with scientific methods.

1 The calculation of greenhouse gas emissions in 2024 adopts the “2022 Provincial Electricity Average CO₂ Emission Factor” issued by the Ministry of Ecology and Environment of the People’s Republic of China in 2024.

Governance: Strengthening Foundations to Drive Long-term Value through Compliance and Innovation

Corporate high-quality development requires robust and forward-looking governance systems. Taking “transparency, compliance, and resilience” as the core of governance, Nongfu Spring constructs a full-chain governance framework covering strategic decision-making, risk control, and ethical construction, injecting certainty into sustainable development.

Nongfu Spring deepens its ESG governance structure. Through a three-level mechanism of strategic leadership by the board of directors, cross-departmental coordination for implementation, and joint responsibility building by all employees, it deeply integrates environmental and social issues into business decisions. Taking “risk penetrating management” as the grip point, it constructs a risk prevention and control network for dynamic identification and hierarchical response from climate change to supply chain security, from data privacy to business ethics. Moreover, taking “integrity and self-discipline” as the foundation of corporate culture, through institutional constraints, training and publicity, and a reporting mechanism, it builds a solid defense line against fraud, making the awareness of compliance an inherent gene of the organization.

In this process, Nongfu Spring not only elevates its own governance standards, but also actively advances industry-wide governance benchmarks through open collaboration and knowledge sharing, and shapes a responsible ecology with stakeholders and leads the food and beverage industry to move towards higher standards of sustainable development.

Robust Governance

Risk Management



Nongfu Spring has solidified environmental audits, human resources audits, and responsible marketing audits as regular annual audit programs, while continuing advancing audit implementation across all categories.

Integrity and Honesty



The Company established *Anti-Fraud Management System* and updated internal regulations including *Internal Audit Policy*, *Administrative Measures for the Audit Rectification*, standardizing risk-related processes such as complaint reporting, audit procedures, and rectification oversight. It enhanced whistleblower protection mechanisms and strengthened confidentiality requirements for whistleblower identities and reported content.



All employees signed the *Code of Business Conduct for Employees of Nongfu Spring*.



All members of the Board of Directors and all employees of Nongfu Spring were trained on anti-corruption, with a total training time of 112,194 hours.

AWARDS AND HONORS IN 2024

The following are the sustainable development-related awards and honors obtained by Nongfu Spring in 2024:

- Maintained MSCI ESG Rating “A”
- Upgraded to Wind ESG Rating to “AA” and awarded China ESG Best Practice Case for Listed Companies
- Listed in S&P Global *Sustainability Yearbook (China Edition)*
- Recognized as “Top 10 Packaged Drinking Water Enterprises in China’s Beverage Industry” by China Beverage Industry Association
- Designated “Strategic Partner for Nutrition & Health Initiatives” by China National Food Industry Association, with Oriental Leaf tea beverages included in the “Catalogue of Iconic Achievements of the Nutrition and Health Action in the Food Industry”
- Key Technology Innovation and Industrial Application of Not From Concentrate Orange Juice Industry won the first prize of Science and Technology Progress Award of China Light Industry Council
- Honored as “2024 Outstanding ESG Rural Revitalization Case of Enterprises” at Boao Forum for Entrepreneurs
- Ranked among “2023 Top 100 Leading Enterprises in Social Responsibility of Private
- The Shaanxi Honghe Valley factory has been recognized as a “National-level Green Factory”.

MSCI

ESG RATINGS



MSCI ESG Rating

A

S&P Global

S&P Global ESG Score

59

Listed in *S&P Global Sustainability Yearbook (China Edition)*

Wind ESG

农夫山泉

2024评级



Wind ESG Rating

AA

China ESG Best Practice Case for Listed Companies

SUSTAINABLE DEVELOPMENT COMMITMENT

Nongfu Spring adheres to innovation and high-quality standards. While practicing the concept of natural health of products, it also attaches full importance to the protection of ecological environment and employees’ rights and benefits. In response to the United Nations’ Sustainable Development Goals (SDGs), we have identified six key focus areas based on the characteristics of our industry and the realities of our business operations, and have made the following sustainable development commitments in each of these areas:

Our Material Focus Areas

Combating Climate Change	Water Resource Management	Packaging Materials Management
 Why It Matters With the promotion of “dual-carbon” goals, the low-carbon transformation has become the intrinsic requirement and the only way to achieve high-quality development for Nongfu Spring. As a beverage company with natural resources as its main raw materials, Nongfu Spring attaches great importance to physical and transitional risks from climate change which may impact on the production value chain significantly.	 Why It Matters Water resource management is an important issue for Nongfu Spring to achieve long-term management and sustainable development. To improve the Company’s water efficiency and implement sustainable development, what we need to do is to actively deal with water resource pressure, mitigate water management risks, and continue to strengthen the integrated water resource management.	 Why It Matters The application of sustainable packaging materials can reduce the excessive dependence on natural resources and the negative impact on the environment, and creates potential innovation opportunities to help the Company achieve the green transformation.
 Target in 203020% Compared to 2019, the Company’s greenhouse gas emission intensity and comprehensive energy consumption intensity will fall by 20%.	 Target in 203020% Compared with 2020, the water use intensity in 2030 will fall by 20%.	 Target in 2025100% By the end of 2025, 100% of our plastic packaging for water and beverages products will be recyclable, reusable or compostable.
 Progress in 202413% Compared to 2019, the greenhouse gas emission intensity fell by 13% in 2024, and the comprehensive energy consumption intensity of water and beverage products were lower than industry benchmarks. ²	 Progress in 2024Same as the base year Compared to 2020, the overall water use intensity in 2024 remained unchanged from the base year, and the water use intensity of water and beverage products were both lower than industry benchmarks. ³	 Progress in 202499.9% In 2024, 99.9% of our plastic packaging materials for water and beverage products were recyclable⁴.

² The advanced value of the industry is taken from the advanced value in QB/T 4069 “Comprehensive Energy Consumption Limit of Beverage Manufacturing”.

³ Affected by the increase in the proportion of production and sales of beverage products, the overall water intensity during the reporting period increased compared with the previous year; The advanced value of the industry is taken from the first-level water intake quota of QB/T 2931 “Water Intake Quota for Beverage Manufacturing”.

⁴ The definition of “recyclable” refers to the ISO 18604:2013 *Packaging and the Environment – Material Recycling*

Nutrition and Health Opportunities



Why It Matters

Concern about health and nutrition is not only beneficial to improve the well-being of consumers, but also can provide innovative development opportunities for food production enterprises, which can further enhance the competitiveness and demonstrate the responsibilities of the Company on the sustainable development.



Long-term Target

The “natural and healthy” concept is represented in every product. We incorporate scientific concepts of a healthy diet into the consideration of product R&D, and attach importance to low-sodium, low-sugar, low-fat, and small sized products.



Progress in 2024 over 85%

- Sugar-free/low sugar, sodium-free/low-sodium, fat-free/low fat products sales weight percentage: over 85%.
- Products with enhanced nutrition content sales weight percentage: over 10%.

Health and Safety



Why It Matters

Providing safe, decent work conditions is as basic part of our social contract to achieve a steady increase in the economy. A strong health and safety guarantee system will protect the rights and interests of employees, promote the stable business operation and foster the sound development.



Target in 2025

100%

Continue to optimize the safety management system and achieve full coverage of occupational health and safety management system certification before the end of 2025.



Progress in 2024 over 80%

As at the end of 2024, 80% of our factories hand obtained ISO 45001 Occupational Health and Safety Management System Certification.

Food Safety and Quality



Why It Matters

Food safety and quality assurance are the reflection of the Company's responsibility to consumers and lay important foundation for the long-term development of Nongfu Spring. Providing safe and high-quality products to customers will promote Nongfu Spring to establish an honest and responsible corporate image and gain trust from consumers.



Long-term Target

100%

- 100% national sample testing pass rate
- 100% certification rate of third-party system audits
- Zero recall due to food safety or quality incidents
- Continues to promote ISO 9001 and ISO 22000 certification



Progress in 2024

100%

- 100% national sample testing pass rate throughout the year
- 100% certification rate of third-party system audits
- Zero recall due to product safety or quality issues
- 100% of companies obtained ISO 9001 quality management system and ISO 22000 food safety management system (or HACCP) certification

SUSTAINABLE DEVELOPMENT GOVERNANCE

In our pursuit of excellence, Nongfu Spring has always regarded sustainable development as a core strategy for our corporate development. We understand deeply that the corporate growth is inseparable from societal well-being and environmental harmony. Therefore, we have comprehensively laid out strategies and delved deeply into six core areas: “Passing on Values, Robust Governance, Health Protection, Sustainable Ecology, Employee Engagement, and Solid Cooperation”, striving to demonstrate our profound care and responsibility towards consumers, employees, society, and environment in every innovation and practice.

As a responsible corporate citizen, Nongfu Spring is committed to building a sustainable development future with all sectors of society. We actively lead the entire industry chain towards a higher-quality development stage, shaping a brand image that is responsible and accountable. Whether it is the in-depth exploration of rural revitalization or the active fulfillment of corporate citizenship responsibilities, we strive to achieve a harmonious coexistence between economic and social values.

On the journey of corporate governance, Nongfu Spring continuously innovates itself in pursuit of an excellent governance system. We have established a sound risk management mechanism to strengthen the foundation for compliant operations. Meanwhile, we actively foster a corporate culture characterized by integrity and probity, ensuring that every decision and action meets moral standards and legal requirements, providing a solid institutional guarantee for the Company’s steady progress.

With “natural and healthy” as our core philosophy, Nongfu Spring has never been lax in product R&D and quality control. We continuously improve our innovation and R&D system and strengthen every aspect of our quality management system, ensuring that every product carries our commitment of consumers’ health, safeguarding the exceptional quality and safety of our products from source to terminal.

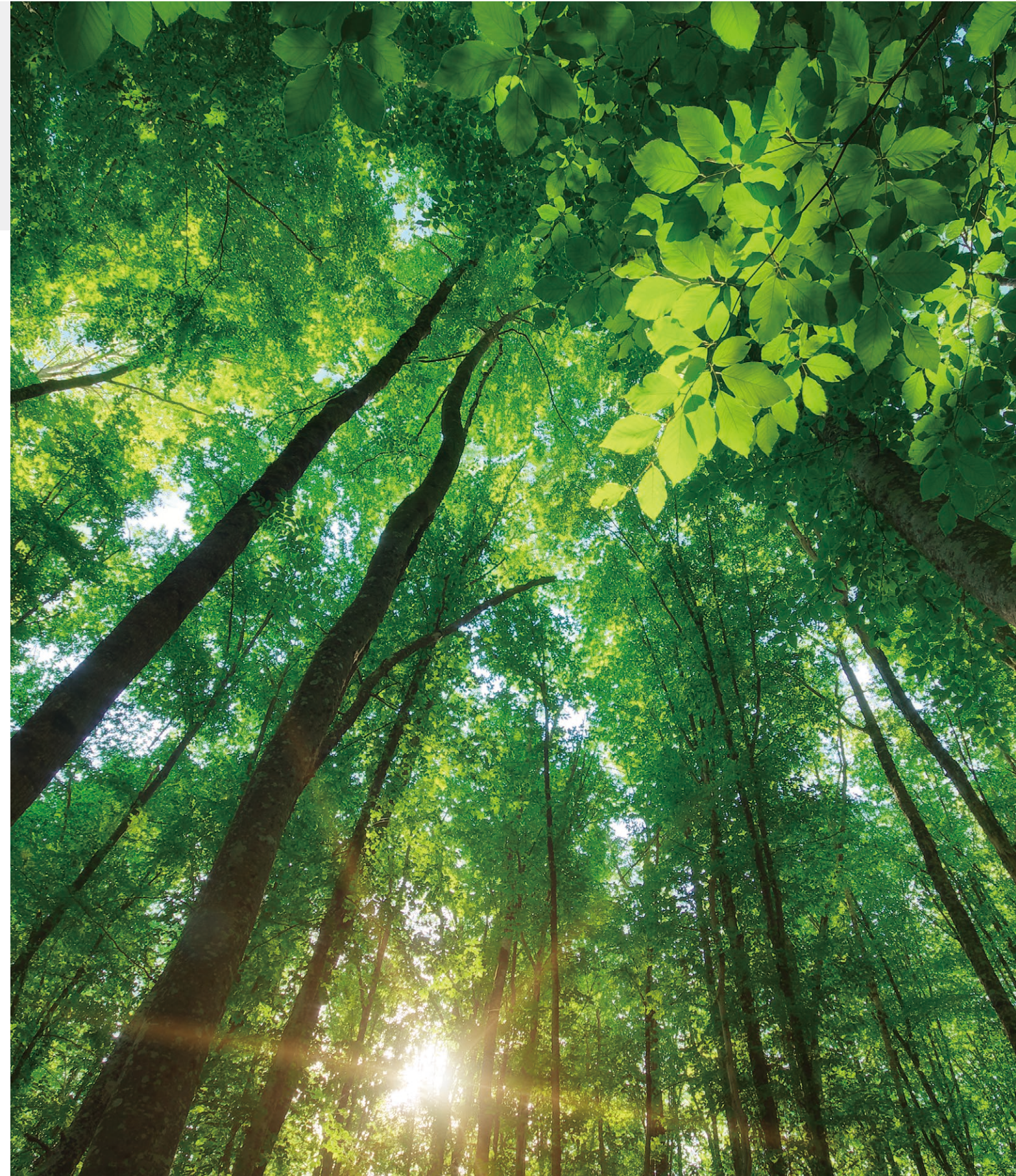
In the field of ecological protection, Nongfu Spring upholds the concept of green development, integrating environmental protection into the Company’s daily operations. While reducing our operational impact on the environment, we are committed to energy conservation and carbon reduction across our value chain. By implementing a series of green initiatives, we inject continuous green momentum into our high-quality development, jointly protecting the blue skies and green waters of our planet.

Adhering to a people-oriented approach, Nongfu Spring not only fully implements employee rights and benefits protection but also establishes a comprehensive talent incentive system. We provide a broad development platform and a precise training system to help every employee realize their personal value and career dreams, jointly writing a glorious chapter of corporate and employee growth together.

On the path of cooperation and mutual benefit, Nongfu Spring maintains an open stance, actively embracing industry collaboration to promote the sustainable development of the entire industry. We uphold responsible procurement principles and strengthen supplier management to promote the sustainable and healthy development of the supply chain.

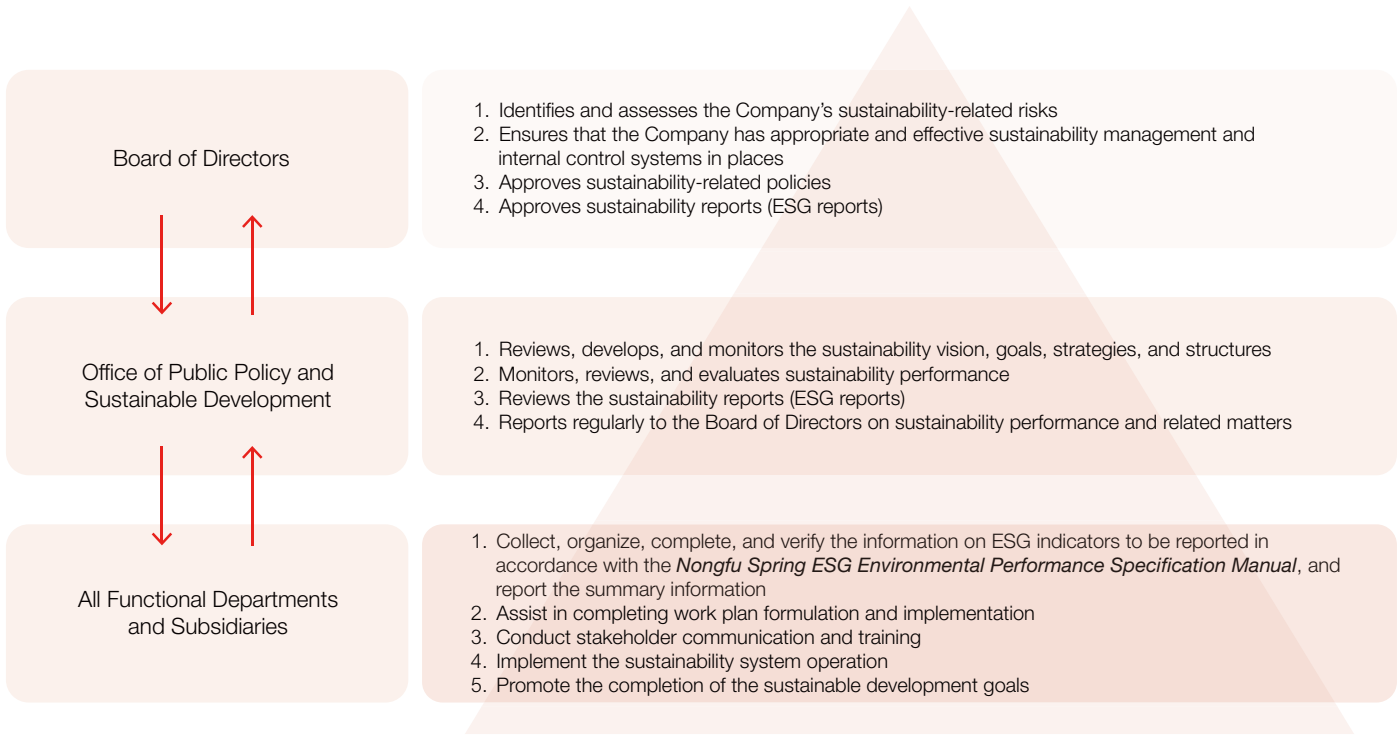


This chapter
corresponds
to SDGs



ESG GOVERNANCE STRUCTURE

Nongfu Spring has instituted a top-down, three-tier ESG Governance Structure, facilitating ESG governance and performance enhancement at three levels: oversight by the Board of Directors, support from management, and execution by functional departments. The Board of Directors, as the top authority for ESG, oversees the Company’s ESG strategies, goals, and risk management, ensuring the fusion of ESG principles with corporate operations. The Office of Public Policy and Sustainable Development aids the Board of Directors in ESG governance, chiefly tasked with identifying and monitoring ESG risks, drafting ESG strategies, and periodically reporting on the Company’s sustainable development performance and related issues to the Board of Directors. All functional departments and subsidiaries at the execution level are responsible for participating and implementing the work plans related to environmental, social and governance during business operations.



Nongfu Spring ESG Governance Structure

Board of Directors’ Statement Responsibility of the Board of Directors

As the top governing body responsible for the management and public disclosure of ESG, the Board of Directors bears ultimate responsibility for ESG-related issues. Through regular meetings, the Board of Directors identifies ESG risks during operational processes and assesses their significance, approves sustainable development goals, and regularly reviews the progress toward these goals. Furthermore, it oversees ESG-related policies, management, and performance, and reviews and approves the disclosure of ESG information.

Daily Implementation

Regarding daily implementation, the Office of Public Policy and Sustainable Development leads, guides, and oversees the functional departments and subsidiaries in embedding sustainable development goals into management policies, thus integrating sustainable development principles into everyday operations. Additionally, this office presents updates on sustainable development efforts to the Board of Directors at least once a year.

Risk Management

Nongfu Spring conducts regular assessments and identifications of sustainable development risks. Addressing the identified risks and opportunities, the Office of Public Policy and Sustainable Development coordinates the management tasks, including formulating response strategies, executing mitigation actions, establishing objectives, and tracking the progress of these objectives. The Board of Directors supervises the implementation and results of sustainability risks and opportunities to effectively control all major sustainability risks.

Communication with Stakeholders

Nongfu Spring maintains a proactive stance towards stakeholder demands through the creation of prompt and transparent communication and response channels, fostering tight-knit communication with both internal and external stakeholders on sustainability matters. In identifying and evaluating major sustainable development risks, Nongfu Spring thoroughly considers stakeholder concerns and interests, takes measures to formulate effective management strategies and addresses significant sustainability risks and topics identified after systematic analysis, meeting the expectations of stakeholders.

ESG MANAGEMENT SYSTEM

Guided by the *Sustainable Development Policy*, Nongfu Spring has developed specific policies addressing various sustainable development topics, thereby clarifying the Company’s principles at the policy level. This not only ensures policy support for guiding and advancing the Company’s sustainable development initiatives but also communicates Nongfu Spring’s sustainable development management philosophy to our value chain partners.

Environment			Corresponding to Sustainable Development Issues		
• <i>Environment and Climate Change Policy</i> • <i>Packaging Material Sustainable Development Policy</i>			>		
			• Environmental Policy and Management System • Biodiversity • Environmental Compliance • Waste Gas		• Wastewater Management • Climate Change • Water Resource Management • Packaging Material
Social					
• <i>Talent Development and Employment Policy</i> • <i>Employee Occupational Health and Safety Policy</i> • <i>Supplier Health, Safety and Environment Policy</i> • <i>Product Responsibility and Publicity Policy</i> • <i>Community Investment Policy</i>			>		
			• Employee Rights and Benefits • Compensation and Benefits • Education and Training • Diversity and Inclusion • Employment and Retention • Occupational Health and Safety		• Supplier Environmental and Social Assessment • Advertising and Labels • Food Safety and Quality • Community Input and Development • Rural Revitalization
Governance					
• <i>Anti-corruption Policy</i> • <i>Whistleblowing Policy</i>			>		
				• Code of Business Conduct and Anti-corruption	

Sustainable Development Policy System

COMMUNICATION WITH STAKEHOLDERS

Nongfu Spring has established an efficient and transparent communication mechanism that enables the swift capture of stakeholders’ voices and expectations, ensuring timely responses. We value communication with internal teams while actively maintaining close connections with external partners, consumers, and others to jointly explore green development pathways. In identifying and evaluating major sustainable development risks, Nongfu Spring incorporates stakeholders’ concerns into its risk identification and assessment system, takes measures to formulate effective management strategies, and addresses significant sustainability risks and topics identified after systematic analysis to meet the expectations of all parties and achieve harmonious coexistence between the company and society.

Stakeholders	Issues	Channels of Communication and Response
 Suppliers and Business Partners	Supplier Management Supplier Environmental and Social Assessment Partner Empowerment Code of Business Conduct and Anti-corruption Sustainable Raw Material Procurement	Supplier Evaluation Unannounced Inspection Supplier Training and Assistance
 Distributors	Partner Empowerment Code of Business Conduct and Anti-corruption Food Safety and Quality Unfair Competition Policy Influence	Distributor Training Distributor Conference Distributor Sourcing Activity
 Customers/Consumers	Advertising and Labels Food Safety and Quality Customer Satisfaction Customer Privacy Information Security and Internet Security	Information Disclosure and Distribution Customer Satisfaction Survey Consumer Service Hotline Consumer Interaction Activity Consumer Sourcing Activity
 Investors	Corporate Governance Taxation Strategy Environmental Compliance Water Resource Management Climate Change Nutrition and Health Opportunities Risk and Crisis Management Biodiversity Raw Material Management Sustainable Agriculture Technology and Innovation	Corporate Annual Reports and Announcements Nongfu Spring’s homepage – Investor Relations Investor and Analyst Meeting Roadshow Special Meeting

Nongfu Spring strictly complies with relevant laws and regulations, regularly publishes reports, timely and compliantly discloses significant company updates to the public, and maintains close communication with investors. In 2024, we adopted various communication forms such as emails, teleconferences, and face-to-face meetings to maintain active exchanges with the capital market. Throughout the year, we successfully hosted investor conferences and seminars with sell-side analysts. Especially for ESG topics, we organized multiple special sessions to comprehensively introduce to the capital market Nongfu Spring’s sustainable development achievements, business development strategies, ESG strategic blueprints, ESG practice progress, and the Company’s long-term value.

Stakeholders	Issues	Channels of Communication and Response
 Media	Environmental Compliance Water Resource Management Climate Change Food Safety and Quality Technology and Innovation	Product Launch Communication Meeting Volunteer Service Media Communication Interview
 Employees	Compensation and Benefits Education and Training Employment and Retention Occupational Health and Safety Diversity and Inclusion Employee Rights and Benefits Information Security and Internet Security	Staff Symposium Employee Training Employee Activity Employee Communication Email
 Government and Regulatory Authorities	Waste Gas Waste Management Environmental Policy and Management System Environmental Compliance Water Resource Management Climate Change Packaging Material Biodiversity Food Safety and Quality	Supervision and Evaluation Research and Investigation Meeting Communication Information Disclosure
 Social	Community Development and Welfare Rural Revitalization Local Economic Development	Job Opportunities Industry Development Support Charity

Stakeholder Communication Case – Agricultural Inspection in Ganzhou

Within the reporting period, Mr. Zhong Shanshan, Chairman of Nongfu Spring, visited the navel orange industrial park in Ganzhou and engaged in in-depth exchanges with local fruit growers, factory workers, media, and others. He shared how Nongfu Spring, through measures such as signing long-term contracts with fruit growers and stabilizing procurement prices, ultimately achieved results in increasing fruit growers' income and modernizing the industry. This visit facilitated effective communication and collaboration between the Company and stakeholders such as communities, farmers, and the media, enhancing public understanding of the role of the navel orange industry in southern Jiangxi in driving rural revitalization.



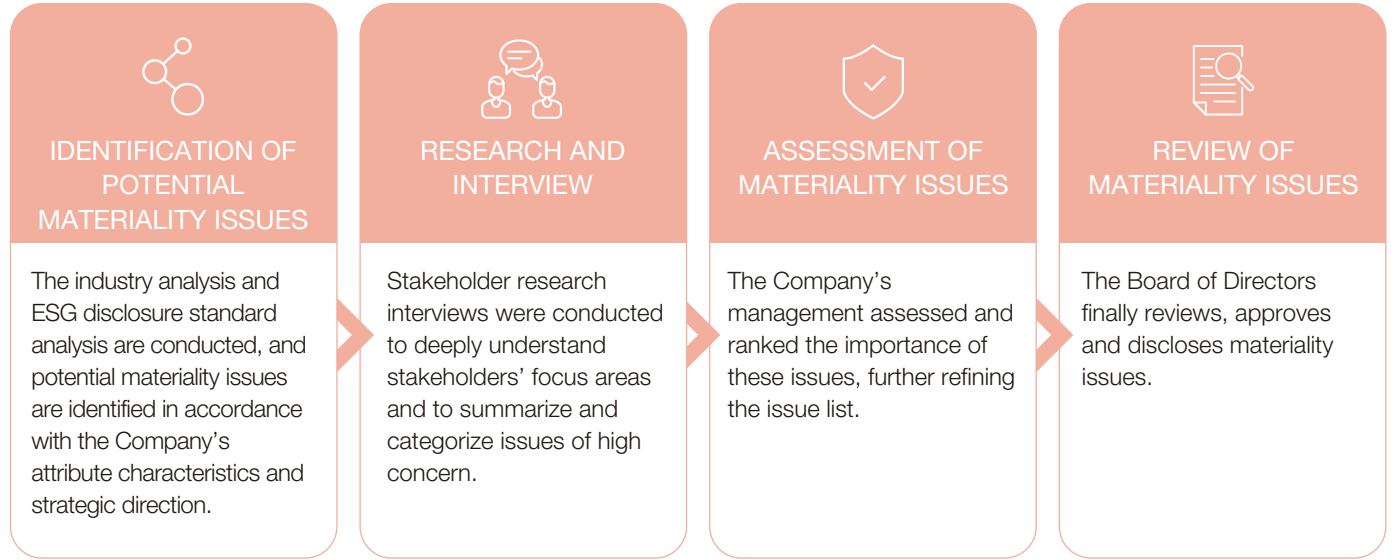
Stakeholder Communication Case – Water Source Area Explorations

The ongoing “Source Exploration” activities of Nongfu Spring represent an innovative measure for the brand to engage deeply with consumers as a responsible entity. We invite consumers, students from primary to tertiary levels, and partners to visit the water source areas. At the Wuyi Mountain Factory in Fujian, guided tea-tasting sessions initiate the exploration journey, enabling visitors to gain an in-depth understanding of the water source areas and products, as well as the story of “tea and water”, thus stimulating public attention to natural water sources. At water source areas such as Thousand-island Lake, Wanlv Lake, and Mount Emei, students explored the areas through research studies, social practices, and botanical investigations. They proposed creative plans and even recorded the beautiful scenery and stories of the water source areas through cameras and design works. During the reporting period, Nongfu Spring’s water source sites received over 460,000 visitors. These ongoing source exploration activities not only allow consumers to witness the origin and production process of products firsthand, enhancing brand trust, but also promote the connection between consumers and nature, effectively raising public awareness of water resource protection.

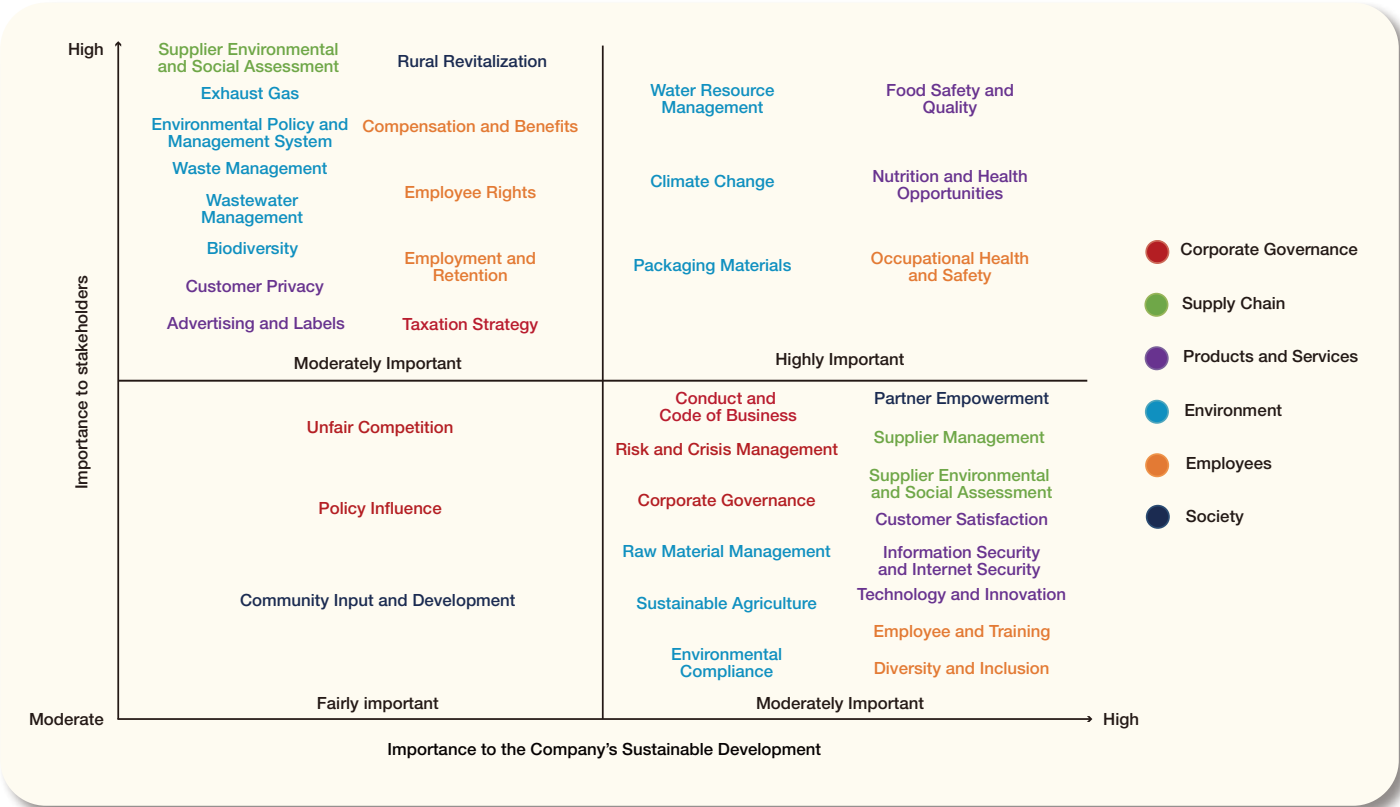


MATERIALITY ISSUES

In 2024, Nongfu Spring, through a variety of methods such as interviews, industry benchmarking, surveys, and management evaluations, identified significant sustainable development issues that have a major impact on our sustainability and are of long-term concerned to stakeholders. The importance of these materiality issues was evaluated and prioritized to both the Company and its stakeholders, forming the materiality issues matrix. Finally, the Board of Directors conducted the review and approval of these significant issues.



In 2024, led the Office of Public Policy and Sustainable Development, we communicated with stakeholders such as distributors, investors, consumers, employees, senior management and the Board of Directors, and updated Nongfu Spring’s matrix of materiality issues of sustainable development in combination with the strategic development direction and current situation of the Company.



PASSING ON VALUES

In the vast and boundless rural landscape, Nongfu Spring, with its forward-thinking strategic perspective and profound sense of social responsibility, meticulously outlines the grand blueprint for rural revitalization, allowing seeds of hope to take root and blossom across every corner of the land. We are fully aware that rural revitalization is an essential pathway to achieving national rejuvenation. Therefore, with this great mission deeply rooted in and manifested it in our actions, we are committed to comprehensively advancing rural prosperity and development from multiple perspectives, including industry, technology, talent, and ecology.

In the wave of industry revitalization, Nongfu Spring capitalizes on its strengths by taking distinctive industries such as tea, oranges, and apples as breakthroughs. Through standardized and systematic management models, we advance the process of agricultural modernization. We not only focus on expanding the scale of industries but also place strong emphasis on quality improvement and brand building, ensuring that every fruit carries the hopes and dreams of farmers. At the same time, we actively explore the integration of agriculture and cultural tourism, facilitating the seamless connection between production and sales, injecting new vitality into the rural economy.

In the realm of philanthropy and charity, Nongfu Spring also demonstrates corporate warmth and commitment. We understand that every small act of kindness can converge into an ocean of love, warming every heart that needs help. Therefore, whether through the “Disaster Relief” initiative or the “Respect for Labor” initiative, we always extend a helping hand promptly, conveying our warmth and strength through concrete actions. We encourage employees to participate in volunteer activities, spreading the seeds of philanthropy across a broader land, so that the flowers of love and hope bloom in society.



This chapter corresponds to SDGs



RURAL REVITALIZATION

“To rejuvenate the nation, the countryside will be revitalized.” Nongfu Spring has always integrated its support for rural revitalization and the strengthening and expansion of poverty alleviation achievements into its corporate strategy. Based on years of in-depth consideration of the industry chain ecosystem and our social responsibility to promote national prosperity and improve people’s well-being, we have made continuous investments in industry revitalization, technological revitalization, and ecological revitalization. Taking advantage of Nongfu Spring’s strengths and influence, we promote agriculture through industry, quality, and green development, facilitate the seamless connection between production and sales, to modernize agricultural and rural development. This contributes to realizing the beautiful vision of “well-off farmers in a thriving China”.

Industry Revitalization

With the enrichment and development of Nongfu Spring’s product matrix, especially the increasing sales of series such as Oriental Leaf and 17.5° Juice, our supply chain and planting bases have gradually penetrated into rural areas across China. More and more natural, healthy, and high-quality raw materials of agricultural products, such as navel oranges in southern Jiangxi, apples in Xinjiang, and jasmine flowers in Hengzhou, have reached consumers thanks to Nongfu Spring’s efforts. Beyond product R&D and processing, Nongfu Spring is dedicated to assisting and empowering farmers, driving the agricultural modernization along the value chain, and promoting local economic and ecological development and industry revitalization.

Addressing the limitations of traditional agriculture, which is dispersed, closed, and vulnerable, Nongfu Spring promotes agricultural modernization through standardization, systematization, and contracting. We tailor our efforts to local conditions to support the development of rural distinctive industries and enhance local farmers’ employment and income, contributing to comprehensive rural revitalization.

Agricultural Standardization

To enhance the standardization and scientific approach to agricultural production, Nongfu Spring prioritizes implementing standardized management for supplier farmers and planting bases. From a top-level design perspective, this facilitates their transformation from simple, traditional procurement or planting practices into modernized management of tea plantations, orchards, and other planting bases.

 Formulating Regulations	We have established relevant regulatory frameworks for all raw materials of agricultural products. Taking Citrus reticulata ‘Chachiensis’, the raw material of Oriental Leaf as an example, we have formulated documents such as <i>Operational Specifications for Raw Material Acceptance of Processed Citrus Reticulata ‘Chachiensis’</i> , <i>Risk Control Specifications for Pesticide Residues in Citrus Reticulata ‘Chachiensis’</i> , and <i>Production Process and Quality Control Manual for Citrus Peel</i> to control risks and optimize standards in various aspects of production and acceptance.
 Finalizing Programs	We have formulated detailed technical implementation programs to enhance and improve the planting process and product quality, including but not limited to standardized water and fertilizer management, standardized pesticide management, standardized nursery management, and standardized soil improvement. We provide “hands-on” assistance to local farmers in implementing standardized management.
 Establishing Demonstration Projects	To provide examples for standardized planting and to pilot the research results of seedling cultivation, as well as to pre-emptively address potential risks in the application of emerging technologies and production processes, Nongfu Spring has created demonstration plantations and bases to serve as benchmarks for farmers’ agricultural modernization efforts, such as the navel orange industry demonstration park in Ganzhou, Jiangxi and the apple industry demonstration park in Ili, Xinjiang.



Standardized Planting Project for Distinctive Fruits

In our Xinjiang base, we have promoted and implemented the standardized planting project for distinctive fruits, coupled with standardized procurement of organic fertilizers and precise application schemes to assist farmers in soil improvement and enhance fertilizer efficiency. After years of refinement, the demonstration base has seen a significant increase in soil organic matter, with improved soil aggregate structure, better soil cohesion when molded into a ball, and enhanced water and fertilizer retention capacity. Assessments indicate that fertilizer usage has been reduced by 30% during project implementation. Furthermore, in terms of standardized nursery management, we use coco peat substrate combined with drip irrigation for seedling cultivation, reducing the weight of the substrate and lowering the labor costs associated with transporting seedlings. Meanwhile, through standardized full-nutrition water and fertilizer schemes, we avoid nutrient deficiencies commonly encountered in conventional seedling cultivation, enhancing the health of seedlings.

Agricultural Systematization

To improve agricultural production efficiency and risk resistance capabilities, and help farmers overcome the challenges of “relying on the weather for harvests” and experiencing “increased production without increased income”, Nongfu Spring has established systematic management processes encompassing quality management, planting management, and risk management. We promote the coordinated development of agricultural product cultivation and processing, facilitating local value-added transformation.

 Comprehensive Quality Management	Our quality management does not end at the acceptance stage but covers the entire lifecycle of agricultural products, from before, during, to after production. By providing comprehensive quality training, increasing quality inspection stages and coverage, and introducing the “one household, one code” quality inspection method to enhance the precision of quality management, we simultaneously cultivate farmers’ awareness and capabilities in quality management. This has resulted in a decrease in pesticide detection rates in agricultural products and an improvement in both yield and quality.
 Efficient Production Management	We tailor our approach to local conditions and design the most efficient production models based on the industrial characteristics of different agricultural products. For instance, in apple cultivation, with government support, we adopt a “company-cooperative-farmer” tripartite cooperation model to achieve efficient land resource utilization, job growth among farmers, and increased production and income. For Citrus reticulata ‘Chachiensis’ harvesting, we have established a “1+N” model where the base drives surrounding small-scale farmers, promoting agricultural modernization among small farmers through larger-scale operations.
 Proactive Risk Management	With our mature risk assessment capabilities and extensive expert resources, we can comprehensively assess and proactively manage agricultural risks such as pests and diseases and extreme weather, effectively enhancing farmers’ risk resistance and minimizing losses. For example, in the prevention and control of Huanglong disease (citrus greening disease) and winter frost damage, Nongfu Spring provides farmers with solutions such as cultivating virus-free seedlings and measures for preventing and responding to extreme weather risks.

“1+N” Model, Promoting the Industrialization of Citrus Reticulata ‘Chachiensis’

During the Citrus reticulata ‘Chachiensis’ harvesting process, Nongfu Spring coordinates to create an industrialization model of “1+N”, where “1” refers to a stable cooperative base that drives “N” surrounding small-scale farmers. Simultaneously, resident engineers, including quality assurance and planting technicians, are stationed at each cooperative base. This approach promotes the advanced quality standards and planting techniques of Nongfu Spring among farmers through a demonstration effect, creating scale advantages, promoting the industrialization of Citrus reticulata ‘Chachiensis’, and enhancing the quality of product supply.



Frost Prevention Technical Solutions for Navel Orange Orchards

Based on continuous tracking of meteorological information, we proactively prevent and control climate change risks such as frost damage. Upon identifying signs of temperature drops, we issue early warnings and identify orchards susceptible to frost. On the one hand, we arrange for priority harvesting, and on the other hand, we develop targeted frost prevention solutions, including the use of antifreeze agents, orchard irrigation, tree canopy mulching, trunk whitewashing, and the installation of cold protection equipment. These solutions are communicated to every farmer.

Agricultural Contracting

Nongfu Spring connects small farmers to the large market with a contractual spirit. Through contracting-based procurement and price guidance, we help farmers mitigate agricultural uncertainties, smooth out price fluctuations between off and peak years, and achieve “stable income in off years and increased income in peak years”. Taking southern Jiangxi as an example, before the establishment of Nongfu Spring’s 17.5° brand in 2014, many farmer households in southern Jiangxi struggled near the poverty line. However, in recent years, farmer households cooperating with Nongfu Spring have had an average annual income of nearly RMB200,000, driving income growth for nearly 4,000 farmer households and benefiting about 100,000 laborers upstream and downstream in employment. Apples, tea, jasmine flowers..., Nongfu Spring has introduced the concept of agricultural contracting across China, enabling farmers in various regions to benefit from stable order-based income.



Comprehensive Long-term Contract Guarantee for Navel Oranges

In southern Jiangxi, the decentralized cultivation of navel oranges leaves individual fruit growers with little bargaining power against traditional buyers, resulting in consistently low prices. Nongfu Spring has reached strategic cooperation agreements with fruit growers in southern Jiangxi, forming comprehensive long-term contracts from quality to price in accordance with the quality standards, cultivation models, and pesticide residue detection management regulations stipulated by Nongfu Spring. We commit to purchasing fruits at stabilized contract prices, sharing risks and benefits with farmers. During the reporting period, Nongfu Spring’s cooperative orchards covered an area of over 170,000 acres, and we purchased 157,000 tons of navel oranges. This model has proven feasible for promotion in southern Jiangxi and we also provide comprehensive long-term contract guarantees in other agricultural production areas.



Jasmine Flowers: Support for Farmers

Hengzhou, Guangxi, is known as the “World Capital of Jasmine Flowers”, accounting for 60% of global jasmine flower production. However, the price of jasmine flowers has fluctuated below RMB40/kg for years, with relatively low industrial value-added. After conducting an on-site investigation, Nongfu Spring partnered with local enterprises in Hengzhou to promote the procurement of high-quality jasmine flowers and the upgrade of the scenting process. The Company also invested in and established a finished jasmine tea processing base.

With Nongfu Spring’s entry into Hengzhou, a stable and substantial procurement demand for jasmine flowers has been created. Within the reporting period, Nongfu Spring purchased over 35,000 tons of tea leaves, with jasmine flower purchases in Hengzhou accounting for more than 10% of the region’s total annual production, driving up flower prices to a historically high level of RMB80/kg. In collaboration with local enterprises, the Company has also advanced the procurement of high-quality jasmine flowers and the upgrade of the scenting process, creating numerous employment opportunities for local young people.



Large-volume Contractual Purchase Guarantee of Apples

In Xinjiang, Nongfu Spring has established standardized planting bases in accordance with the climate characteristics of Northwestern China. We collaborate with local cooperatives to cultivate and promote high-quality apple varieties, providing farmers with technical support, financial assistance, and management empowerment. Through agricultural contracts with the fruit growers in the Ili region, we help over 2,000 local fruit farmers increase their income each year. It has effectively boosted employment for farmers in surrounding areas, directly or indirectly creating over 20,000 job opportunities for local villagers during peak production and processing seasons, significantly increasing incomes and prosperity for neighboring households.

Technological Revitalization

In the implementation of the rural revitalization strategy, technological revitalization is not only the core driving force for agricultural modernization but also a key pathway to achieving rural sustainable development. Nongfu Spring has been committed to facilitating the implementation of scientific research outcomes and the popularization of modern agricultural machinery. By helping farmers overcome agricultural diseases and pests and enhancing production efficiency, the Company has made significant contributions to the agricultural modernization and healthy development.

Modern Smart Agriculture

As part of our efforts to advance agricultural modernization, Nongfu Spring has introduced modern agricultural machinery and automation technologies, driving the industry’s transformation and upgrading.

In the Gannan navel orange industry, Nongfu Spring has established an intelligent, large-scale, and standardized processing facility, enabling modernized management across the entire production process—from cultivation and harvesting to processing. For example, at our Xinfeng plant in Jiangxi, fully automated production lines are used, with each orange undergoing at least 40 image captures during processing, and an additional 150 images for fresh fruit grading. An intelligent classification system ensures precise sorting, guaranteeing product quality.

In the tea industry, we integrate technology, standardized management, and a profit-sharing mechanism to extend the agricultural value chain from cultivation to consumer markets, creating a seamless “farm-factory-market” model. During the reporting period, we donated and established five tea-processing facilities in key production areas such as Lincang and Pu’er in Yunnan. These facilities were equipped with high-standard production lines, achieving a total daily fresh leaf processing capacity of 100 tons, with a target investment of approximately RMB100 million and covering more than 220,000 acres of tea plantations, benefiting over 200,000 farmers. Additionally, we arranged for experts to conduct on-site equipment calibration and provide comprehensive training for operational teams, covering production setup, technical essentials, workflow optimization, and risk management. This ensures that the production lines operate at full potential and that the facilities adopt an industrialized approach to tea production.

These efforts not only enhance agricultural productivity and product quality but also improve efficiency, reduce labor burdens, and provide farmers with stable income growth. By leveraging technology to support rural revitalization, we help drive the transition from traditional farming to modernized agriculture.



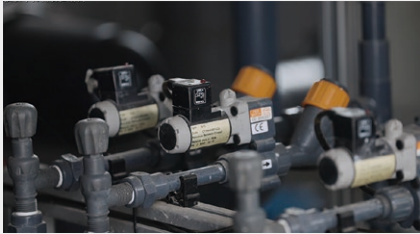
Enhancing the Production Capacity and Quality of Tea Suppliers in Yunnan

Yunnan is a key tea-producing region in China, yet its traditional tea industry is characterized by a limited range of products and relatively simple processing methods, with a lower level of modernization. During the reporting period, Nongfu Spring invited multiple tea suppliers from Lincang, Pu’er, and Baoshan to Sichuan for study visits, arranging for leading tea enterprises and experts to introduce advanced tea processing equipment and techniques. The company provided extensive recommendations and technical support for production line planning and equipment selection. After installation, tea experts from Sichuan Agricultural University were invited to provide on-site guidance and training, ensuring stable production and consistently high-quality tea. The total daily production capacity of dried tea at Nongfu Spring’s partnered primary processing factories in Yunnan has increased from 40,000 kg to 120,000 kg, while the sensory evaluation pass rate improved from approximately 50% to over 90%. During the reporting period, Nongfu Spring’s tea procurement in Yunnan amounted to RMB600 million, contributing to the development of the local tea industry.



Modern Agricultural Machinery Promotion

Nongfu Spring actively promotes the adoption of modern agricultural machinery among its planting bases and supplier farmers, introducing equipment such as mist sprayers, obstacle-avoidance mowers, remote-controlled drones, and fruit shakers. For instance, in drone-based plant protection operations, labor requirements can be reduced by 90% for young trees and 20% for mature trees, while pesticide usage can be cut by 90%.



Intelligent Irrigation and Fertigation System

At its Xinjiang planting base, Nongfu Spring has implemented two fertigation systems covering approximately 1,400 mu of orchards. The system consists of two head-end units, underground and aboveground pipe networks spanning 1,400 mu, and two intelligent fertilization systems. These enable a 70% reduction in water usage, a 50% reduction in fertilizer consumption, and an 80% improvement in operational efficiency. The system also allows for remote monitoring and precise control via mobile devices, ensuring efficiency and accuracy.

Seedling Cultivation

The cultivation of virus-free seedlings is an essential method for improving tree varieties, preventing diseases, and enhancing fruit quality for fruit crops like citrus and apples. We have continuously invested in the research of virus-free seedling cultivation techniques, providing virus-free scions for orchards growing citrus, apples, and other fruit crops. These seedlings are more robust and less likely to carry viruses. We also encourage farmers to further nurture these virus-free seedlings in insect-proof net houses for one or two years transplanting them to orchards, allowing for stronger saplings. This practice of “hardening off” the seedlings helps quickly restore the productivity of orchards affected by diseases.



Establishment and Operation of the Virus-free Seedling Cultivation System in Jiangxi Base

Within the reporting period, Nongfu Spring’s virus-free seedling cultivation system in its Jiangxi base was fully constructed and put into use. This project is a vital measure to address the spread of Huanglong disease (citrus greening disease) and represents a key breakthrough in its prevention and control. Within the reporting period, the project produced over 150,000 virus-free scions and expanded the propagation of first-grade mother trees of Newhall navel oranges by over 200. It also helped fruit growers add over 6,500 mu of new navel orange plantations. The establishment of the virus-free citrus seedling cultivation system marks an important application of agricultural technology in production. It uses technological means to address pest and disease issues in traditional agriculture, enhancing the stability, efficiency, and sustainability of agricultural production.



Virus-free Apple Seedling Cultivation at the Ili Kazakh Autonomous Prefecture Base in Xinjiang

Within the reporting period, Nongfu Spring collaborated with the National Center for Fruit and Vegetable Detoxification to cultivate and transplant second-generation seedlings and establish a virus-free scion nursery. The facility can produce 150,000 to 200,000 virus-free buds annually and graft an equivalent number of virus-free seedlings, meeting the demands of 4,000 mu of new plantations. These virus-free apple seedlings, characterized by their virus-free status, strong stress resistance, robust growth, large and efficient photosynthesizing leaves, enhance the trees’ nutritional capacity. This results in stronger tree vigor, easier flower bud formation, and improved fruit quality.

Disease Prevention and Control

Huanglong disease (citrus greening disease), often referred to as the “citrus cancer”, is primarily spread among citrus crops by the Asian citrus psyllid. In 2012, an outbreak of Huanglong disease (citrus greening disease) began in Xinfeng County, Jiangxi Province, with infection rates in some navel orange orchards exceeding 50%. Many orchards had to be entirely cut down, causing significant losses for fruit growers. With the support of the local government, Nongfu Spring worked together with local farmers to overcome these challenges. A variety of Huanglong disease (citrus greening disease) prevention and control measures were implemented, including the installation of protective insect-proof nets, cultivation of virus-free seedlings, and the use of Huanglong disease (citrus greening disease) detection dogs. Additionally, efforts to boost fruit growers’ confidence were made through increased navel orange procurement price and the construction of new processing plants. The goal is to limit the Huanglong disease (citrus greening disease) infection rate in the southern Jiangxi region to within 3%. Within the reporting period, the region had 1.94 million mu of navel orange plantations and a production volume of 1.93 million tons, both of which rank first in the world.

“Three-step Approach” to Control of Huanglong Disease (Citrus Greening Disease)



Training and Application of Huanglong Disease (Citrus Greening Disease) Detection Dogs

As the first domestic company to train detection dogs for biological control, Nongfu Spring has established a team of 14 detection dogs. Through rigorous training, these dogs have achieved an accuracy rate of over 99% in detecting Huanglong disease (citrus greening disease), significantly surpassing traditional chemical and visual detection methods in both efficiency and precision. In addition, our R&D team, in collaboration with the China Working Dog Management Association and other partners, has jointly developed the first national group standard titled *Training and Usage Guidelines for Working Dogs Searching for Huanglong Disease*. These guidelines provide scientific, practical, and rational guidance for fruit growers in combating Huanglong disease (citrus greening disease), offering a robust framework for disease prevention and control.



Insect-proof Nets: Physical Barrier for Pest Control

The citrus psyllid is the sole insect vector for the spread of Huanglong disease (citrus greening disease), a devastating citrus disease. Upon identifying Huanglong disease (citrus greening disease) infected trees, Nongfu Spring promptly covers them with insect-proof nets, effectively severing the transmission chain and preventing the spread of the disease. Since its initial investment of over RMB10 million in 2015 to help local fruit growers install insect-proof nets, which achieved notable success in disease control, Nongfu Spring has cumulatively invested more than RMB70 million to date. Nowadays, fruit growers in Ganzhou have developed the awareness to promptly isolate infected trees with nets. A market-driven pest control mechanism has gradually taken shape, with local businesses emerging to provide professional pest control net installation services for growers.

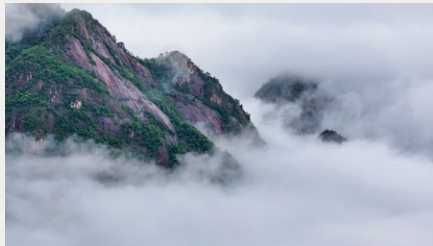


Disease Awareness and Education

In southern Jiangxi, fruit growers have a deep-rooted connection with citrus cultivation. However, traditional agricultural knowledge is limited in controlling citrus pests and diseases, especially in the early stages when growers were virtually helpless dealing with Huanglong disease (citrus greening disease). After Nongfu Spring’s entry into the region, it brought rich expertise and practical experience in citrus disease and pest prevention and control. Under the long-term guidance of experts, farmers gradually learned to identify the risks of Huanglong disease (citrus greening disease) by observing the leaves of citrus trees. Through careful monitoring, they can quickly detect and remove infected trees, effectively keeping the spread of Huanglong disease (citrus greening disease) at a low rate.

Ecological Revitalization

“Lucid waters and lush mountains are invaluable assets.” The development and protection of water source areas and planting bases are the first steps in our rural revitalization, especially ecological revitalization. Across the country, we integrate the drinking water industry and the planting industry with local characteristic natural resources and cultural and tourism resources to create a development model for revitalizing the rural economy through the combination of “industry + ecology”.



Operation of the Huangshan Water Source Area in Anhui

In 2024, Nongfu Spring’s Huangshan Water Source Area in Anhui was officially put into production, providing consumers with natural mountain spring water from the depths of Huangshan. Located in the upper reaches of Xin’anjiang River Basin, Huangshan is the cradle of Thousand-island Lake, the first water source area of Nongfu Spring. The forest coverage rate of the Huangshan Water Source Area exceeds 98%. There are numerous peaks and ravines, and the vegetation is dense. The mountain spring water flows out from among the high mountain and stones and is filtered through granite. It is naturally pure and has a sweet and refreshing taste. During the construction of the water source area, the water intake pipelines are carried, welded, and assembled manually, reducing the impact of mechanical operations on the local environment. The “bamboo” element is integrated into the exterior design of the factory, rendering it a business card for promoting the local natural industry and a new model of ecological revitalization of “industry + ecology”.



In terms of agricultural planting, Nongfu Spring has always been committed to combining industry revitalization with ecological revitalization, fulfilling its commitment to sustainable agriculture. It makes rational use of local land resources according to local conditions, introduces the circular agriculture model, and promotes ecological restoration and soil and water conservation.



Gobi-to-Orchard Transformation in Xinjiang

Nongfu Spring responded to the national call of “planting fruit trees on the mountains and growing grains in the fields”. It actively promoted the construction of apple planting bases barren hills and slopes and built apple orchards on more than 4,000 mu of desertified land in the Gobi in Xinjiang. Through scientific planting, soil improvement, and ecological restoration, the once barren slopes have gradually been transformed into verdant orchards. This model not only provides a stable source of income for fruit growers but also effectively improves the local ecological environment, making for ecological revitalization.



Circular Agriculture Model

Nongfu Spring actively promotes the circular agriculture model of “Peel and Pomace – Winter Feed for Animal Husbandry – Manure Organic Fertilizer”, achieving efficient utilization of resources and ecological circulation. We collect the peel and pomace generated during fruit processing and juicing. After treatment, they are used as winter feed for local animal husbandry, solving the problem of the shortage of winter feed for livestock. At the same time, the livestock manure is processed into organic fertilizer through fermentation and then used for fertilizing orchards. This not only reduces waste emissions but also improves soil fertility. The practice of this model in Xinjiang and other places has effectively promoted the sustainable development of local agriculture and become a typical example of ecological circular agriculture.

Promoting the development of the ecological tourism industry and fostering harmonious coexistence between humans and nature stand as vital focuses of Nongfu Spring’s concept of ecological revitalization. Within the reporting period, the major water source areas and planting bases of Nongfu Spring attracted more than 460,000 tourists from all over the country to visit. Many of our production bases have been rated as industrial tourism demonstration bases, popular science education bases, water situation education bases, national 4A-level and 3A-level tourist scenic areas, and we continue to connect resources in various places to create new models and routes for ecological cultural tourism.



Building an Ecological Picking Garden in the Gobi

Yuanbao Mountain in Huocheng County, Ili Kazakh Autonomous Prefecture, was originally a desertified Gobi. The wind and sand in autumn and winter often affected the lives of residents. Nongfu Spring introduced a water and fertilizer system, transformed the desert into a fruit tree plantation, and introduced the model of interplanting strawberries under the newly planted apple trees, forming a picking garden tourism project integrating apple and strawberry picking, tourism, leisure, and sightseeing. The apple trees and strawberry seedlings not only effectively reduce the impact of local wind and sand but also enhance the scale effect of ecological tourism, extending the peak tourist season in the local area from summer to autumn and promoting an increase in local tourist traffic.

CORPORATE CITIZENSHIP

Nongfu Spring adheres to the community investment concept of “creating profit, nurturing people, and contributing to the world”. Guided by the *Community Investment Policy* and the *Emergency Response and Handling Policy for Public Crisis Events related to People’s Livelihood*, it organically integrates its own resource advantages with corporate social responsibility. Focusing on four major public welfare strategies, namely disaster relief, poverty alleviation, education improvement, and support for public sports, it takes practical actions to fulfill its responsibilities, enhance people’s well-being, convey the power of kindness, and promote the harmonious development of society.

We have formulated a long-term public welfare plan to encourage employees to participate in volunteer activities. The main activities include, but are not limited to, popularizing water knowledge, providing free water to traffic police officers, couriers, sanitation workers, food deliverymen, firefighters and other outdoor workers, as well as examinees taking the National College Entrance Examination (Gaokao), participating in environmental protection programs around water source areas, sending condolences to the elderly living alone or families in need around water source areas, and actively participating in mass sports activities. In the event of a disaster or crisis, we respond to social needs immediately, deliver urgently needed drinking water to the affected areas, and continue to provide supplies until the crisis is resolved.

Disaster Relief

Nongfu Spring has formulated the *Emergency Response and Handling Policy for Public Crisis Events related to People’s Livelihood*, and established a social disaster relief system ten years ago: clearly authorizing each provincial region to make donation decisions within the first batch of 10,000 boxes. Once a disaster occurs, the provincial region can automatically initiate the donation procedure without reporting to the headquarters, and deliver the disaster relief supplies to victims at the first time. After receiving the information, the headquarters responds promptly, coordinates surrounding resources according to the disaster situation, and continuously supplies drinking water to the disaster areas affected by extreme weather such as floods, earthquakes, and droughts. It stands with the people in the disaster areas, overcomes difficulties together, and takes the lead in demonstrating the social value of the enterprise.



Flood Disaster Relief

Within the reporting period, regions such as Guangxi, Shaanxi, Fujian, Anhui, and Zhejiang were hit by heavy rain, causing flood disasters. To support the front-line disaster relief work, Nongfu Spring employees delivered natural drinking water to support local flood rescue operations, and alleviated the drinking water needs of the affected people. In addition, when Danjiangkou in Hubei was hit by extremely heavy rainfall, the Danjiangkou base of Nongfu Spring immediately organized the enterprise and its employees to donate. It donated RMB150,000 to the Danjiangkou Charity Federation and provided bottled drinking water necessary after the flood disaster, fully supporting the post-disaster reconstruction.



Jilin Linjiang Factory Collaborates in Flood Relief and Debris Removal
In July 2024, a flood disaster occurred in Linjiang City, Jilin Province. The residential water was turbid and could not be used normally. Linjiang Factory of Nongfu Spring in Jilin, together with the local fire brigade, provided bottled drinking water for residents at centralized water supply points to ensure the drinking water supply for the affected people. At the same time, the factory organized more than 30 employees to carry out silt removal work in areas such as Hongda New District and Nanweizi Sub-district in Linjiang City, cleaning up silt, garbage, and other sundries and waste, contributing to restoring the cleanliness and normal order of the affected areas.



Providing Free Drinking Water to Outdoor Workers in High Temperatures
During the May Day in 2024, Nongfu Spring carried out more than 5,000 public welfare activities of providing free water in more than 200 cities across the country, and provided Nongfu Spring drinking water to groups such as sanitation workers, doctors and nurses, police officers, and food deliverymen who still stuck to their front-line posts during the holidays. A total of 1.45 million bottles of Nongfu Spring drinking water were donated in this special May Day public welfare activity.

Poverty Alleviation

In response to the national call of “consolidating the achievements of poverty alleviation and ensuring that there is no large-scale return to poverty”, Nongfu Spring takes the value orientation of helping the poor and the weak, and carries out care for vulnerable groups according to local social conditions. We have been carrying out a series of work to assist the elderly and children, such as the Spring Breeze Action and the village-connecting and village-uniting assistance work around the water source areas for a long time, guiding internal employees to engage in volunteer services, and making solid contributions to consolidating the achievements of poverty alleviation.



Assistance to Communities around Water Source Areas
Nongfu Spring actively implements community investment and assistance, responds to community needs, and contributes to effectively solving local practical problems. The mountain roads in the water source area where the Mount Emei Factory in Sichuan is located are rugged. To facilitate villagers to go into the mountains to plant medicinal herbs and pick wild mountain products, the factory built two steel bridges downstream of the water source according to the needs of the surrounding villagers, facilitating the daily travel of the villagers. Facing the problem of irrigation water for surrounding farmers caused by the increase in drought weather due to the impact of climate change, the Wuling Mountain factory in Guizhou convened on-site interdepartmental meetings at the factory general manager’s initiative to coordinate solutions with local authorities. Through the mode of government leadership and factory assistance, dams were built and water diversion channels were constructed, completely solving the problem of farmers’ irrigation water.



Actions to Care for Vulnerable Groups
Within the reporting period, employees of Nongfu Spring’s Xincheng Factory in Hubei, Mount Emei Factory in Sichuan, Xin’angjiang Factory in Zhejiang, Jingyu Factory in Jilin, Mount Taibai Factory in Shaanxi, etc. carried out various forms of visiting activities to nursing homes, showing care for the elderly group. On World Disabled Day, the Hubei Junzhou Factory of Nongfu Spring actively launched a public welfare activity focusing on deaf-mute children, helping them feel the warmth around them and enhancing their confidence and hope.

Respect for Labor

In the sweltering summer, outdoor workers stick to their posts and safeguard the operation of the city with their hard work. To pay tribute to these “city guardians”, during the hot summer months from May to September every year, Nongfu Spring launches the “Caring for Outdoor Workers” Red Bottle Public Welfare Campaign. This campaign has been going on for 9 years, covering many cities across the country, and millions of bottles of drinking water have been donated in total. By setting up public welfare freezers and collaborating with communities and the media, Nongfu Spring delivers coolness to workers.

This public welfare campaign is not only an affirmation of the hard work of workers but also an embodiment of the enterprise’s fulfillment of its social responsibility. Nongfu Spring always advocates the concept of “Taking from Nature and Giving Back to Society” and conveys respect and care for the workers with practical actions. Through the campaign of “Respect for Labor”, Nongfu Spring brings coolness to the workers in the heat and shapes a corporate culture that cares for workers, and promotes the value concept of respecting labor and caring for workers throughout society.

“Understanding Hardship, Expressing Gratitude” Initiative

Within the reporting period, Nongfu Spring launched the “Understanding Hardship, Expressing Gratitude” campaign nationwide, inviting teenagers across the country, accompanied by their parents, to send a touch of coolness to sanitation workers, food deliverymen, and other groups working outdoor in high temperatures, allowing children to experience the hard work of workers in high temperatures and express their gratitude. During the activity, about 10,000 teenagers and children in nearly 200 cities across the country sent more than 600,000 bottles of heat-relieving drinking water and tea beverages to the workers in the scorching sun.

知辛苦
懂感恩

农夫山泉亲子送清凉活动

在全国100余城，
农夫山泉诚邀家长与孩子一起，
为高温下的工作者送出一份清凉。

具体以报名表点位为准。

叔叔，
您辛苦啦！

报名二维码

Improving Education

Nongfu Spring actively engages in public welfare undertakings for educational improvement, continuously carries out student assistance activities, and keeps exploring the education model of school-enterprise cooperation and resource sharing. By sharing theoretical and practical educational resources with academic institutions, Nongfu Spring helps cultivate high-quality talents, providing strong support for the long-term development of society and talent revitalization.

Donation from Zhong Ziyi Education Foundation to Support Educational and Technological Undertakings of Zhejiang University, Peking University, Tsinghua University, etc.

Within the reporting period, Mr. Zhong Shanshan, founder and chairman of Nongfu Spring, through his Zhong Ziyi Education Foundation, donated a total of 360 million RMB to support several prestigious educational and scientific initiatives. These donations were made to the “Zhejiang University Education Foundation,” “Peking University’s Qiantang Basic Science Development Program,” and “Tsinghua University’s Qiantang Life Sciences Development Fund.” The donations aim to foster scientific research, talent recruitment across various fields, faculty innovation and entrepreneurship, and the cultivation of innovative talent, thereby contributing to the advancement of education and technology in China.



“Green Homeland” Educational Assistance Action of Jingyu Factory

Within the reporting period, Nongfu Spring’s Jilin Jingyu Factory launched its 15th “Green Homeland” support month, focusing on helping disadvantaged youth. Factory employees visited Yisheng Village in Mengjiang Township, Jingyu County, where they provided cash assistance to two impoverished left-behind teenagers, with the support continuing until their high school graduation. After receiving feedback on the situation in Yisheng Village, the factory staff were deeply moved and decided to extend their assistance by working with Mengjiang Township to support more needy families. This initiative embodies the company’s “Drinking Water, Remembering the Source” philosophy and actively demonstrates its commitment to corporate social responsibility.

Public Sports

Nongfu Spring focuses on public fitness and has long been deeply involved in the public sports field. By adhering to the long-term strategy with “water” as the core and leveraging our resources and the needs of sports events, we provide natural and healthy drinking water for athletes, actively displaying a responsible brand image and corporate value, and injecting continuous vitality into the booming development of sports.

“Champion Classroom”, Boosting the Development of Public Sports Undertakings

Since 2019, Nongfu Spring has provided drinking water for competitions and training for the Chinese national swimming team, diving team, and synchronized swimming team for 6 consecutive years, continuously helping to cultivate champion talents. Within the reporting period, Nongfu Spring officially launched the “Champion Classroom”. By leveraging the exemplary power of champions, it stimulates children’s interest in sports, promotes the development of youth swimming programs, and also plays a positive role in popularizing sports health knowledge.

From April to October, the “Champion Classroom” successively invited diving champions Quan Hongchan and Wang Zongyuan, synchronized swimming champions Wang Liuyi and Wang Qianyi, and swimming champions Zhang Yufei and Pan Zhanle to have face-to-face exchanges with children who love swimming in various places, sharing their competition experiences and teaching training techniques. During the activities, the world champions personally guided the children in warm-up dancing and swimming skills training, and provided detailed guidance and correction during the training to ensure that every child could enjoy the joy and sense of achievement brought by swimming. After the course, the champions issued “completion” certificates to the children and took group photos as souvenirs.

As an official partner of World Aquatics and the Chinese National Swimming Team, Nongfu Spring has always been committed to promoting the concepts of healthy drinking water and healthy sports, and will continue to stimulate teenagers’ interest in and love for sports through various activities, cultivate a healthy lifestyle, and contribute to the sustainable development of society.



Support for Mass Competitions

Nongfu Spring has become an important supporter of domestic marathon events, providing drinking water security for more than 400 marathons across the country. Within the reporting period, this tradition was continued, and Nongfu Spring played an active role in marathon events in multiple cities, ensuring the hydration needs of participants and helping to widely carry out national fitness activities.

Within the reporting period, Nongfu Spring provided drinking water for various swimming and water sports events, including but not limited to more than 50 events such as the National Swimming Championships, the National Summer Swimming Championships, the National Youth U Series Swimming Competition, and the National Swimming City Series Competition. Nongfu Spring provided high-quality drinking water throughout the events to ensure the drinking water health of athletes.

ROBUST GOVERNANCE

Nongfu Spring continues to focus on the progressive improvement of its governance capabilities, always consolidating the foundation for sustainable development and striving to build a solid and strong barrier against risks. We continuously optimize the risk prevention, identification, and response mechanisms, establish a refined management framework, comprehensively strengthen the multi-level and multi-departmental linkage of risk control, and are committed to building a scientific, efficient, dynamically improving risk management system to achieve timely insight and accurate assessment of various risk challenges.

Nongfu Spring strives to be an advocate and a forerunner in clean governance, firmly implementing work practices in areas such as anti-corruption, anti-money laundering, and anti-unfair competition, and making every effort to create a clean and upright corporate cultural ecology and business operation environment, realizing the deep integration and coordinated progress of corporate value and social responsibility. From the standardization of employees' behaviors, to the comprehensive review of management and operation, and then to the clean management of suppliers, we carefully check every link, ensuring that the spirit of business ethics is implemented in every aspect of our own operation activities.

RISK MANAGEMENT

Nongfu Spring has established and improved its risk management system and framework, maintaining a balanced focus on risk identification, prevention, and response. The Company continuously strengthens internal control and auditing, enhances employees' risk management awareness, and consistently reinforces the risk defense line to ensure effective risk management.

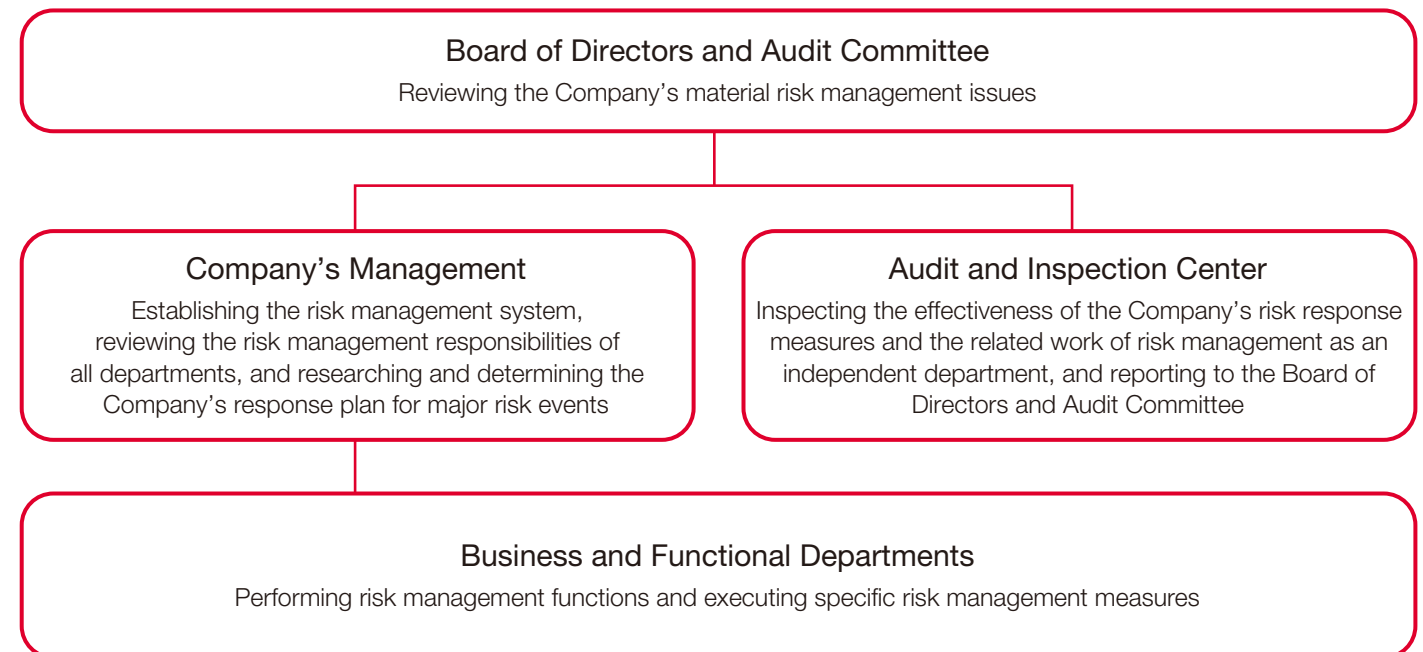
• Risk Management System

Nongfu Spring has formulated the *Nongfu Spring Risk Management Regulations* and updated the *Audit Project Management Measures* and the *Internal Audit Policy* within the reporting period. These updates optimize audit communication and accountability mechanisms, ensuring the rationality and fairness of audit and handling results, and enhancing the effectiveness of risk management and internal control.

In compliance with the laws and regulations of the People's Republic of China and the HKEX listing rules, Nongfu Spring has established its risk management framework based on the COSO Enterprise Risk Management Framework, ensuring robust support for the normalization of risk management and monitoring.



This chapter
corresponds
to SDGs



Nongfu Spring Risk Management Structure

• Risk Identification and Response

To effectively withstand various risks and achieve multi-level, multi-dimensional, and proactive risk management, Nongfu Spring continues to improve its three-line defense risk management ecosystem and maintain a multi-layered risk safeguard mechanism.



Nongfu Spring Line of Risk Defense

Nongfu Spring continues to advance risk identification, evaluation, and analysis across various aspects including strategy, business operations, finance, compliance, and internal controls. Based on the risk appetite framework, we have clarified the acceptable risk levels for the enterprise in different areas, ensuring the coordination and consistency of risk management with corporate strategic objectives.

We have constructed a detailed risk list and a comprehensive risk database, scientifically categorizing and prioritizing risks according to their likelihood of occurrence and potential impact. Risk appetite and risk tolerance provide guiding principles for categorization and prioritization, helping us allocate resources with priority to the most significant risk areas. Meanwhile, we regularly review and adjust our risk appetite statements to align with the evolving internal and external environments.

For risks of different categories and levels, Nongfu Spring has formulated layered risk response measures. In principle, medium and higher risks must be addressed with improvement measures to ensure that risk levels remain within a controllable range. We have established a scientific, systematic, and proactive approach to risk management through this comprehensive risk management process, ensuring strong support for long-term sustainable development.

Risk Identification and Response in Salary Management

Our frontline sales and production employees are located across the country. Effectively implementing the principle of “more pay for more work” in salary management, while aligning salaries with local business development levels to address related risks, is crucial for ensuring the retention and performance of frontline employees.

Within the reporting period, we conducted special audits on the annual bonus allocation across all sales regions as part of the salary management module. We identified areas for improvement and potential risks in the formulation and implementation of the schemes. Relevant departments have been urged to make necessary adjustments, and we have reiterated the relevant requirements while providing targeted guidance and support. Based on the annual audit and risk identification results, we have also required all sales regions to track and rectify related issues. In addition, we formulated and issued regulations and policies such as the *Regional Compensation Management Measures*, *Domestic Relocation Welfare Management Measures*, and the *Heart to Heart Care Program* this year to institutionally prevent and address risks in salary management.

Nongfu Spring consistently maintains keen insight, continuously monitoring the evolving international landscape, market dynamics, and industry trends to promptly identify and address emerging risks.

Identification and Response to Emerging Geopolitical Risks

To source high-quality raw materials and equipment, Nongfu Spring has suppliers located worldwide. In recent years, with the intensification of global geopolitical conflicts, the likelihood and scope of impact of raw material supply risks in global procurement have increased, necessitating proactive measures for identification and response.

Influenced by geopolitical situations, the shipping time for some imported plastic raw materials increased within the reporting period, potentially affecting the timely fulfillment of the company’s production plans. In response, we proactively implemented countermeasures by extending the safety stock duration for certain imported materials to mitigate the risk of production disruptions. In addition, we identified that regional conflicts could affect the supply of certain juice raw materials. We proactively planned the procurement schedule, communicated with suppliers to arrange early shipments, and developed alternative suppliers in other regions to minimize the risk of supply disruptions.

In addition, Nongfu Spring has always adhered to the concept of compliant operations and continuously improved its tax management system, with the Board of Directors regularly reviewing measures to address tax risks. We are committed to complying with the tax laws and regulations in the jurisdictions where we operate, and to establishing a comprehensive, end-to-end tax compliance control system. We strictly adhere to the arm’s length principle and resolutely prohibit cross-border transactions without commercial substance for the purpose of base erosion and profit shifting.

• **Special Audits**

Nongfu Spring continues to deepen the scope and depth of risk management by conducting routine environmental audits, special audits on human resources, responsible marketing special audits, supplier audits, and other special audits. Our audit projects and risk reassessments spanned multiple areas within the reporting period, including procurement, infrastructure, sales, environmental protection, human resources, brand marketing, media placement, production, and marketing.

Special Audits for Environmental Protection

- Within the reporting period, we also conducted environmental audits at approximately 40% of our factories, focusing on three key areas: waste disposal, construction projects, and ecological protection. The audit results showed no significant environmental risks, and the relevant factories have promptly reviewed and completed rectifications after the audits.

Special Audits for Occupational Health and Safety

- Within the reporting period, we conducted occupational health and safety audits on 5 factories. The audit results showed no significant health and safety risks, and the relevant factories have promptly taken corrective measures after the audits.

Special Audits for Salaries

- Within the reporting period, we conducted a special audit on the annual bonus allocation for all sales regions within the salary management module. The audit revealed areas for optimization in the formulation and implementation of the salary plan. Following the audit, the relevant departments have completed the necessary rectifications and optimizations and have received training and targeted guidance to ensure proper publicizing and implementation of the requirements.

• **Publicizing and Implementation of Risk Awareness**

Nongfu Spring attaches great importance to enhancing employees’ risk prevention awareness and capabilities. We have established a normalized risk management training mechanism for employees, providing risk management training annually for all board members (including non-executive directors), management, and all employees. We have set up mandatory online courses for all employees, such as *Risk Management Methodology Training*, which helps directors, management, and every employee fully understand the importance of risk management by explaining the significance, principles, strategies, and methods of risk management.

Nongfu Spring actively encourages employees to participate in the entire risk management process, aiming to promptly identify and address potential risks. Employees can report actual risk events via the process management platform or through risk reporting channels across different business areas. In 2024, we introduced the “Suggestion Feedback Platform”, providing employees with a convenient channel to promptly provide feedback on issues and risks encountered in their work.

INTEGRITY AND HONESTY

Adhering to business ethics and maintaining integrity and honesty have always been important principles underlying Nongfu Spring’s business operations. We continuously strengthen anti-corruption and anti-bribery institutional requirements, enhance integrity management for employees and partners, internalize the spirit of integrity, and externalize it in actions, striving to create a business environment characterized by fairness and honesty.

Integrity Management

We have established a business ethics management framework led by the Audit Committee under the Board of Directors. At the governance level, supervised by the Audit Committee, the Audit and Inspection Center is responsible for overseeing integrity management and conducting annual audits, embedding business ethics factors such as anti-corruption and anti-fraud into daily work and routine audits to form a closed loop of integrity management and ensure the practical implementation of business ethics policies and requirements. At the execution level, various business departments carry out daily integrity management, collaborate with factories to actively develop credit systems and anti-corruption management systems, and focus on promoting credit system certification to achieve full-process coverage of business ethics management.

Nongfu Spring strictly complies with laws and regulations such as the *Law of the People’s Republic of China Against Unfair Competition*. Building on existing business ethics management systems such as the *Code of Business Conduct for Employees of Nongfu Spring* and *Anti-corruption Policy*, we formulated a new *Anti-Fraud Management System* within the reporting period to further standardize every aspect of business operations.

In the *Code of Business Conduct*, we have established policies covering anti-corruption, anti-discrimination, information security, conflict of interest, anti-competitive practices, anti-money laundering, EHS, and the whistleblowing system. Within the reporting period, we issued the *Management Measures for Avoidance of Nepotism* to strengthen the management of conflicts of interest between employees and their related parties. These measures clarify the concept and management process of such conflicts, aiming to prevent potential or actual conflicts between the personal interests of employees or their related parties and the company’s interests, which could affect their judgment, decisions, or actions in performing their duties.

Additionally, for areas like charitable donations, we have clearly defined the purpose, approval processes, supervision mechanisms, and corrective measures to ensure compliance with laws, regulations, and ethical standards, thereby mitigating potential corruption risks.

To ensure that all employees are aware of, understand, and comply with the company’s integrity management requirements, every employee at Nongfu Spring is required to sign the *Commitment to Integrity and Self-Discipline* and the *Letter of Information to Employees* upon joining the company. Furthermore, we are committed to achieving full coverage of the credit and anti-corruption management systems, enveloping recruitment, training, advancement, fraud investigation, employee credit documentation, partner evaluations, and anti-fraud alliance integrity file management. Anti-corruption training is dispensed to the Board of Directors, management, and all staff members (inclusive of part-time employees), with all required to pass the anti-fraud training examination. In addition, we strictly enforce the requirements of regulations such as the *Staff Rewards and Punishments Management Measures*, linking employee compliance behavior with personal salary and performance, and adopting a “zero tolerance” attitude towards violations of business ethics principles with severe penalties.

Integrity Training

We provide regular anti-corruption training for the Board of Directors, management, and all employees (including part-time employees), requiring all participants to pass the training exams. Within the reporting period, we launched mandatory courses for all employees, including “Know What’s Right and Follow the Rules”, and comprehensively strengthened employees’ integrity awareness through multi-channel and multi-form promotional methods such as emails and official WeChat public account posts. Besides, each factory conducted “Anti-Fraud Training”, covering management personnel, operators, and safety personnel in the production department, human resources department, and other related departments. In 2024, the business ethics and anti-corruption training performance of Nongfu Spring’s Board of Directors and employees at all levels is as follows:

Level	Participants Trained	Proportion Trained	Hours Trained
Board of Directors	10	100%	20
Management	10,472	100%	8,860
Employees	92,782	100%	103,314

Business Ethics and Anti-corruption Training for All Employees

Within the reporting period, we conducted business ethics training for all company employees, including all board members. The training primarily included *2024 Global Occupational Fraud Investigation Report Sharing*, *The Twelfth Amendment to the Criminal Law and Its Significance for Anti-Fraud*, and the national anti-corruption documentary *Zero Tolerance*. The training mainly included raising management’s awareness of anti-fraud work by understanding the investigation and handling of occupational fraud in the industry and strengthening the company’s integrity system. The training introduced the content of the Twelfth Amendment to the Criminal Law, emphasizing the profound transformation from “power-based anti-corruption” to “system-based anti-corruption” and from “post-event punishment” to “full-process governance”, while continuously improving system details. By studying the national anti-corruption documentary *Zero Tolerance*, all employees’ awe of the law was enhanced.

While strictly implementing internal integrity management, we require external partners such as suppliers and distributors to sign the *Anti-Bribery and Fraud Mutual Supervision Code*, and all qualified suppliers must sign the *Letter of Commitment on Anti-corruption and Integrity and Self-discipline of Suppliers*. Within the reporting period, we completed on-site promotion of the *Anti-Bribery and Fraud Mutual Supervision Code* to all distributors through on-site communication, emails, SMS, and other methods, advocating a cooperative philosophy of mutual benefit, win-win results, integrity, and honesty. In addition, we send the *Letter of Information Regarding Integrity to Business Partners* to all business partners quarterly to convey integrity responsibilities and obligations, and conduct annual business ethics training to oversee integrity performance across the entire value chain.

Business Ethics Audits

Nongfu Spring continuously conducts business ethics audits, with full audit coverage of all operational sites every three years. The audit covers various aspects, including business ethics policies, key business areas and touchpoints, and behavioral compliance. It encompasses all business operations, locations, and subsidiaries of the Company. Within the reporting period, we conducted fraud investigations, special procurement audits, and management audits across five key business areas – logistics, infrastructure, raw materials, packaging materials, and end products, ensuring comprehensive coverage of all major procurement modules.

Through specialized procurement and management audits, we revised the *End Product Management Measures* this year and streamlined key processes, including quotation receipt, bid awarding, order execution, and payment acceptance, further minimizing the risk of fraud in procurement. To further enhance our integrity management capabilities, we have also engaged in multiple anti-fraud discussions with industry leaders and business partners, exchanging and learning from each other’s experiences to collectively combat fraudulent behavior.

Industry Anti-fraud Exchange

Through a normalized exchange mechanism, Nongfu Spring works together with well-known enterprises in the industry to enhance anti-fraud capabilities. Within the reporting period, the company participated in multiple anti-fraud exchange activities, discussing topics such as infrastructure cost control, procurement fraud risks, and distributor and supplier cooperation with partners, while also sharing blacklist information on employees and suppliers. Through these exchanges, Nongfu Spring not only strengthened collaboration with partners but also effectively prevented and combated fraud, clarified integrity and honesty requirements in cooperation, and promoted the possibility of company-level strategic cooperation.

Nongfu Spring experienced 2 corruption litigation cases within the reporting period, all of which have been concluded. We actively reviewed and thoroughly analyzed the causes of relevant incidents, continuously improving and strengthening anti-corruption controls and practices. We also developed a series of policies, including the *Anti-Fraud Management System*, and updated the *Internal Audit Policy*, *Audit Project Management Measures*, and *Staff Rewards and Punishments Management Measures* to standardize the handling of anti-corruption cases. In addition, Nongfu Spring did not experience any major incidents of discrimination, customer privacy breaches, conflicts of interest, or money laundering within the reporting period.

• Whistleblowing and Investigations

Nongfu Spring has established clear, comprehensive reporting channels and systematic investigation procedures to ensure that all integrity-related complaints and reports are processed consistently. We provided reporting channels and guidelines for employees, partners, and other stakeholders, and also publicized reporting channels to suppliers, distributors, and other partners in the *Anti-Bribery and Fraud Mutual Supervision Code* and the *Letter of Information Regarding Integrity to Business Partners*, and encouraged all stakeholders to report any potential corruption, bribery, fraud, or significant fraudulent activities within and outside the Company. We also announced the method of supervision and reporting in the China Enterprise Anti-Fraud Alliance, and sincerely invited all sectors of society to supervise us.

Within the reporting period, we added an integrity reporting method in the sales terminal app and established the “Suggestion Feedback Platform” to broaden the channels for information reporting. Meanwhile, we introduced a green channel for integrity “self-rescue” in the newly issued *Anti-Fraud Management System*, clarifying compliant handling methods for unavoidable gifts and cash, further mitigating integrity risks.

Public Reporting Channels:

Hotline, email, correspondence addresses, etc.
Announced the method of supervision and reporting in the China Enterprise Anti-Fraud Alliance
Reporting methods disclosed on the homepage of the sales terminal app
Reporting methods disclosed in the *Whistleblowing Policy* on the official website.

Special Channel for Internal Employees:

A dedicated internal reporting channel for employees on the Company’s internal office platform
Reporting channel in the “Audit Direct” section in the corporate WeChat
The “Suggestion Feedback Platform” accepts reporting information

Nongfu Spring Reporting Channels

We collect and sort out the reported information and determine the authenticity

If disciplinary violations or illegal acts are reported, we investigate the incident and affix the responsibility according to the procedure

Once confirmed, we propose disciplinary action for the responsible person, and suspected illegal cases are transferred to the Legal Department

We provide an opportunity for the reported person to appeal

Nongfu Spring Reporting Process

Launch of the “Suggestion Feedback Platform”

To establish a normalized and widely accessible platform for collecting reports and suggestions, we launched the “Suggestion Feedback Platform” within the reporting period. This platform provides an official channel for employees to submit real-name suggestions and feedback, allowing us to gain insights into various employee demands, respond to their concerns, and address practical work-related issues. Through this platform, we actively encourage employees to submit risk management suggestions on company policies, workflows, management practices, and more. Employees can also share positive feedback on recognized policies, teams, and colleagues, helping to strengthen team cohesion. For submitted suggestions, the platform will respond within 3 working days, ensuring prompt attention to and resolution of employee feedback, thus creating a closed loop for complaint handling and risk management.

We have established a whistleblower protection mechanism to ensure strict confidentiality of their identity and reports. Within the reporting period, we developed the *Anti-Fraud Management System*, further enhancing the provisions for whistleblower protection. In addition to maintaining the confidentiality of whistleblower identities and reports, the system strictly prohibits retaliation, punishment, or discrimination against whistleblowers by any individual or entity. Additionally, in our *Staff Rewards and Punishments Management Measures*, it is stipulated that anyone found retaliating against whistleblowers, upon verification, will be dealt with severely.

HEALTH PROTECTION

Nongfu Spring upholds its guiding principle of “Rooted in Nature, Promoting Health”, viewing “natural and healthy” as both the core values of its brand and the cornerstone of its products. With high standards for ecological protection and sustainable development guiding raw material management and utilization, Nongfu Spring is dedicated to transforming natural sources into high-quality products that nourish life and enhance the quality of living, thereby building a solid bridge connecting consumers to a natural and healthy lifestyle. At Nongfu Spring, every drop of water embodies our reverence for nature, and every product reflects our commitment to consumers’ health.

Quality and responsibility are the unwavering pursuits of Nongfu Spring. We continuously enhance quality control throughout the entire product lifecycle, striving for excellence at every stage, from source to end-user, to ensure both product quality and safety. We are always focused on consumers, continuously enhancing the integration of consumer needs with product development and customer service. Our goal is to provide reliable, satisfying, and responsible products and services to our consumers. Nongfu Spring looks forward to working hand in hand with every consumer to realize the vision of a beautiful and healthy life, while building a sustainable future together.



This chapter
corresponds to
SDGs

NATURAL AND HEALTHY

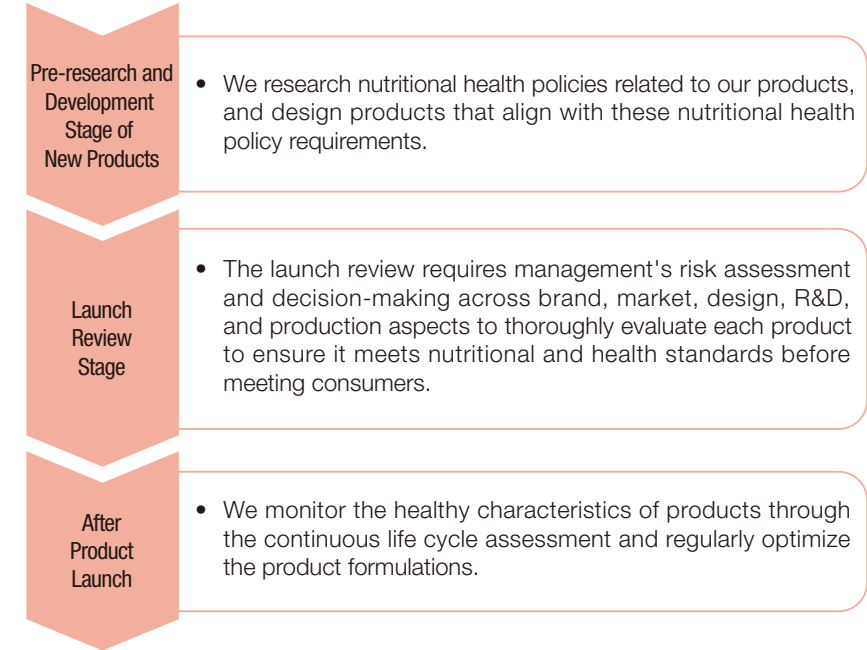
“Natural and healthy” have always been the product cornerstone of Nongfu Spring. We insist on using high-quality natural resources, continuously exploring opportunities to enhance product nutrition and health, and expanding R&D and innovation scope and depth in health products. We are committed to providing consumers with more healthy choices and promoting the concept of a healthy lifestyle – “originating from nature and returning to authenticity”.

• **Nutrition and Health-focused R&D**

Nongfu Spring considers nutrition and health research a key aspect of product development and continuously integrates health elements, such as low sugar, low sodium, and low fat, to enhance product health and functionality. Nongfu Spring also promises not to use genetically modified crops from the beginning of product development.

Nongfu Spring fully supports and participates in the national “three reduction, three health” dietary initiative and actively aligns with policies such as the *Healthy China Initiative (2019-2030)*, the *Dietary Guidelines for Chinese Residents (2022)*, and the *Healthy China 2030 Planning Outline*, striving to pioneer and advocate healthy living. Within the reporting period, we formulated a series of nutrition and health-related policies, and clarifying nutrition and health strategies, and principles and requirements for enhancing nutritional and health attributes throughout the product development cycle. Additionally, we incorporated nutrition and health review process into the project development and integrated relevant indicators into product development project review, effectively driving the innovation achievement transformation of health products.

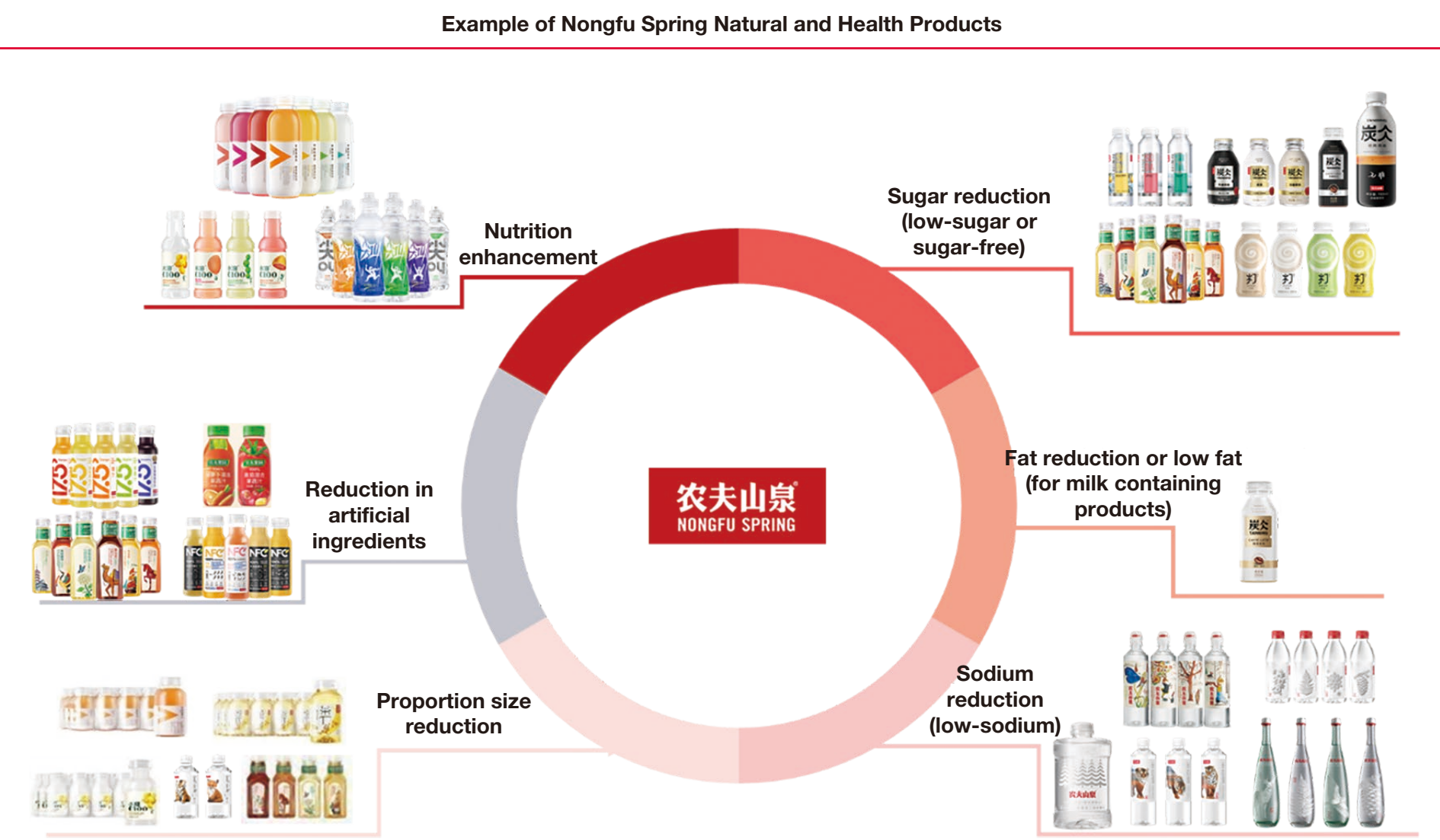
We have established an R&D Project Management Committee comprising the R&D directors, technical management department managers, and related R&D managers to focus, review and advise on nutrition and health aspects for each new product to ensure that the product attributes of “natural and healthy” are fully considered in the whole process of product R&D, production and launch. For example, during the project establishment stage, the R&D project undertakers must articulate R&D requirements related to natural and healthy attributes and prepare a R&D project establishment proposal. During the review stage of project establishment and development, nutritional, health, and environmental friendliness attributes will serve as rating factor for assessing the project establishment and advancement feasibility. During trial production and product launch, we conduct ongoing consumer research and product improvements to enhance nutritional and health attributes, ensuring that they meet consumer needs.



• **Nutritional and Health Products**

Nongfu Spring continues to explore opportunities in nutrition and health, with the core goal of “meeting consumer needs and protecting consumer health”, striving to develop a diverse and health-focused product matrix with rich varieties. We continue to expand our product range and strive to reduce sugar, sodium, fat, and artificial additives through innovative ingredients and raw materials. While diversifying and innovating flavors and product types, we are committed to providing consumers with a healthy product system that integrates into various aspects of daily life. As of now, Nongfu Spring’s nutrition and health-focused R&D efforts extend to all products, ensuring that all water and beverage products align with nutrition and health standards.

At Nongfu Spring, we are committed to the pursuit of “natural and healthy” across all our products, whether it’s packaged drinking water, beverages, or agricultural products. During the reporting period, over 85% of our products’ weight of sales claimed health characteristics such as sugar-free or low sugar, sodium-free or low sodium, fat-free or low fat, and over 80% for zero artificial additives. Products with nutrition enhancement ingredients account for more than 10% of the weight of sales.



In 2024, Nongfu Spring deepened its research in nutrition and health, implementing key initiatives such as clean-label ingredients, sugar reduction, and fat reduction. We have implemented additive reduction and optimization measures in selected products to enhance their natural properties, striving to make our products as natural as possible. In addition, we have accelerated research on sugar substitutes, offering consumers a wider range of healthier choices.

■ **Drinking Water Products**

All Nongfu Spring’s drinking water products are sourced from natural, high-quality origins, subjecting the raw water to minimal yet necessary treatment. Therefore, our products are enriched with minerals required by the human body, such as potassium, sodium, calcium, magnesium, and metasilicic acid, making them suitable for long-term consumption. Within the reporting period, we continued to launch the Zodiac Bottle Mineral Water, a product with cultural significance, and the Changbai Mountains Natural Mineral Water, known for its smooth taste and rich nutrients. These products allow consumers to experience the essence of “natural and healthy” while appreciating the beauty of nature from Changbai Mountains.



Glass Bottle Natural Mineral Water – Dragon Year Collector’s Edition
The natural mineral water, including its carbonated version, is derived from the rare low-sodium, light mineral springs of Changbai Mountain’s primeval forests, offering a taste that brings to mind the softness of ice and snow. The bottle design is inspired by a falling water droplet. Nongfu Spring annually releases a limited edition zodiac bottle with that year’s zodiac sign as the bottle’s design, adding to its collection value.

Within the reporting period, we designed and launched the Dragon Year Collector’s Edition Zodiac Bottle, offering consumers a unique collectible experience that blends natural flavors with artistic beauty and rich cultural heritage.



Changbai Mountains Natural Mineral Water
In 2024, Nongfu Spring introduced new 380ml Changbai Mountains Natural Mineral Water, sourced from the pristine Changbai Mountains, located within the world’s “Golden Water Source Belt”. Naturally filtered and mineralized through rock strata, this water is distinguished by its high silicon and low sodium content. Over time, it has developed into a rare, self-gushing cold mineral spring with a low-sodium metasilicic acid profile, containing metasilicic acid levels of ≥30mg/L.

Within the reporting period, Nongfu Spring introduced special edition packaging featuring water source areas, available in 380ml and 550ml sizes for the first time. By featuring authentic images and ecological highlights of its major water source areas on the packaging, Nongfu Spring reinforces its brand philosophy of “natural and healthy”, helping consumers recognize the high-quality origins of every drop. Additionally, it highlights the uniqueness of Nongfu Spring products and underscores its leading advantages in the national water source area layout.



Nongfu Spring’s “Water Source Edition” packaging for natural drinking water products

■ **Beverage Products**

Over the years, Nongfu Spring has continuously innovated in tea beverages, functional beverages, fruit juice beverages, coffee beverages, and other beverage categories. By continuously updating and refining formulas and raw materials, Nongfu Spring has introduced new products, enhancing their flavors and health benefits. Within the reporting period, we launched a range of new beverage products, including the newly introduced 17.5° juice, new flavor Water-Soluble C100, new reformulated Scream, new flavor Tea π, and the Tanbing large-pack coffee, etc.



17.5° Orange Juice
The 17.5° 100% fresh fruit cold-pressed orange juice is made from freshly harvested oranges. It undergoes a cold-pressed extraction process and is preserved through cold-chain management. Free from added sugar, concentration, reconstitution, and additives, it contains 100% orange juice and retains the rich nutrients of the original fruit.

Within the reporting period, we enhanced the production process of 17.5° orange juice. With end-to-end management from orchard to retail, we offered consumers a premium taste from the renowned “Orange Country of the World”.



17.5° Honeyberry Blend Juice
Within the reporting period, Nongfu Spring introduced new 17.5° 100% fresh and cold-pressed honeyberry blend juice. Made from high-quality honeyberries, each bottle contains an anthocyanin content of ≥40mg. The fresh fruit pressing process is adopted to restore the fresh fruit taste. While preserving its nutritional value and freshness, it offers consumers a burst of “rich berry flavor in every sip”.



Water-Soluble C100 Blood Orange-flavored Juice Beverages
Within the reporting period, we introduced new nutrient-rich Water-Soluble C100 blood orange-flavored juice beverages, packed with rich vitamin C. Each 445ml bottle of Water-Soluble C100 contains ≥100mg of vitamin C, providing the recommended daily intake for adults.



Farmer's Orchard 100% Blended Fruit-Vegetable Juice
Within the reporting period, we upgraded the Farmer’s Orchard 100% blended fruit-vegetable juice. It contains no added sugar or additives, just water and fruit and vegetable juice, boasts zero fat content, and contains no artificial colors, preservatives, or flavors. The tomato flavor is made from a blend of high-quality large tomatoes and fresh small tomatoes, offering a rich taste. For the carrot flavor, we select improved varieties of high-quality carrots, which are highly sweet and have an authentic flavor.



New Formula of Scream Sport Drink
Nongfu Spring's “Scream” product line continuously explores unique “scream factors” for consumers and is committed to creating a refreshing, bold, and multi-layered flavor profile.

Within the reporting period, we innovatively developed a new flavor of “Scream” sport beverages: milk calcium type with citrus flavor. This flavor features milk minerals (milk calcium) as the key “scream factor”. Each bottle contains ≥13mg of milk calcium, with high bioavailability. The theanine type with yellow peach flavor adds tea theanine as the “scream factor”, with each bottle containing ≥3mg of theanine.



Tea π Jasmine Lemon Tea
During the reporting period, Tea π Fruity Tea Beverage introduced a new variant – Jasmine Lemon Tea. The product features triple-scented jasmine flowers and pure tea soup, blended with perfume lemon juice, creating a harmonious balance of floral and citrus notes. Its signature aroma is instantly released upon opening, offering consumers a refreshingly crisp taste experience.



Tanbing Classical Black Coffee
Tanbing Ready To Drink Coffee Series. This series uses high-quality raw beans sourced from renowned coffee regions, which are then processed at Nongfu Spring’s professional coffee factory. Through precise roasting and strict cooked-bean quality control, we bring out the rich and aromatic coffee flavor. Utilizing imported machinery for precise grinding and a unique Italian extraction process, the brand achieves a deep flavor profile.

Within the reporting period, we introduced 900ml large-pack black coffee, made with carefully selected Arabica coffee beans and customized roasting profiles. The result is a smooth taste and rich aroma, designed to suit a variety of consumer preferences and drinking occasions.

■ **Agricultural Products**

Nongfu Spring values every drop of nature. Staying true to our green roots, we follow the natural rhythm from spring planting to autumn harvest, without using ripening agents or waxes, allowing fresh fruit products to stay true to nature and protecting every touch of new green with piety. We apply strict fresh fruit selection criteria to ensure that all agricultural products presented to consumers meet high standards.



17.5° Spring Orange
17.5° oranges come from China’s top-quality orange-growing regions, where the unique natural environment provides ideal conditions for growth. These oranges thrive in the perfect climate and fertile soil, standing out due to our rigorous selection process. Their standout feature is the well-balanced sweet and sour taste, abundant juice, and rich and fruity flavor.

Within the reporting period, we launched the 17.5° Spring Orange. After a 14-month growth cycle, spring oranges have developed a natural sweetness that’s not just sugary but complemented by a touch of refreshing acidity, creating a distinct and harmonious flavor profile.



Northeast Fragrant Rice
Nongfu Spring Northeast Fragrant Rice is grown in the Songnen Plain of Northeast China, where we carefully select the premium variety of round-grained fragrant rice. Only the rice harvested in the current season is used for processing and production. We aim to provide fresh rice with a good taste. The rice is stored at low temperatures, freshly processed and shipped right after milling, preserving its fresh quality so consumers can enjoy that just-harvested taste at any time.

Each bag of Nongfu Spring Northeast Fragrant Rice comes with a unique traceability QR code. By scanning it, consumers can access information about its origin, harvesting, and processing, ensuring full transparency and product safety.



17.5° Golden Delicious Apple
Nongfu Spring adopts strict standards in planting and picking 17.5° Apples. We only pick apples when they meet maturity requirements for size, sugar content, coloration, and other factors, and we never use artificial ripening methods.

As the flagship product of the 17.5° series, the Nongfu Spring Golden Delicious Apples uphold our high standards, boasting a golden color and a sweet and rich taste. Grown in Xinjiang, where the temperature difference between day and night is significant, Golden Delicious apples develop a rich sweetness and nutrients. The region’s warm, suitable growing conditions, abundant sunlight, and low pest risk make these apples an ideal choice for healthy, high-quality fruit.

R&D AND INNOVATION

At Nongfu Spring, we strongly believe that innovation is the key force driving our progress. We continue to invest in strengthening our R&D team, enhancing our capabilities, and aiming for breakthroughs across products, processes, design, and more. We focus on turning innovation achievements into intellectual property and work collaboratively with various partners to build an open, cooperative innovation ecosystem.

• R&D Management

Nongfu Spring has established a robust R&D system to ensure the smooth and efficient execution of R&D projects. Within the reporting period, we optimized our *Product Development Project Management Measures* and *Achievement Awards for Product R&D Projects Management Measures*. We refined the approval process for R&D projects, boosting the project development efficiency, and improved the details and procedures of R&D rewards to foster innovation.

We have built an R&D team focused on nature and health, food safety, quality, scientific nutrition, and advanced technologies, providing strong knowledge and technology support for driving innovation development. Within the reporting period, through multi-channel recruitment, school-enterprise cooperation, and industry talent exploration, we introduced numerous R&D specialists in tea raw material research, process research, beverage R&D, etc., continuously enhancing the professional skills and expertise of R&D team.

We regard building and enhancing R&D capabilities as a key part of our R&D management. In 2024, we launched internal training and career development programs for our R&D staff, covering everything from basic skills improvement to advanced technology seminars, with the aim of strengthening professional technical capabilities and breaking down knowledge barriers. Additionally, we've collaborated with leading universities and research institutions to host lectures and technology-sharing sessions, creating a fast track for integrating cutting-edge technologies into our R&D practices. By the end of the reporting period, Nongfu Spring had 137 full-time researchers, and R&D expenditure reached RMB306 million.



Inviting Experts from the Tea Research Institute, Chinese Academy of Agricultural Sciences for Special Sharing

Within the reporting period, we invited experts from the Tea Research Institute, Chinese Academy of Agricultural Sciences to conduct training sessions and exchanges on *Comprehensive Overview of Tea Quality Characteristics and Their Influencing Factors*. Through such activities, we further enhanced our understanding of fundamental theories and research advancements related to raw tea material quality, strengthened collaboration with leading research institutions in the industry, and provided robust support for product innovation and upgrading.

• Innovative Results

Nongfu Spring takes advantage of its resource and technological strengths to closely align with consumer needs, addressing key challenges in innovation. We are committed to achieving continuous breakthroughs in product development, processes, and design. Within the reporting period, we focused on nutrition and health factors, gained deeper insights into market demands, upgraded our processes, and achieved numerous innovative results.

■ Innovation Showcase



Philosophy Innovation — Technology Embodies the Beauty of Seasonality

Adhering to the innovative concept of Seasonal Consumption philosophy, Nongfu Spring has pioneered an industrial standardization model to deliver fresh seasonal produce like tea and oranges to consumers nationwide. For three consecutive years, the Longjing New Tea has raced against time, enabling people across China to savor the Spring Essence of Jiangnan through technological empowerment that captures the ephemeral beauty of seasons.



Product Innovation – 17.5° Orange Juice Upgrade

During the reporting period, Nongfu Spring's 17.5° Orange Juice underwent a comprehensive upgrade, now exclusively using 17.5° navel oranges sourced from the company's cooperative planting base. Benefiting from the region's superior natural conditions and Nongfu Spring's years of accumulated cultivation expertise, every orange meets high-quality standards. The entire production process of freshly squeezed 17.5° Orange Juice—from cultivation to juice extraction—is completed through an integrated process at our facility. Freshness is nature's gift, and we honor this innate quality while striving to deliver this natural essence to our consumers.



Process Innovation - Long-term Stability Breakthrough

At Nongfu Spring's Xinfeng Factory in Jiangxi, the maximum single production time for 100% NFC orange juice is extended for nearly one time through process innovation, significantly reducing the number of cleaning cycles. This process innovation not only significantly enhances production efficiency and ensures the timeliness of 100% NFC freshness but is also expected to prevent the raw material loss of 117 tons of fresh orange juice annually. This technological advancement reduces food waste and greenhouse gas emissions, achieving a win-win outcome for both environmental protection and economic benefits.



Design Innovation - Introducing Edible Ice Cups

Within the reporting period, Nongfu Spring introduced new edible ice cups, offering a fresh experience to the beverage market. The design of ice cups prioritizes both practicality and convenience. The unique structure ensures that ice cubes melt at an ideal pace, keeping the drink cool for a longer time without diluting its flavor because of fast melting. This allows consumers to enjoy a refreshing, cool beverage with a pure taste for an extended period.



Packaging Material Innovation - Optimization of 1.5L Bottle Handles

To enhance the user experience across various scenarios and for different consumer groups, Nongfu Spring carefully assessed market demands and developed specially designed handles with better adaptability. Within the reporting period, we improved the handle design by optimizing its structure without increasing raw material usage. The new design increases the contact area between the handle and the fingers, improving the comfort for consumers when holding it. Additionally, the handles are designed to stack neatly, ensuring they work seamlessly with automatic buckling equipment.

■ **Open Innovation Collaboration**

Nongfu Spring continues to strengthen its resource integration efforts, collaborating with various partners to build a technology R&D and innovation system that combines industry, academia, research, and application. We aim to create an opening ecosystem for development cooperation, striving to generate industry value that benefits the entire industry chain. Within the reporting period, we partnered with external institutions such as the China National Research Institute of Food and Fermentation Industries and the China Food Information Center, achieving significant progress in the industrial application of non-reconstituted orange juice and in understanding consumer perceptions of nutritional elements.



“Key Technology Innovation and Industrial Application of Not From Concentrate Orange Juice Industry”, Winning the First Prize of Science and Technology Progress Award of China Light Industry Council

The “Key Technology Innovation and Industrial Application of Not From Concentrate Orange Juice Industry” project, in which Nongfu Spring participated, won the first prize of Science and Technology Progress Award of China Light Industry Council this year. In collaboration with the China National Research Institute of Food and Fermentation Industries and other partners, we addressed technical challenges in authenticating not from concentrate orange juice. We also innovated the Food Authenticity (FA) certification model, enabling digital expression and trust transmission of the true attributes of not from concentrate orange juice. Through open innovation collaboration, Nongfu Spring has helped extend the citrus industry chain, adding value to products. We also developed 17.5° juice products made from navel oranges in southern Jiangxi, offering consumers high-quality NFC orange juice, while driving technological advancements and high-quality development in the food industry.



Nongfu Spring Cooperating with China Food Information Center to Research Consumer Awareness of Sugar, Sodium, and Fat

To further support the “three reduction, three health” initiative of the Healthy China Initiative, raise consumer awareness about the importance of reducing salt (sodium) intake, and encourage healthier behaviors, Nongfu Spring collaborated with the China Food Information Center. Together, we conducted research and surveys to assess consumer knowledge, attitudes, and behaviors regarding dietary sodium, salt, sugar, fat, and related topics. The findings will provide valuable insights and materials for future scientific studies and public health campaigns on “balanced diets”.

● **Achievements Protection**

Nongfu Spring places significant emphasis on transforming innovative achievements and managing intellectual property. We comply with the *Patent Law of the People’s Republic of China*, the *Trademark Law of the People’s Republic of China*, the *Copyright Law of the People’s Republic of China* and other laws and regulations, and formulate institutional documents such as the *Intellectual Property Management System* and the *Patent Reward System* to clarify the intellectual property management process. Since 2016, we have passed the national certification of GB/T 29490-2013 *Enterprise Intellectual Property Management* and continue to maintain compliance with these standards through annual audits, ensuring the effectiveness and standardization of our intellectual property practices.

We have robust intellectual property protection strategies in place before and after product launch. We respect the intellectual property rights of others while safeguarding our own.

Before Product Launch

- Before going public, products must undergo reviews by various departments, including scientific and regulatory, intellectual property, and legal departments. Searches are conducted for intended trademarks, designs, and technological points, and timely applications for protection are made for newly generated trademarks, patents, and copyrights.



After Product Launch

- Efforts are made to monitor similar trademarks and counterfeit products in the market, actively address feedback from relevant authorities regarding “brand imitation”, and take action against illegal activities.

According to the *Patent Reward System*, we provide annual incentives to employees for patents, including inventions, utility models, and designs, to continuously encourage innovation. We also actively apply for patent awards at various levels, fully recognizing and honoring our employees, while highlighting the value of innovation.

To further ensure the implementation of intellectual property protection strategies and institutional requirements, Nongfu Spring conducts regular intellectual property training and exams for employees, enhancing their awareness of intellectual property protection.

Training on Intellectual Property Rights

- Targeted at employees in branding, design, R&D, e-commerce, marketing, and other departments, the training content includes trademarks (brand and trademark, infringement cases, etc.), copyright (compliant use of fonts, images, etc.), and patents (the value, acquisition, and implementation of patents).

Special R&D Training

- Training on packaging material and equipment R&D is conducted (patent protection of appearance and structure; patent analysis of packaging materials), to reinforce the intellectual property protection awareness at the R&D end.

Factory Training on Technical Confidentiality

- Training on information security for factory suppliers, accounts, and materials is conducted to enhance the intellectual property and technical confidentiality awareness of factory employees.

Within the reporting period, we conducted specialized training for quality engineers on various aspects, including basic intellectual property knowledge, patent conversion from technological renovations, and trade secret protection. Meanwhile, training on the new system based on the *Enterprise Intellectual Property Compliance Management System – Requirements (GB/T 29490-2023)* was conducted for relevant departments, further clarifying the requirements and audit methods for intellectual property management under the new system.



Training on Information Security and Intellectual Property

Within the reporting period, we provided specialized training on *Information Security and Intellectual Property* for quality engineers across our factories nationwide. This training effectively strengthened employees’ awareness and capabilities in information security and intellectual property protection. Participants gained a systematic understanding of methods to safeguard the Company’s information assets, supporting the creation, protection, and application of intellectual property in R&D and production.

By the end of the reporting period, Nongfu Spring possesses 443 domestic valid patents, including 61 new patent applications and 53 newly authorized patents in 2024. Our innovative R&D achievements have received widespread recognition. In 2024, the Nongfu Spring trademark was included in the “Catalog of Key Trademarks for Protection in China’s Light Industry”.

SAFETY AND QUALITY

Nongfu Spring is committed to ensuring the highest standards of product quality and safety, consistently offering consumers trustworthy and carefully crafted choices with safety and reliability guarantee. We have developed a closed-loop product quality assurance system that covers raw material procurement, R&D, manufacturing, and sales, consistently driving the standardization of quality management to ensure that every step meets the highest standards.

• **Quality-management Structure**

Nongfu Spring strictly complies with laws and regulations such as the *Food Safety Law of the People’s Republic of China*, the *Regulations on the Implementation of the Food Safety Law of the People’s Republic of China*, and the *Provisions on the Supervision and Administration of the Implementation of Main Responsibility for Food Safety*. We have formulated quality management systems such as the *Product Responsibility and Publicity Policy*, the *Quality Food Safety Environment Comprehensive Management Manual*, and the *Sales Quality Management Measures*, along with a series of quality standards, establishing clear quality management processes and stringent quality standards. Within the reporting period, we updated and revised 34 quality management specifications and introduced 7 new ones, further enhancing quality process management and control requirements.

Nongfu Spring has established a three-level quality-management structure: (1) Company management, (2) Headquarters Quality Assurance Department, and (3) Quality Assurance Departments of all production bases, and food safety roles such as food safety officers, food safety directors, and food safety personnel were established at various levels across our factories, to ensure clear responsibility for quality management and oversee the implementation of quality control measures at the grassroots level. Meanwhile, by implementing quality control across the entire product lifecycle, we have made significant progress in developing our quality management system, building a quality culture, enhancing digital quality management, and strengthening quality monitoring and auditing. We successfully met our annual product quality and safety goals, showcasing Nongfu Spring’s strong quality management capabilities.



To further standardize and improve the assessment criteria for raw tea leaves, ensuring consistent tea quality and product flavor, Nongfu Spring, on top of establishing a sensory analysis team, organized 4 specialized training sessions and certifications for tea tasters within the reporting period, with a total of 93 individuals obtaining tea taster qualification certificates. We have set up a reward fund for outstanding tea tasters, providing both material and spiritual rewards to help them enhance their sensory evaluation skills for tea leaves, thus continuously infusing professional momentum into the assessment of raw tea quality and flavor. In addition, through various measures such as on-site coaching at suppliers and evaluation exchanges, we have continuously improved the evaluation skills of our core tea suppliers, taking strides together towards the goal of creating higher-quality tea beverages.

■ **Quality Assurance at the Production End**

Nongfu Spring implements stringent control over the production process. By establishing a “quality” file for each product, conducting routine production quality inspections, and relying on intelligent and digital production systems, we ensure that every product meets the requirement of quality standards before leaving the factory and entering the market.



Information Interconnection

Nongfu Spring continuously advances the digital construction of quality management work. Through the Quality Management System (QMS) integration with the Warehouse Management System (WMS), Manufacturing Execution System (MES), and Supplier Relationship Management (SRM), information is seamlessly interconnected, ensuring the association and traceability of storage, production, and inspection data, further enhancing work efficiency and data accuracy.



Personnel Training

To enhance employees’ awareness of food safety risks, Nongfu Spring headquarters conducts annual food safety knowledge exams for factory general managers and relevant responsible personnel. Through the organization of food safety and quality activity months, factories standardize site management and elevate quality awareness among production staff.



Quality Improvement

For some production lines, factories established QCCs for special improvements, identifying, exploring, and addressing potential issues in the production process to ensure the effective achievement of quality objectives.



Training and Assessment on Quality Standards for Management Cadres in Nongfu Spring Factories

In order to promote factory management cadres to actively learn quality standards, continuously improve their quality knowledge and skills, and improve factory quality management level, within the reporting period, Nongfu Spring organized 297 factory management cadres to take an exam on 28 quality control documents including the *Production Line Production Process and Quality Control Manual* and rank and publicize. In the future, exams will be conducted for factory foremen to enhance the mastery of quality skills among grassroots managers.

■ **Quality Assurance at the Sales End**

Nongfu Spring has established a comprehensive system for quality assurance in the product sales process. We enforce strict standards for product transportation, storage, and shelving by distributors. Channel quality assurance officers are assigned across the national sales market, and regular spot checks are conducted on products in circulation. Through consistent quality inspections, training, and evaluations, we ensure that products throughout the sales chain adhere to quality management standards.

Distributors

- Institutional guarantee: The *Purchase, Sale and Storage Management System for Distributors* and a plan for managing aged inventory at the regional level have been developed, clearly defining management of product demand orders, distribution returns, and penalties for delayed terminal distribution; the distributor contract specifies warehouse configuration, storage, and quality management for distribution.
- Supervision and management: We establish a dedicated inspection team responsible for overseeing and assessing product quality across the entire supply chain for customers nationwide; potential distributor risks are promptly warned against, with follow-ups on regional stock age adjustments; clear requirements are set for distributor storage conditions and team configurations based on their scale.
- Comprehensive measures: Online and offline training sessions were organized for distributors to learn product management related systems and excellent stock age management experience. In 2024, a total of 875 online and offline distributor training sessions were conducted, with 26,768 participants, and 2,289 courses on 713 topics were launched for online learning.

Vending Machines

- Standard management: We have developed the *Measures for the Management of Vending Machines and a Guide Manual for Handling Failure of Vending Machines* for standardized management, aiming to reduce vending machine malfunctions.
- Efficient maintenance: We optimize the equipment repair process, strengthen equipment adjustment and systematic integration, and enhance the timeliness of equipment repairs.
- Retention pre-warning: Alerts are issued for products stored beyond 180 days, reminding distributors to timely replace them to avoid the presence of any expired products.
- Intelligent routing: Replenishment efficiency is improved with smart planning of routes based on system suggestions.

■ **After-sales Quality Assurance**

Nongfu Spring has established an after-sales quality assurance system, focusing on ensuring product traceability and targeted quality improvement. While ensuring that all sold products can be traced, we strengthen the analysis of consumer feedback and focus on improvements, achieving closed-loop handling and efficient correction of quality issues.

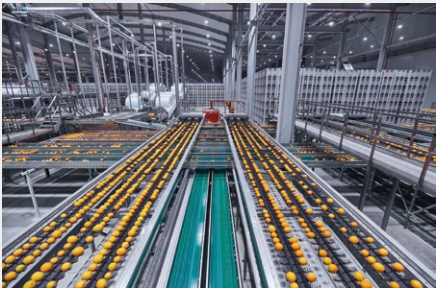
Customer Feedback Analysis and Quality Improvement Initiatives of Xin’an River Factory and Mount Emei Factory of Nongfu Spring

In 2024, the Zhejiang Xin’an River Factory and Sichuan Mount Emei Factory of Nongfu Spring focused on customer feedback, implementing robust quality improvement measures such as precise temperature control of contents, standardized membrane equipment cleaning, process monitoring of capping angles, and introducing new equipment. These efforts led to an increase in product qualification rates and a significant reduction in customer complaint rates.

Each Nongfu Spring factory conducts annual product recall drills in line with the *Product Recall Procedure*. These drills simulate the information tracing and product recall process, covering everything from raw material procurement and inventory to production, storage, and shipment sales. We rigorously review recall drill reports from each factory and conduct random spot checks on product traceability throughout the entire process to ensure the recall process remains legal and compliant. During the reporting period, there were no incidents in which products (including agricultural products) sold or delivered in Nongfu Spring had to be recalled for safety and health reasons.

• **Intelligent Quality Management**

Nongfu Spring actively embraces the digital transformation strategy, deeply integrating intelligent digital technology into all aspects of business operations and production. Leveraging advanced detection systems and a full-chain digital system, it empowers quality management, achieving credibility, visibility, and traceability in production processes and logistics system management, thereby ensuring product quality in all dimensions.



Non-invasive Sugar and Acid Testing of Navel Oranges to Guarantee the Quality of Fresh Fruit

For juice products, high sugar content, appropriate acidity, and natural aroma are crucial for navel oranges. For fresh fruit products, navel oranges must meet high standards both externally and internally. Nongfu Spring employs a world-leading non-invasive sugar and acid testing system and an online electronic photography system (which takes 40 photos of each orange to analyze its appearance). The non-invasive sugar and acid testing system, with 0.2% accuracy, guarantees the internal quality of each orange. After the navel oranges for juicing are selected, the navel oranges categorized as fresh fruits will undergo a secondary sorting process. The instruments used in the second-level sorting are more sensitive, capturing 150 photos of each orange and utilizing a more precise non-invasive sugar and acid testing system to reduce manual operation errors. Based on rigorous data analysis, the system classifies oranges into Diamond, Platinum, and Gold grades. This precise detection helps ensure the quality of every Nongfu Spring 17.5° orange.

Digital Force behind the Sale of 50,000 Cartons of Longjing New Tea in One Hour

Within the reporting period, the second batch of Nongfu Spring's Oriental Leaf Pre-Qingming Longjing New Tea sold out 50,000 cartons within an hour of its launch, while the first batch of 50,000 cartons was sold out in just 17 hours. Each year, Pre-Qingming Longjing New Tea is characterized by its freshness, with the entire supply chain, from tea picking, bottling, listing, to shipment, completed with in as soon as five days, supported by a powerful digital system.

On the raw material and production side, Nongfu Spring has incorporated key raw material suppliers into end-to-end digital management across all production stages. For specific raw materials like tea leaves, the supply chain places particularly strict requirements on suppliers' timeliness. On the production end, through supply-production collaboration, Nongfu Spring has fully digitized the order delivery chain. This allows for online and visual tracking of raw materials across every stage, from demand planning and inventory management to order placement, fulfillment, delivery scheduling, shipping status, and factory entry appointments. On the logistics end, thanks to digital system construction and transformation, Nongfu Spring's product loading efficiency has been significantly enhanced, reducing the waiting time for distributors to place orders and factory delivery to less than 24 hours and controlling the time for transportation by truck to consumer markets across the country within three days. For road transportation, Nongfu Spring's average delivery time is only 1.5 days, meaning consumers can taste that year's Pre-Qingming Longjing New Tea as soon as 7 days after picking. Nongfu Spring responds not only to consumers' demand for fresh and good tea with digitalization, but also to the industry's expectation of digitally empowering traditional manufacturing industries.



• **Quality Monitoring and Audit**

To verify and ensure the effectiveness of its quality assurance system, Nongfu Spring has implemented a quality supervision mechanism that spans from new product R&D to final product inspection before shipment. With thorough and comprehensive oversight, quality control is integrated into every step of the production process, strengthening the quality defense for each product.

During the new product R&D stage, we continue to preliminarily manage quality risks. Through cross-departmental collaboration between the quality and R&D teams, we evaluate new product formulas, processes, and equipment to identify potential quality risks in advance. At the stage of final factory inspection, we employ professional inspectors and independent laboratories to rigorously test according to quality standards, ensuring products meet national food safety standards and our corporate standards.

We consistently enhance the supervision and evaluation of key processes, offering regular support, rewards, and penalties to the individuals responsible for these processes based on monthly performance rankings. Within the reporting period, we revised the *Factory Quality Supervision and Inspection Management Regulations*, breaking down factory system inspections into inspections of each key process and incorporating the inspection results into the factory's annual performance evaluation. This approach strengthens management in factory quality processes and effectively implements quality management responsibilities.

The Company's audit department conducts quality audits for core and critical product categories annually, covering the entire process from raw materials, inspection, production, and sales, as well as quality audits for suppliers. These audits aim to promptly identify and address potential risks, promoting quality improvement across the entire product chain.

Audit of Tea Leaf Raw Material Suppliers

Within the reporting period, Nongfu Spring conducted special audits on green tea and jasmine tea suppliers, focusing on the compliance of the quality management system and key indicators related to pesticide residue testing. Through these audits, we refined the access standards for tea leaf suppliers, enhanced assessment criteria, and mandated that non-compliant suppliers address their issues. If suppliers fail to meet the requirements after rectification, their qualification for cooperation will be revoked.

• **Quality Culture Construction**

Nongfu Spring places great emphasis on fostering a quality culture, consistently improving quality control awareness among all employees and promoting a commitment to excellence in quality. We have formulated regulations such as the *Training Management Measures of the Quality Assurance Department* which clarify the requirements for quality training. Additionally, we regularly conduct training related to quality assurance and food safety for employees through special activities such as the Quality Training Camp. Within the reporting period, we comprehensively updated the courses offered at the Quality Training Camp, promoted quality training before the commissioning of new factories, and organized centralized training for relevant key process leaders, effectively enhancing internal quality management capabilities.



The Quality Training Camp curriculum was comprehensively updated, with 52 course materials revised and 8 new materials added within the reporting period.



We conducted pre-production quality and compliance guidance for multiple new factories including Damingshan Factory in Guangxi, Anhui Huangshan Factory, Qingxi Factory in Zhejiang, and Baisha Factory in Zhejiang, along with on-site quality management and management system operations trainings.



We conducted centralized training for the new factory and newly appointed primary process responsible persons. A total of 18 primary process training sessions and examinations were successfully completed, with approximately 360 participant attendances.

In 2024, Nongfu Spring launched its 6th Quality Control Circle (QCC) activity. A total of 329 quality improvement projects were initiated, focusing on enhancing consumer satisfaction, reducing process defect rates, implementing critical quality enhancements, and strengthening non-conforming item sampling inspections. Meanwhile, we commended and publicized outstanding improvement projects to foster a quality value of continuous improvement and cultivate a company-wide culture of quality improvement participation.



• **Participation in Standard Revision**

Nongfu Spring has been actively involved in the development of industry standards. Taking advantage of its resource and technological strengths, it is committed to collaborating with multiple stakeholders in establishing standardized, high-level industry systems. Since its establishment, Nongfu Spring has signed 12 national standards, 11 industrial standards, 3 local standards, and 26 group standards.

Within the reporting period, we participated in the drafting and revision of multiple national, industry, or association standards.

 National Standard	GB/T 18916.65-2024 Norm of Water Intake for Industry – Part 65: Beverage
 Industry Standard	QB/T 8000-2024 General Requirements for Gluten-Free Foods
 Group Standards	T/ACEF 168-2024 Guidance on Corporate Environmental, Social and Governance (ESG) Evaluation T/SSFSIDC 020-2024 General ESG Corporate Evaluation Specifications T/CBIA 013-2024 Requirements of the Greenhouse Gas Emission Accounting and Reporting – Beverage Enterprises T/CNFIA 187-2024 Hygienic Standards for the Production and Operation of Food Ice T/CNFIA 188-2024 Technical Requirements for Smart Coffee Beverage Equipment TCBIA/010-2024 Nutritional Beverage TCBIA/011-2024 Rapid Detection Methods for Pseudomonas Aeruginosa in Packaged Drinking Water TCBIA/012-2024 Electrolyte Beverages

RESPONSIBILITY AND SERVICES

Nongfu Spring, adhering to a high sense of responsibility towards consumers, continuously promotes compliant marketing management. It is dedicated to creating authentic and transparent marketing and publicity media, building a trust bridge with consumers. We always prioritize customer-centric principles, continuously enhance customer experience, and protect consumers' legitimate rights and benefits through practical actions.

• **Responsible Marketing Management**

Nongfu Spring strictly adheres to relevant laws, regulations, and standards including *Advertising Law of the People's Republic of China*, *Food Safety Law of the People's Republic of China*, *Regulations on the Implementation of the Food Safety Law of the People's Republic of China*, *National Food Safety Standard: Prepackaged Food Labelling Guidelines* (GB 7718), *National Food Safety Standard: Prepackaged Foods Nutrition Labeling Guidelines* (GB 28050). In addition, the company has established internal policy frameworks, such as *Product Responsibility and Publicity Policy*, *Management Measures for We-Media Account Operation*, *Advertising Review and Release Process & New Media Third-Party Release Material Review Process* to standardize the management of marketing publicity and product labeling.

We promise to provide accurate and balance information about the company's products or services in the marketing process, while avoiding providing misleading information to customers about other products of the same kind. Furthermore, we reject exaggerated claims about the social and environmental impacts of our work or our products and services, conduct truthful product promotion based on facts, and pay attention to protecting vulnerable market segments, including children and the elderly.

• **Responsible Marketing Audits**

We have established a clear and rigorous advertising-placement review mechanism. Before the placement of advertisement and the release of new-media materials, multi-departmental content reviews are jointly carried out, followed by post-placement audit spot check to form a closed loop of responsible marketing. We continuously provide responsible marketing training and publicity for employees. The theme content covers various fields such as e-commerce language operations, media strategy placement, media communication, media data utilization, sports communication, and new product development, aiming to enhance employees' awareness of compliant marketing.

In addition, we have incorporated responsible marketing audits into routine corporate audits, and regularly conducted comprehensive reviews of compliance execution across media placement channels to continuously mitigate marketing risks. Within the reporting period, Nongfu Spring conducted two representative types of responsible marketing special audits to effectively prevent and identify potential risks in the marketing and publicity process.

Gold Dragon Water Media Placement Audit

Within the reporting period, we carried out an inspection of the Gold Dragon Water giveaway event in 42 regional divisions, covering multiple channels such as the “Water Delivery to Home” mini-program, Taobao, JD.com, and Pinduoduo. The audit found that the official lottery activities had been notarized by a third-party and were compliant in terms of procedures. However, the “anti-fraud” mechanism of the lottery mini-program needed to be enhanced. The Brand Center has since communicated with the supplier to further improve the security mechanisms.

Special Audit on the “Water Delivery to Home” Order Delivery

Within the reporting period, we conducted a special audit on the “Water Delivery to Home” orders. The audit revealed that due to the heavy delivery workload, there was room for improvement in the accuracy of estimated delivery times. Subsequently, we optimized the standards for setting delivery timeframes to prevent a sub-par consumer experience.

• **Responsible Brand Communication**

Nongfu Spring believes in the profound power of responsible communication. We are committed to conveying the craftsmanship behind each product and interpreting product value to consumers through brand promotion. In 2024, Nongfu Spring’s Water Source Area Exploration activities received extensive attention, further highlighting the brand’s responsible image.



Nongfu Spring Water Source Area Exploration and Promotion Campaign

Within the reporting period, Nongfu Spring invited over 150 media influencers to explore water source areas, including the Changbai Mountains in Jilin, Mount Emei in Sichuan, Mount Wuyi in Fujian, and Wuling Mountain in Guizhou. By showcasing the natural landscapes of these water source areas on various new media platforms through media influencers and providing participants with firsthand experiences, the activities offered concrete evidence that every drop of Nongfu Spring water comes from high-quality natural sources. With a total exposure of 600 million views, these activities contributed to the promotion of ecological protection, reinforcing Nongfu Spring’s image as a responsible brand and product.

• **Consumer Service**

Nongfu Spring places utmost importance on consumer services. We fully consider consumer needs throughout the entire process of product R&D, sales, and after-sales support to continuously optimize service processes and deliver exceptional experiences. We have established robust consumer privacy protection mechanisms to safeguard personal privacy security.

■ **Customer Experience**

Consumer need insights are systematically incorporated into product lifecycle management. We have integrated the customer-oriented service philosophy into every stage of product development, sales, and post-sales support, embedding a customer-oriented philosophy to address market pain points, enhance satisfaction, and build industry-leading service standards.

Product Development

- **Consumer Need Insights:** We employed internal and external marketing teams to conduct consumer analysis, consumer taste research, etc. to develop products that better meet consumer needs.
- **Quality Improvement through Sensory Evaluation:** We recruited sensory analysis teams to form different evaluation groups, and conduct comprehensive training, assessment, and incentives for tea tasters to help improve product flavor and quality control.

Product Sales

- **Enhancing Sales Convenience:** We have created a "quarter-hour convenience life circle" and deployed 24-hour vending machines in communities to meet the needs of home users for wholesale water and large-package water.
- **Addressing Seasonal Consumption Demands:** In view of consumers’ consumption habits of drinking warm beverages in winter and cold ones in summer, we increase the deployment of summer freezers and winter warmers at sales outlets to provide consumers with seasonal consumption choices.
- **Standardizing Sales Services:** we managed distributors strictly according to *Distributor Cooperation System and Purchase, Sale and Storage Management System for Distributors* to ensure the quality of sales services.

Product After-sales

- **Establishing a Customer Service Assessment System:** We have established a customer service assessment system around two modules of business performance and execution to elevate customer service quality.
- **Empowering Customer Service Professional Capabilities:** We optimize the comprehensive capabilities of customer service staff and implement training to focus on strengthening their crisis response capabilities.

In 2024, we further optimized customer service processes. Focusing on the core objectives of “enhancing language recognition capabilities + improving urban-area physical presence”, we continuously enhanced the learning capabilities of the intelligent robot for telephone customer service, achieving 24-hour service for procurement-related calls. Within the reporting period, the accurate response rate of Nongfu Spring’s intelligent robot customer service hotline for procurement-related calls increased from 90% in 2023 to over 96%.

■ **Customer Feedback**

Nongfu Spring listens attentively to every opinion and suggestion from consumers and seriously addresses and handles consumer demands. We have established a standardized and efficient customer feedback process to ensure that every received feedback is responded to and processed in a timely manner.

In 2024, we further improved the complaint dispatching and follow-up model, optimized the automated outbound call prompt, and promoted the combination of complaint follow-up system warnings and human intervention, effectively improving the efficiency of complaint handling. Within the reporting period, Nongfu Spring received a total of 8,696 pieces of various types of consumer complaint feedback. The complaint follow-up rate and processing rate reached 100%, and the consumer satisfaction rate reached 99%.

Feedback Processing

- **Strengthening Customer Service Assessment:** We comprehensively assessed customer services from the aspects of business, skills, specifications and comprehensive capabilities, and motivated customer service personnel to set business objectives. By giving tailored tutoring towards the weakness of customer service personnel according to the assessment results, we continuously improved the customer service level.
- **Applying Intelligent Processes:** We improved the efficiency of work order information query and realized the online retrieval and monitoring of customer complaints by upgrading an intelligent customer service platform.

We have established a comprehensive public opinion monitoring framework, actively analyzing both public opinion data and consumer feedback to respond to external concerns with authenticity and sincerity. Within the reporting period, we implemented our Industry-leading search system, which significantly expanded our monitoring scope and promotion channels while enhancing outreach efficiency. Through our innovative public opinion management strategy, we achieved continuous, multi-channel, multi-terminal information dissemination across the entire network. Simultaneously, we proactively gathered market demand intelligence throughout our public opinion management processes, accelerating the translation of consumer needs into tangible product innovations. Notably, through our analysis of market feedback within the reporting period, we successfully relaunched our upgraded “100% Tomato Blended Fruit-vegetable Juice”, which has been exceptionally well-received by our consumer base.



By heeding consumer voices, Farmer’s Orchard Tomato Juice has made an upgraded return to the market

Originally launched in 2003, Farmer’s Orchard Tomato Blend Juice quickly garnered a loyal consumer base and became a cherished product over nearly two decades. In 2022, its production was temporarily paused due to product line optimization, prompting widespread appeals from devoted fans across multiple channels for its revival.

Within the reporting period, we proactively responded to consumer demands by reintroducing the comprehensively upgraded version of Farmer’s Orchard Tomato Juice. The enhanced product features superior tomato ingredients and refined production techniques, resulting in a richer flavor profile and more balanced nutritional content – a direct response to our consumers’ enduring affection and support for the product. Recognizing the loyalty of consumers who had previously expressed their support on social media platforms, we promptly distributed complimentary samples of the new Farmer’s Orchard 100% Tomato Juice, encouraging them to continue sharing their personal stories and consumption experiences with our brand.

Public Opinion Management

- **Intelligent Public Opinion Management System:** We employ AI, big data analytics, and machine learning for the monitoring and analysis of public opinion. This allows for immediate access to public opinion, significantly improving our monitoring scope and enhancing the timeliness of our sentiment surveillance.
- **Comprehensive System and Structure:** We have formulated the *Public Opinion Monitoring Manual and the Public Opinion Monitoring and Management Rules*, which establish a coordinated mechanism across multiple departments. This clarifies the roles of personnel, the process for handling public sentiment information, ensuring swift capture of information, and minimizing the risk of sentiment escalation.
- **Personnel Training:** We select public opinion monitoring team leaders, conduct monthly quality checks of responses to public opinion, compile exemplary cases, and organize periodic training on responding to public opinion. This approach aims to improve the handling of public sentiment in aspects of timeliness, accuracy, discernment, and approachability.

■ Privacy Protection

Nongfu Spring has implemented a robust information security management system, consistently advancing our data and privacy protection practices to maintain a secure, orderly, and reliable business operating environment.

We strictly adhere to relevant laws and regulations, including the *Cybersecurity Law of the People’s Republic of China* and the *Personal Information Protection Law of the People’s Republic of China*. Our comprehensive framework includes the *Account and Password Management Specifications*, *Terminal Customer Data Management Measures (Trial)*, and a unified *Data Management System* applicable across Nongfu Spring’s headquarters and all subsidiaries. Within the reporting period, we enhanced our internal protocols by updating the *Information Security Management Handbook*, *Measures for the Management of Employee Information Security Behaviors*, and the *Emergency Response Plan for Webpage Tampering Prevention*, thereby strengthening our requirements for data classification, quality, and security management. Our information security governance is overseen by the Board of Directors and coordinated by the Chief Information Officer, establishing a solid foundation for effective information security management.

Through comprehensive evaluation of information characteristics across various business operations and scenarios, we implement targeted information security protection measures.

Information System Protection

- **System Guarantee:** Nongfu Spring has established a comprehensive information security management system that includes access control rules for information systems, emergency response protocols for security incidents, and secure development practices.
- **Disaster Recovery Drills:** We have maintained a comprehensive disaster recovery system and have formed a disaster recovery emergency response team to conduct regular disaster recovery drills each year covering critical systems such as ERP and finance. This year, we conducted three rounds of disaster recovery drills on business-critical systems supporting marketing operations, ensuring rapid operational recovery during emergencies to minimize financial losses caused by service disruptions.
- **Strengthening Vulnerability Analysis and Remediation:** We implemented a new vulnerability scanning tool this year, conducting periodic scans and analysis that identified and remediated dozens of application vulnerabilities. Additionally, we engaged third-party experts to perform two penetration tests, implementing multi-layered safeguards to enhance network and application security.

Consumer Privacy Protection

- **Strengthening User Notification and Informed Consent:** This year, we updated the Privacy Policies for Sesame Store, the “Water Delivery to Home” App, “Nongfu Spring” mini-program, and official accounts. These updates included detailed lists and explanations of mobile device permissions, enhanced transparency regarding the scope and purposes of user data collection, and the introduction of pop-up privacy policy notifications within the app to ensure compliance with legal and regulatory requirements.
- **Strengthening De-identification Management:** We optimized our existing technology based on mainstream e-commerce platforms’ privacy protection solutions, expanding the scope of de-identification for sensitive data in application orders (including names, phone numbers, addresses, etc.), and broadening the range of applications covered by technology.
- **Optimizing Information Security Issue Detection Channels:** We optimized the reporting mechanisms for privacy-related issues by integrating user self-reporting with internal IT monitoring, thereby broadening our information collection channels.

Employee and Business Information Protection

- **Strong Password Policy:** We have implemented a strong password policy for key positions to reduce the likelihood of account misuse and decrease phishing email occurrences.
- **Network Isolation:** The Wi-Fi of employees and visitors was separated, and both required authentication to access the Internet. The office network and the production network were isolated by network devices such as firewalls. Each business domain network was isolated by network equipment.
- **Reporting Process Establishment:** An information security incident reporting process has been developed, allowing employees to report incidents to the IT operations and security departments for coordinated resolution with external resources and authority.

Conducting Third-party Vulnerability Testing

Within the reporting period, we collaborated with the Office of the Central Cyberspace Affairs of China’s Cyber Protection Campaign to conduct cyberattack-defense drills. Through simulated hacker attacks, we enhanced our real-world defensive capabilities, prevented potential data breaches, and earned the title of “Outstanding Defender”. We also performed penetration testing on Nongfu Spring’s “Water Delivery to Home” application to identify and remediate vulnerabilities that could compromise user and administrator accounts, passwords, and other sensitive data, significantly reducing potential security risks.

We conducted routine internal and external information security audits to proactively identify risks and ensure the effectiveness of our information security management systems and practices. Within the reporting period, Nongfu Spring underwent a third-party annual IT audit covering all business lines and critical systems, including factory production systems, office platforms, account management systems, and HR/financial infrastructure. We have implemented improvements to address issues and recommendations identified through these audits within the reporting period.

Nongfu Spring has accelerated the standardization of its information security framework. By the end of the reporting period, thanks to its relatively comprehensive information security management system, the Company passed the second-level certification of information security level protection issued by the Ministry of Public Security of the People’s Republic of China. Additionally, the Management System of Nongfu Spring Sesame Store achieved Classified Protection Level 3 certification from the West Lake District Cyber Police of Hangzhou City.

Nongfu Spring recognizes that robust information security requires active participation from every employee. We conduct periodic information security training programs to ensure employees understand and apply fundamental security principles in their daily operations. Within the reporting period, we provided online training on the *Group Information Security Knowledge* course for all employees, covering essential information security principles and practical competencies. We also delivered specialized training for R&D personnel handling sensitive commercial data and confidential materials, focusing on research process data management, intellectual property protection, and R&D output safeguarding. These initiatives have collectively elevated employee security consciousness and fortified our information security defenses.

SUSTAINABLE ECOLOGY

“Lucid waters and lush mountains are invaluable assets” – this important concept and scientific assertion not only underscores the intrinsic value of natural ecosystems but also provides strategic guidance for sustainable development. Globally, green production and green transition have emerged as irreversible imperatives of our era. They represent both a necessary response to environmental challenges and a pathway to high-quality economic growth, while simultaneously serving as critical avenues for enterprises to fulfill social responsibilities and enhance brand value. Nongfu Spring, as a steadfast practitioner of the “natural and healthy” brand philosophy, has always regarded sustainable development as the cornerstone of corporate survival and growth.

While pursuing business expansion, Nongfu Spring continuously improves its management systems and enhances sustainable development across key areas, including environmental stewardship, climate change mitigation, sustainable water management, circular economy development, and biodiversity protection. Recognizing environmental management as the foundation for sustainable corporate development, we have established a comprehensive internal environmental management framework aligned with ISO 14001 Environmental Management System requirements, ensuring effective implementation of ecological protection measures. In addressing climate change, we proactively identify and manage climate-related risks through optimized energy structure strategies and enhanced energy efficiency initiatives, effectively reducing our climate impact. Concurrently, we prioritize sustainable water stewardship via water source area conservation programs and efficient water management practices, safeguarding the rational utilization and Proper protection of water resources. Nongfu Spring is committed to advancing circular economy principles by enhancing packaging material recyclability, reducing resource waste, and promoting resource circularity. Additionally, we actively engage in biodiversity protection, collaborating with governmental agencies, social organizations, and other stakeholders to jointly advance ecological conservation and restoration initiatives. Meanwhile, through technological and operational innovations, we continuously explore new pathways for sustainable development, contributing to the achievement of China’s “Dual Carbon Goals” and the vision of building a Beautiful China.



This chapter corresponds to SDGs



ENVIRONMENTAL MANAGEMENT

Nongfu Spring places paramount importance on environmental protection and sustainable resource utilization. Guided by a robust environmental management system, we actively implement comprehensive environmental stewardship and have established long-term sustainable development objectives across four key dimensions: water use intensity, comprehensive energy consumption intensity, greenhouse gas emission intensity, and packaging material sustainability. These strategic targets serve as the foundation for driving continuous improvements in our environmental governance capabilities.

In strict compliance with environmental protection laws and regulations, Nongfu Spring has developed and continuously refined its internal policies and standards, including the *Sustainable Development Policy*, *Environment and Climate Change Policy*, and *Environmental Protection Measures for Nongfu Spring Construction Projects*. Within the reporting period, we updated the *Nongfu Spring's Technical Guidelines for Environmental Impact Assessment* and the *Water Source Management Measures*, while also introducing the *Sewage Engineering Quality Construction Standards (Trial)*. These updates further standardize and detail environmental requirements, elevating the priority of environmental protection.

To effectively implement and enforce its environmental management system, Nongfu Spring has established a three-tier EHS (Environment, Health, and Safety) management framework. This structure links environmental performance metrics, including energy consumption, greenhouse gas emissions, and water usage efficiency, to the compensation of the Board of Directors and General Manager of the Production and Operations Center, as well as managers at all levels of headquarters, General Managers of production bases, and frontline employees.

Headquarters Leadership

The Executive Director of the Board of Directors and General Manager of the Production and Operations Center provides overall leadership and decision-making for environmental management, overseeing the implementation of environmental management systems and the improvement of environmental performance.

Environmental performance is a key performance indicator for the Production and Operations Center, directly linked to the performance-based salary of the Executive Director and General Manager.

Management at All Levels

Supervision is carried out by all levels of management in the Headquarters Production and Operation Center and functional departments, ensuring alignment between strategies and execution, analyzing environmental management practices, and controlling environmental risks.

Regular audits of energy consumption, water consumption, and *ESG Environmental Performance Regulatory Handbook for Factories* are conducted in accordance with the Factory ESG Environmental Performance Specifications, with environmental performance integrated into overall factory performance evaluations.

Frontline Implementation

General Managers of production bases and frontline employees receive regular training on environmental policies and impact management to enhance capabilities and strictly enforce environmental requirements.

Within the reporting period, Nongfu Spring conducted 5 training sessions on environmental impact understanding enhancement and policy implementation, covering nearly 100 employees involved in environmental management. Additionally, through media campaigns and routine communication, we conveyed Nongfu Spring's "natural reverence" philosophy to external stakeholders such as suppliers, distributors, and consumers, increasing awareness of Nongfu Spring' environmental policies and impacts.



Active Participation in Water and Energy Conservation Management and Training Program in Beverage Industry

Within the reporting period, Nongfu Spring actively participated in water and energy conservation management training programs for beverage industry professionals organized by the China Beverage Industry Association. Through theoretical learning and on-site inspections, the Company's management and technical staff enhanced their awareness and skills in water and energy conservation. They had in-depth exchanges with industry experts and enterprise representatives, and learned advanced experiences and technologies. This training will help us further implement water and energy conservation measures in production, improve resource utilization efficiency, and contribute to the sustainable development of the industry.

Based on the perfect institutional framework and the requirements of the ISO 14001 environmental management system, we use the *HSE Management System Manual of Nongfu Spring Factories* to guide subordinate factories to formulate appropriate environmental protection management systems, standard documents, and emergency plans, conduct comprehensive supervision and control over environmental management work, and continuously improve environmental performance and resource utilization efficiency.

Standardized Comprehensive Management

Through the "One Factory, One File" environmental information file tool, we ensure standardized and holistic management while continuously enhancing environmental performance evaluations.

Multi-tiered, Multi-dimensional Management

The Production and Operation Center at the headquarters provides guidance and supervision, and each production base establishes a management team for self-inspection.

Digitalized Real-time Management

The environmental information statistics system can conduct real-time statistics on energy consumption, water consumption, and waste information, and remotely monitor and operate sewage treatment equipment.

Within the reporting period, Nongfu Spring carried out a total of 13 various environmental protection evaluation projects, an increase of 40% compared with the previous year. At the same time, our environmental information statistics system newly launched 6 standardized audit and acceptance processes, 3 environmental data collection systems, and 1 engineering management supplier evaluation module, comprehensively improving the standardization, timeliness, and transparency of Nongfu Spring's environmental management work.

Nongfu Spring and all its subsidiary water and beverage production factories have 100% obtained ISO 14001 environmental management system audit verification. On this basis, Nongfu Spring conducts environmental audits regularly every year to ensure that all operational areas are covered every three years. In 2024, the environmental audit covered 11 factories. The audit results show overall compliance, with no major risks. Nongfu Spring has not received any environmental penalties due to excessive emissions or other environment or ecological issues in the past three years.

Wastewater Management

The wastewater of Nongfu Spring mainly comes from the cleaning of equipment and pipelines and domestic sewage within the factory area, and the main pollutants are chemical oxygen demand (COD), ammonia nitrogen, etc. To improve the level of sewage treatment, Nongfu Spring continuously optimizes sewage treatment facilities and upgrades sewage treatment processes.



Facility Optimization

Within the reporting period, we upgraded the sewage treatment facilities of 16 factories in total. The investment in related environmental protection equipment exceeded RMB40 million, with an annual growth rate of about 30% in investment amount, and more than 20 problems existing in the installation of sewage treatment facilities in 6 factories were solved.



Process Upgrading

Within the reporting period, we added the Upflow Anaerobic Sludge Bed (UASB) anaerobic treatment process to 7 factories, specifically dealing with the high COD concentration Oriental Leaf tea soup water, reducing its impact on the subsequent sewage treatment process. Meanwhile, we added super magnetic separation water purification facilities to 7 factories, which can reduce the chromaticity of the effluent from the sewage station by more than 75%.

Exhaust Gas Management

The exhaust gas emissions of Nongfu Spring mainly come from the organic exhaust gas generated in the injection molding process, the boiler exhaust gas generated by boiler combustion, and the exhaust gas generated by the wastewater station. The main components of the exhaust gas are sulfur dioxide, nitrogen oxides, and non-methane total hydrocarbons. Nongfu Spring strengthens exhaust gas management by closely monitoring emissions and implementing technological upgrades to reduce pollution levels.



Rigorous Monitoring

Nongfu Spring conducts regular internal monitoring of exhaust gas emissions and engages a third-party institution to conduct monitoring every quarter to ensure that the emission concentration meets national standards.



Technical Transformation

Nongfu Spring continues to advance low-nitrogen transformation and optimize the exhaust gas treatment system. Within the reporting period, the Manas Factory in Xinjiang completed the low-nitrogen combustion transformation. The Anyuan Factory in Jiangxi replaced the fuel oil boilers with gas boilers. So far, all production boilers of the Company's factories have been replaced with natural gas boilers, reducing the generation of combustion exhaust gas. Concurrently, injection molding exhaust gas treatment systems were added to a total of 6 factories.

Waste Management

The solid waste of Nongfu Spring primarily derives from the general industrial solid waste generated in production and operation, mainly including waste metal, paper, plastic, etc., as well as hazardous waste, which largely comprises waste mineral oil, empty waste paint barrels, waste acid and alkali barrels, waste chemical reagent bottles, waste paint residues, etc. Nongfu Spring attaches importance to the full life cycle management of waste and is committed to making it traceable from the source.



Before Waste Generation

By refining material consumption standards and assessment plans, Nongfu Spring reduces material weight per unit without compromising product quality, lowering production defective product and scrap rates.



After Waste Generation

Regular waste statistical analyses lead to factory equipment optimizations based on the findings, aimed at reducing waste generation and emissions.



Waste Recycling and Utilization

Through collaboration with the upstream and downstream of the industry chain, the Company identifies disposal methods of maximizing resource efficiency for each type of waste, establishing a traceable and systematic recycling and reuse chain.

Nongfu Spring has developed the *Factory Solid Waste (Including Hazardous Waste) Classification Reference and Disposal Recommendations*, which categorizes solid waste using a four-color labeling system (red, green, blue, yellow) for systematic management. For hazardous waste, each factory uniformly collects and stores it in the hazardous waste warehouse, and regularly transfers it to a qualified third party for disposal; For general solid waste, the Company establishes a management ledger for the disposal destinations of third-party solid waste and conducts tracking and statistics in combination with on-site visits to ensure that all waste is fully recycled and properly disposed of. According to our tracking results, the disposal destinations of waste Within the reporting period are as follows:



Landfill Treatment

395 tons



Incineration Treatment

Incineration only: 391 tons
Incineration with heat energy recovery: 994 tons



Recycling

Sold for recycling by third parties: 45,609 tons
Co-processing in cement kilns: 522 tons



Other

3,369 tons

In terms of waste recycling and utilization, Nongfu Spring, as always, deepens the construction of a green recycling system. Within the reporting period, about 46,131 tons of waste such as used pallets and waste plastics were recycled and utilized.

PC water buckets	➤	Handed over to a third party to be made into high-value products such as auto parts and stationery bags and suitcases
Scrapped pallets and HDPE waste plastics	➤	Regranulation to make recycled pallet finished products
Transfer packaging materials such as cartons and juice barrels	➤	Recycled within a reasonable range

Nongfu Spring green recycling system

Reducing Food Waste

Nongfu Spring solemnly pledges to combat food waste and has consistently carried out initiatives and projects to reduce food loss, specifically including production process optimization and resource utilization programs for processing by-products. Within the reporting period, we successfully achieved our annual target of “100% resource utilization of processing by-products of tea, pomace, and peel” for reducing industrial by-product waste.

Upholding the principle of minimizing food waste over the long term, Nongfu Spring implements multi-dimensional strategies to reduce food loss. During production and transportation stages, we reduce food waste at its source through optimizing production processes, enhancing food raw material utilization rates, and improving warehousing and logistics conditions to minimize the generation of food waste. In addition, for the generated food waste, we actively collaborate with third parties to advance the efficient utilization of substandard products and residues, exploring recycling pathways for non-food applications, such as composting and animal feed, and aiming to achieve the goal of 100% resource utilization. During the reporting period, a total of 135,192 tons of food waste were reduced through recycling and reuse for non-food purposes.



Orange Pectin



Orange Peel Residue

Recycling of Navel Orange Peel Residue

Beyond orange juice, navel oranges contain multiple “components” including pulp, peel, and seeds. At Nongfu Spring’s Xinfeng Factory in Jiangxi Province, in addition to producing fresh fruits and orange juice, we actively expand the product ecosystem for navel oranges. The use of orange peel residue as a cattle feed formulation was successfully validated in 2023, and within the reporting period, it has been supplied to local cattle farms for operational use. We have actively explored the composting of orange peel residue mixed with livestock manure to produce biofertilizers, which enhances soil organic matter content. Moreover, part of the post-juicing orange is dried to reduce moisture content and supplied to third parties as an exploration of raw material for navel orange pectin production, applicable to products like jam or flourbased goods. Moreover, within the reporting period, the factory utilized over 50,000 tons of orange peel residue through various initiatives, effectively reducing food waste and achieving 100% comprehensive utilization from fruits to by-products.

COMBATING CLIMATE CHANGE

As global actions to address climate change continue to, and with China’s key node of “reaching carbon peak by 2030” is gradually approaching, Nongfu Spring continues to promote its own actions to address climate change around the goal of “reducing the carbon emission intensity by 20% in 2030 compared with 2019”, pays close attention to climate change risks and policy guidance, and is committed to achieving a high-level low-carbon transformation.

Governance

The Board of Directors of Nongfu Spring holds overall responsibility for the leadership, oversight, and decision-making on climate change-related matters, including climate change risk analysis as well as the formulation and review of relevant policies and targets. Climate-related matters have been incorporated into the Board of Directors’ agenda and are reviewed at least annually. The Office of Public Policy and Sustainable Development is tasked with implementing Board of Directors decisions, identifying and assessing climate change risks, proposing suggestions to the Board, guiding departments in adopting mitigation measures, and driving progress toward target fulfillment. Concurrently, we have integrated climate change risk management into the company’s overarching risk management strategies and processes.

Strategies

The Board of Directors of Nongfu Spring has defined the overarching climate change risk management strategy, which involves identifying climate-related risks and opportunities through the analysis of multiple high-contrast climate scenarios. These risks and opportunities are evaluated and prioritized based on their likelihood and impact. For higher-priority risks and opportunities, under the leadership and oversight of the Board, the Office of Public Policy and Sustainable Development coordinates with relevant departments to develop response plans and establish quantitative targets. These plans and targets are then subject to regular review and evaluation by the Board of Directors.

Scenario Setting

Drawing on scenarios modeled by the International Energy Agency (IEA) and aligning with the goal proposed at the 26th Conference of the Parties (COP26) to the *United Nations Framework Convention on Climate Change* (UNFCCC), “a global net zero emission should be ensured by the middle of this century and the temperature rise should be controlled to 1.5°C”. Nongfu Spring has adopted the Announced Pledges Scenario (APS) as its low-emission climate scenario and the Representative Concentration Pathway 8.5 (RCP 8.5) developed by the Intergovernmental Panel on Climate Change (IPCC) as its high-emission climate scenario. Analysis indicates that physical risks are more likely to materialize under the high-emission scenario, while transition risks are more probable under the low-emission scenario.

- Announced Pledges Scenario (APS):** it is assumed that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDC) and long-term net zero goal, will be realized on time.
- Representative Concentration Pathways RCP 8.5:** where greenhouse gas emissions and concentration continue to rise without climate intervention, a temperature increase of 5°C is projected by 2100.

Risk Identification

Building on the scenario framework, the “Climate Change Workshop” formed by Nongfu Spring’s management has developed a climate risk list comprising 23 risks, in accordance with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) and the *IFRS® Sustainability Disclosure Standard S2 – Climate-related Disclosures* (IFRS S2) issued by the International Sustainability Standards Board (ISSB) under the IFRS Foundation. This process integrated an assessment of transition risks, including policy and legal, technological, market, and reputational risks, as well as acute and chronic physical risks. Among these, six high-priority risks were identified, for which targeted mitigation strategies and in-depth analyses were formulated. The remaining risks, such as reputational risks, legal risks and chronic physical risks, were not evaluated as major risks under current conditions.

Within the reporting period, Nongfu Spring updated its climate change risk identification outcomes based on its actual business strategy, further assessed the financial impacts of climate-related risks, and analyzed these risks across short-term (1 year), medium-term (3 years), and long-term (5+ years) horizons.

Risk Type	Major Climate Risk	Financial Impacts	Time Dimension	Countermeasures
Transitional Risk	Policy and Regulatory Risk – Greenhouse Gas Cap-and-Trade and Pricing	As an emerging risk, based on projections by the International Energy Agency (IEA) across multiple scenarios, carbon pricing in China is expected to rise continuously, imposing higher energy cost pressures on companies with significant greenhouse gas emissions. This is anticipated to lead to an increase in manufacturing costs. Financial Impacts: Increase in Manufacturing Costs	Medium-term and Long-term	To address this, we will closely monitor regulatory updates, such as the <i>Interim Rules on the Administration of Carbon Emissions Trading</i> , and proactively advance carbon inventory and reduction initiatives to establish a competitive edge in low-carbon practices.
	Policy and Regulatory Risk – Existing Product Requirements and Oversight	Stricter constraints and regulations on water resource usage and waste discharge may elevate compliance and operational costs, with potential legal risks from violations. Financial Impacts: Increase in Manufacturing Costs	Short-term and Medium-term	We will continuously refine sustainable water and waste management systems, uphold high standards for environmentally protective operations, adhere strictly to legal compliance, and avoid inefficient or redundant expenditures.
	Technological Risk – Front-end Costs for Transitioning to Low-emission Technologies	To drive energy transition, the adoption of new low-carbon production equipment and the promotion of technological upgrades have led to increased capital expenditures and operating costs. Financial Impacts: increase in capital expenditures, R&D expenses and manufacturing costs	Short-term and Medium-term	We implement continuous, phased technological upgrades and equipment modernization to proactively manage transition risks and smooth the capital expenditure trajectory.
	Market Risk – Shifts in Consumer Behavior	With increasing customer demand for green products due to global response to climate change, if this demand cannot be met, product market share and revenue will be negatively affected. Financial Impacts: decline in operating income	Medium-term and Long-term	We are exploring lightweight and reduced-material packaging solutions, expanding the supply of low-carbon raw materials to lower the carbon footprint of our products.
	Market Risk – Rising Raw Material Costs	Global energy transition efforts have increased production costs for suppliers, driving up raw material prices. Additionally, climate change and extreme weather events are disrupting the stability of raw material supplies, rendering procurement more difficult. Financial Impacts: higher operating costs and administrative expenses.	Short-term and Medium-term	We are adopting a dual strategy of localized procurement and supplier diversification, while deepening support for and empowerment of farmer households and suppliers to ensure supply chain resilience.
Physical Risk	Acute Risk – Floods and Extreme Weather Events	Disruptions to daily production schedules and facilities at factories and planting base due to floods or extreme weather may result in asset damage, inventory losses, and production halts. Financial Impacts: increasing operating costs and administrative expenses, asset impairment losses and reducing revenue	Short-term and Medium-term	Mitigation measures include establishing a robust extreme weather monitoring and early-warning system, conducting regular emergency drills, purchasing commercial insurance, strengthening physical disaster prevention infrastructure, and providing training for farmer households.

Opportunity Identification

Within the reporting period, Nongfu Spring refined its identification of climate-related opportunities in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. Three key opportunity categories were identified, and the Company summarized its current strategies for addressing these opportunities, paving the way for more proactive and comprehensive climate action in the future.

Opportunity Types	Opportunity Descriptions	Nongfu Spring's Current Status
Resource Efficiency Opportunities	Amidst the global energy transition, advancements in low-energy, low-emission production technologies and rapid developments in new energy storage and supply systems have created opportunities for Nongfu Spring to enhance energy efficiency, reduce emissions, and lower costs.	Nongfu Spring has consistently driven energy-saving technological upgrades, optimized its energy structure, and improved resource utilization efficiency, effectively reducing costs associated with resource and energy consumption.
Product and Service Opportunities	As an industry leader, Nongfu Spring has both the responsibility and capability to pioneer the R&D of low-carbon products, meeting emerging consumer demand for sustainable offerings while strengthening its brand image and competitive edge.	Nongfu Spring has conducted a carbon footprint analysis for its natural drinking water products using methodologies such as Life Cycle Assessment (LCA), the ISO 14067 standard, and the PAS 2050 accounting framework developed by the British Standards Institution (BSI). Additionally, initiatives like lightweight packaging materials and packaging recycling programs have been implemented to reduce product carbon footprints and cultivate a low-carbon product portfolio.
Opportunities of Adaptability	As climate change impacts intensify, uncertainties for businesses across sectors have become prominent. Nongfu Spring has long prioritized climate resilience by refining mitigation strategies and building adaptive capabilities. This has established a competitive adaptability advantage, enabling the Company to better navigate climate-related uncertainties while supporting partners across its value chain to progress collectively.	Nongfu Spring has consistently maintained its greenhouse gas emissions and resource consumption at reasonable levels, steadily advancing toward its self-defined sustainable development goals. Amid recent challenges posed by flood disasters, typhoons, and freezing weather, the Company has ensured stable production and asset security. Furthermore, it has assisted upstream farmer households and suppliers in developing extreme weather mitigation plans and building climate resilience, thereby avoiding economic losses caused by climate hazards and safeguarding product quality.

Risk and Opportunity Management

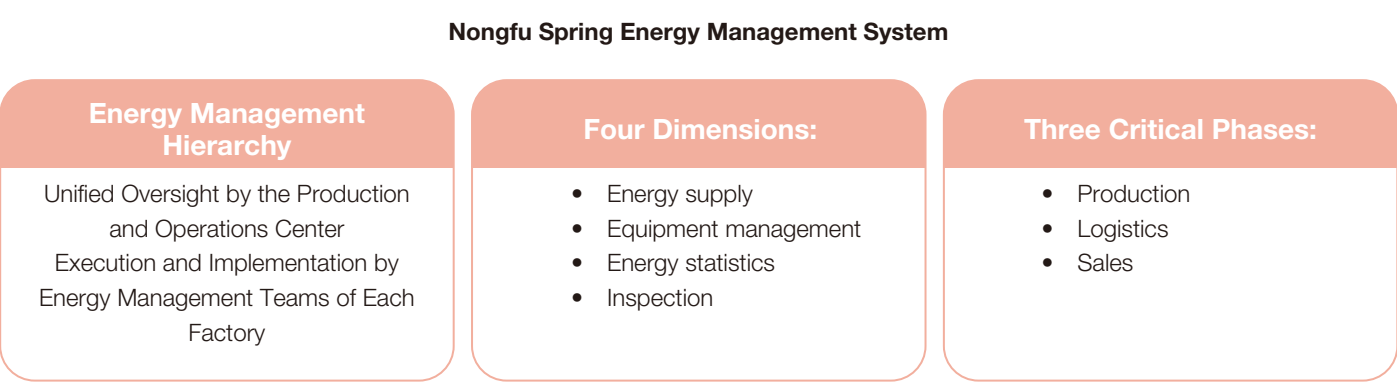
Management Mechanism

Nongfu Spring has integrated climate change into its company-wide risk management system. The aforementioned processes and outcomes for identifying climate change-related risks and opportunities all fall under the scope of the Company’s three lines of defense risk management framework, which operates under the leadership and oversight of the Board of Directors.

On this basis, Nongfu Spring believes that continuously improving an energy-saving and low-carbon green production and operation model is key to establishing a long-term mechanism for addressing climate change risks. This commitment manifests in three priority areas: continuously improving the energy management system, reducing carbon emissions from the production and operation, and extending the low-carbon management in the value chain.

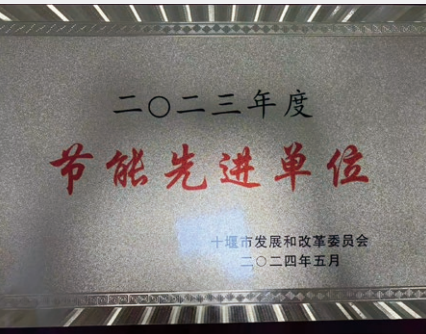
Continuously Improving the Energy Management System

Nongfu Spring formulated internal management systems such as the *Energy Power Management Standards* and developed a comprehensive energy management system covering four dimensions and three critical phases. The Company is committed to increasing ISO 50001 Energy Management System certification coverage rate. Within the reporting period, there are six factories obtained ISO 50001 energy management system certification, with a total of 16 factories certified.



Regarding energy statistics and inspection, Nongfu Spring’s Headquarters Production and Operation Center refines comprehensive energy consumption and emission KPIs into actionable targets, mandating that all factories align with monthly benchmarks, integrate energy-related financial budgets on a monthly basis, and leverage digital monitoring tools such as natural gas cloud platforms to optimize energy consumption performance. On this basis, we further refine energy consumption management by integrating cost control with performance incentives. This includes setting factory carbon intensity benchmarks and annual reduction rate rankings, launching targeted lean improvement initiatives focused on total productive maintenance (TPM) cost management, and sharing outstanding energy management case training on a monthly basis. Through these efforts, we continuously enhance our energy management capabilities.

Within the reporting period, we optimized and adjusted our KPI strategy for energy consumption intensity and carbon emission intensity. Performance targets were broken down into each production base, reinforcing factory-level energy self-management. General managers of each factory were tasked with assigning KPI targets to relevant departments.



Nongfu Spring’s Hubei Junzhou Factory was recognized as a 2023 Top Energy-Saving Enterprise.

Hubei Factories Addressing Risks in Environmental Rights and Benefits Trading

In recent years, new policies in Hubei Province, where Nongfu Spring's Hubei Junzhou Factory and Xincheng Factory are located, have incorporated the food industry into the carbon emission rights and pollutant discharge rights trading system. As a result, factories must obtain the necessary carbon and pollutant discharge quotas for production and operations through relevant rights and benefits trading. In response to this situation, Nongfu Spring’s Hubei factories have actively launched carbon-reduction and efficiency-enhancement initiatives. They have been using photovoltaic power generation and implementing energy-saving renovations to reduce greenhouse gas emissions during the production process. Factories have been recognized as a “2023 Top Energy-Saving Enterprise in Shiyan City”. Additionally, they planned to participate in the regional green power trading to offset their carbon emission quotas. In addition, we actively studied relevant environmental rights and benefits trading policies. Within the reporting period, the cost of participating in the bidding to obtain pollution discharge rights was lower than the lowest historical transaction price. This approach helped us actively address the financial risks associated with environmental rights such as carbon emission quotas and pollutant discharge quotas.

Continuously Reducing Carbon Emissions in the Production and Operation

Within the reporting period, our greenhouse gas emission intensity has decreased by 13% compared to 2019. The comprehensive energy consumption intensity of both the water and beverage production lines has also declined year-on-year. We are committed to achieving the goal of reducing both carbon emission intensity and comprehensive energy consumption intensity by 20% by 2030 compared to 2019. To this end, we continue to advance towards this goal in the following ways:

- Replacement · Optimize Energy Structure:** replacing traditional energy with clean energy to optimize the energy structure
- Reduction · Enhance Energy Efficiency:** promoting energy-saving renovations, developing low-carbon products, and improving energy use efficiency
- Avoidance · Plan Low-Carbon Logistics:** optimizing transportation routes and mileage to avoid unnecessary carbon emissions

Replacement-Optimize Energy Structure

Nongfu Spring is committed to continuously expanding the scale of distributed photovoltaic power generation to increase the proportion of renewable energy use. Meanwhile, it explores the feasibility of diversifying the utilization of clean and renewable energy according to local conditions.



Within the reporting period, solar photovoltaic power generation projects with installed capacities of 5.3MW and 15.5MW were implemented at the Baisha Factory in Zhejiang and Hubei Junzhou Factory respectively. These projects are expected to generate approximately 4.7 million kWh and 13.6 million kWh of solar electricity annually, collectively reducing greenhouse gas emissions by nearly 13,000 tons of carbon dioxide equivalent.

The Wuyi Mountain Factory in Fujian, and the Qingxi Factory in Zhejiang, have initiated a new round of solar power project construction. Upon completion, it is anticipated that this endeavor will boost the Group’s total photovoltaic installed capacity by an additional 12MW. As a result, the annual photovoltaic power generation is set to rise by 10 million kWh, effectively curbing greenhouse gas emissions by over 7,000 tons of carbon dioxide equivalent.



In winter, Fusong Factory in Jilin has transitioned from traditional boiler heating to a more energy-efficient and environmentally friendly heat pump system. By extracting waste heat from production processes, the heat pump evaporator absorbs and utilizes this heat to meet the factory’s heating needs. Within the reporting period, the factory introduced a new large-scale water source heat pump, which could provide 920kW heat, fulfilling the entire factory’s heating requirements and reducing heating energy consumption by nearly 50%.

At the Xin’an River Factory in Zhejiang, an upgrade has taken place in the quality assurance constant-temperature warehouse. The previously used oil-filled radiators have been swapped out for heat pumps. With a combined power of 15kW, these heat pumps can achieve an approximate 50% reduction in electricity usage.



The Fusong Factory in Jilin actively explores market-based electricity trading and has procured 16 million kWh of renewable energy (solar and wind power) through Jilin Electric Power Trading Center. This initiative has resulted in an annual reduction of approximately 13,000 tons of carbon dioxide emissions.



Nongfu Spring is vigorously promoting the replacement of traditional energy with a diverse range of clean energy sources. In regions like Jilin, which are rich in forestry resources, the Company is actively promoting the use of biomass boilers and green steam. In areas such as Sichuan, where hydropower resources are abundant, it is actively procuring hydropower. Meanwhile, Nongfu Spring is also proactively pushing for the replacement of municipal coal-fired heating with natural gas boilers and phasing out diesel boilers within the factory areas.

Reduction • Enhance Energy Efficiency

Nongfu Spring has always been committed to optimizing energy-saving production processes, upgrading energy-efficient facilities and equipment, and promoting low-carbon technological transformation to achieve energy savings, consumption reduction, and improved energy efficiency.



Special Inspection of Energy-saving Processes for Beverages: Within the reporting period, we identified and implemented over 10 specialized improvement initiatives, with the Jingyu factory in Jilin achieving the most significant results. Compared to 2023, the factory reduced natural gas consumption per beverage unit by 20%, saving 400,000 cubic meters of natural gas annually and cutting over 750 tons of greenhouse gas emissions.

Exploration of energy-saving process for automated Cleaning-in-Place (CIP): Through the refinement of the traditional cleaning process for aseptic production lines, an innovative Cleaning-in-Place (CIP) process has been developed and promoted. After using the unique formula and process, each execution of the new CIP process saves 20% of the time, and the water consumption and energy consumption are reduced by over 30%. Within the reporting period, this process has been implemented in 12 factories.



Research and Implementation of Building Energy Efficiency: All newly constructed buildings by Nongfu Spring comply with the *General Code for Building Energy Conservation and Renewable Energy Utilization*. Natural lighting is maximized, while warehouses and workshops widely adopt LED lighting with automated control systems and motion-responsive lighting technology for forklifts; In terms of glass insulation, a large amount of LOW-E (low-emissivity) insulating glass is used to better meet the requirements for heat insulation and reduce the operating energy consumption of air conditioners.

Use of High-efficiency Refrigerants: All newly built factories, office air conditioning systems, and newly constructed cold storage facilities use environmentally friendly refrigerants R410a and R507. These refrigerants offer excellent heat transfer performance and low toxicity. As advanced alternatives to traditional Freon, they not only enhance cooling efficiency and reduce energy consumption but also significantly minimize environmental impact on the atmosphere.



Reduction of Steam Energy Consumption: Nongfu Spring's newly built factories achieve a 70% recovery rate of steam condensate, significantly reducing steam consumption and natural gas usage. This improvement lowers natural gas consumption per ton of steam by approximately 10%.



Waste Heat Recovery and Utilization: The Tea Garden Factory efficiently utilizes recoverable waste heat by designing a system to collect heat from two aseptic filling bottle-washing lines and boiler softening water for heat exchange. This process raises the temperature of the 15°C softening water required by the boiler to 45-50°C, saving approximately 400,000 cubic meters of natural gas annually. This solution can be promoted to other factories across the country in the future.

Avoidance • Low-Carbon Logistics

As an important source of Category 3 greenhouse gas emissions, carbon emissions from logistics have always been a key focus of Nongfu Spring's management.

Deepening Railway Transportation: Nongfu Spring continuously replaces road transportation with railway transportation and deepens cooperation with railway departments. Within the reporting period, the proportion of railway transportation volume exceeded 16%.

Optimizing Delivery Routes: We continuously optimize the transportation and delivery routes. By the end of the reporting period, Nongfu Spring's direct shipment rate from source factories reached 88%. The average transportation mileage for rail-shipped products was reduced by 15 kilometers, while the transportation mileage for truck-shipped products continued to be optimized.

Intelligent Logistic Management: Within the reporting period, Nongfu Spring promoted the use of electronic waybills for freight settlement with carriers. More than 600,000 electronic contracts have been used, resulting in a reduction of nearly 60 tons of greenhouse gas emissions.

Piloting New-energy Trucks: Within the reporting period, a total of 6 new-energy truck transportation routes were piloted at the Zhejiang Meiping Base, Guangdong Heyuan Base, Sichuan Emei Base, and Shaanxi Taibai Base.

Centralized supply of materials: After the transition from ton bag packaging to centralized feeding for plastic pellets used in preform manufacturing, within the reporting period, the high-fructose corn syrup for aseptic manufacturing was also changed from the traditional small-drum packaging to a centralized material-feeding mode. It is estimated that a single factory can reduce approximately 7,000 ton-bag packagings annually, thus reducing the carbon footprint of packaging.

Continuously Extending the Low-carbon Management in the Value Chain

Nongfu Spring is committed to building a low-carbon and green supply chain, updating low-carbon products, and continuously advancing the work of mapping the carbon footprint throughout the product lifecycle.

Nongfu Spring will give priority to suppliers who make significant contributions to sustainable development and perform well in low-carbon transformation. In systems such as the *Supplier Health, Safety and Environment Policy and the Supplier Code of Conduct*, it is clearly advocated that suppliers use clean energy, implement energy-saving and carbon-reduction work, and identify, control, and mitigate major climate change risks.

In daily management, we monitor, collect statistics, and analyze energy usage metrics across the supply chain. We require suppliers to conduct life cycle assessments of their products alongside us, encouraging upstream bulk material suppliers, such as plastic resin providers, to carry out carbon footprint self-assessments and data collection. This ensures continuous improvement and deepening of carbon inventory efforts. The inspection results within the reporting period show that for the main product of packaged natural drinking water, the carbon footprint in the factory production stage (i.e., Category 1 and 2) accounts for approximately 17%, the carbon footprint in the upstream of the value chain (Category 3-upstream) accounts for about 47%, and the carbon footprint in the downstream of the value chain (Category 3-downstream) accounts for around 36%. On this basis, we have carried out the statistics and inspection of Category 3 greenhouse gas emissions, and plan to disclose the results externally in the next year. At the same time, this will lay a data foundation for optimizing the Group's greenhouse gas management.

After the launch of Oriental Leaf, Nongfu Spring continues to explore the feasibility of launching low-carbon products. Within the reporting period, we conducted R&D on the packaging materials of Tea π product to reduce the carbon footprints.



Improvement Case of Low-carbon Product Tea π Packaging

Within the reporting period, we improved the label material of Tea π to reduce carbon emissions during the production process. The original composite label consisted of two film layers bonded with solvent-based glue, a process that was not only complex but also consumed energy and generated exhaust gas during compounding and curing. To simplify the process and reduce environmental impact, Nongfu Spring adopted single-layer label technology, printing ink directly on the outer surface of a single-layer polymer film. This innovation eliminates the lamination and curing steps while achieving durability and UV resistance through optimized ink formulations, providing a high-quality alternative to composite labels.

SUSTAINABLE WATER USE

Water resources are the cornerstone of Nongfu Spring’s survival and development. The sustainable utilization of water resources is crucial for the Company’s long-term development. Therefore, with the goal of “reducing water use intensity by 20% in 2030 compared to 2020”, we have implemented a water resource management strategy centered around two core aspects: water source areas protection and water conservation, and integrated the concept of water resource sustainability into the entire value chain.

Water Source Area Protection

As a “porter of nature”, the source water of Nongfu Spring comes from deep lake water, deep reservoir water, mountain spring water, natural artesian spring water, deep underground water, mineral water, etc. We actively explore, develop, and protect water source areas. Based on long-term research, monitoring of water quality, and investigation of water volume at water sources, we ensure a long-term and stable supply of high-quality water resources.

Nongfu Spring carefully assesses the ecological and environmental impacts of water intake activities and actively protects the local ecological environment. Our internal policies, such as the *Environment and Climate Change Policy*, *Water Source Management Measures* and *Nongfu Spring Construction Project Environmental Protection Management System*, clearly define a comprehensive water source area management process, covering the stages of inspection and design, production operation, and management protection:

 Pre-operation • Inspection and Design	 During Operation • Production and Operation	 Post-operation • Management and Protection
Analysis of Water Resource Reserves: We conduct rigorous feasibility studies and water resource dependency assessments to ensure that local water reserves and extractable volumes align with Nongfu Spring’s sustainable water use standards. Water extraction operations are only carried out after obtaining the necessary permits in compliance with legal regulations. Ecological Environment Assessment: We conduct special surveys on the ecological environment and biodiversity around the water source areas, formulate soil and water conservation plans and biodiversity protection plans, and invite third-parties for appraisal.	Water Quality/quantity Tracking and Monitoring: We have established a three-in-one tracking mechanism that combines regular on-site inspections by personnel, comprehensive real-time video monitoring, and digital monitoring of water quality and quantity. We continuously optimize the distribution points and performance of monitoring equipment to achieve full coverage tracking and monitoring of water quality/quantity at all water source areas. We regularly take water samples from the water sources for quality testing, and ensure that all indicators in the water meet our strict requirements for water sources. Assessment of the Water Accessibility: Each year, based on the previous year’s water source tracking and testing results, we assess the water volume, water quality of the water source areas, and the water-use risks caused by climate change. Meanwhile, we evaluate the water accessibility and adjust water intake operations and water source areas planning according to the production plan.	Protection and Continuous Improvement of Water Source Areas: Based on the results of water quality testing, environmental impact monitoring, and inspections, we regularly improve the protection measures for water source areas. We deploy advanced sewage treatment systems to ensure that the treated sewage meets the discharge standards before being discharged into the urban sewage pipeline network, without causing any impact on the surrounding environment. Tracking Policies Related to the Water Use, Intake and Price: we pay close attention to current and potential sustainable water use regulatory changes related to water intake, use and price changes at water source areas and also track them timely, to make adjustments to water source areas management policies and water resource use procedures in accordance with regulatory changes and ensure the compliance and legality.

 Normalized Protection of Water Source Areas	 Development and Protection of New Water Source Areas	 Pilot Sustainable Water Management Standards
Nongfu Spring’s factories regularly inspect the water sources and water intake pipelines at each water source area. Additionally, they organize tree-planting activities at the water source areas every year. For example, the Wuyi Mountain Factory in Fujian has set up an ecological water outlet at the barrage of the water intake point. This ecological water outlet is located lower than the factory’s water intake point, which can ensure that the water demand downstream is met first. Heyuan Factory in Guangdong, in conjunction with the local Water Affairs Bureau and the River and Lake Protection Volunteers Association, have been continuously organizing public welfare actions for the protection of the water resources of Wanlv Lake, involving local river wardens and volunteers.	During the development and commissioning process of the water source in Huangshan Water Source Area in Anhui, Nongfu Spring adheres to the principle of “development with protection”. During the construction, the water intake pipelines are manually carried, welded and assembled to minimize the impact on the natural environment. We also actively engage with the government to coordinate and assist villages around the water source areas in adopting centralized water supply systems, thus avoiding the impacts of water quality and quantity fluctuations on the surrounding communities. In addition, we organize local residents from the surrounding communities to form water source protection teams to protect the water source areas by posting signs, installing surveillance equipment, and conducting regular inspections.	Within the reporting period, the Tea Garden Factory in Zhejiang piloted the sustainable water management standards formulated by the Alliance for Water Stewardship (AWS). It actively collaborated with relevant parties to explore new models for water source areas management. The factory itself effectively protected the ecological environment of the surrounding water source areas by cleaning the lake surface and carrying out environmental protection activities. Additionally, the Tea Garden Factory actively collaborates with relevant parties in the watershed, such as Shilin Town and Chayuan Village. Through initiatives like the “Everyone is a Cleaner” awareness campaign and the “Environmental Micro-Unit Division” educational activities, the factory has further strengthened water source areas protection measures. Meanwhile, we also conducted an inventory and control of the water risks associated with the suppliers of the tea garden factory to address the water risks in the entire supply chain.



Construction of the Huangshan factory in Anhui, workers transported water pipelines by carrying them on their shoulders or by hand.

Collaborate with Local Communities on Water Source Areas Protection

Over the years, the Heyuan Base of Nongfu Spring has repeatedly provided in-kind or financial support to encourage public participation in the public welfare actions for the protection of Wanlv Lake. Within the reporting period, the Heyuan Factory in Guangdong, the Heyuan Water Affairs Bureau, and the Heyuan River and Lake Protection Volunteers Association jointly organized civilian river chiefs and volunteers to carry out a series of public welfare actions for the protection of the water resources of Wanlv Lake. The themes of these campaigns were “Promoting Peace through Water” and “Making the Most of Water Resources with Care and Managing Water Resources Strictly and Meticulously”. The factory and volunteers worked together to clean up the riverbanks, collect water samples, and conduct “health examination” for the water source area to protect the clear waters of Wanlv Lake.



Efficient Water Use

Nongfu Spring attaches great importance to the rational use of water resources. Under the overall leadership of the board of directors, supervised by the Office of Public Policy and Sustainable Development, the Headquarters’ Production and Operation Center coordinates and manages the performance of water resource management. Each factory has established a water resource management team, which follows the *Water Consumption Management Specification* for supervision and guidance, and strengthens water use management and structural adjustment. The aim is to achieve the goal of reducing water use intensity by 2030 and ensure the full-scale implementation of the water conservation plan across all operational areas.

Within the reporting period, Nongfu Spring promoted sustainable water use from three aspects: water conservation management, design and transformation:

Water Conservation Management

Within the reporting period, we further carried out water footprint assessments, calculated the direct water footprint of factories, and popularized the installation of equipment such as smart water meters to monitor water consumption and water conservation opportunities in real-time. Based on the assessment results, we established reasonable water conservation targets, which were then broken into various departments and production processes within each factory.

On this basis, we formulated water conservation improvement plans and promptly assessed the water conservation effects. If the effects were not satisfactory, we would conduct a timely review and make revisions to achieve the expected results. Each factory formulated specific water conservation systems according to its own actual situation, assigned responsibilities to each department, conducts training on improving employees’ water use efficiency, enhanced the water conservation awareness of all employees, and formulated assessment methods to promote the implementation of water conservation work.

Water Conservation Design:

Within the reporting period, we added purified drinking water products. Since the production process of purified water is different from that of natural water, the reverse osmosis membrane treatment process has lower water use efficiency, and water resource waste such as overflow is more likely to occur in the filling process control. To tackle this problem, Nongfu Spring’s technical department and relevant factories carried out a series of special improvement activities. As a result, the water use efficiency of producing purified water products has been improved to a level close to that of producing natural drinking water products, and the defective rate of liquid level has been reduced by 75%, effectively reducing water resource waste.

Water Conservation Transformation

Nongfu Spring’s water conservation transformation mainly focus on the following four directions: increasing the reuse of production water for auxiliary purposes to reduce the consumption of source water; improving membrane water recovery rate to reduce pre-membrane water discharge; cooling tower water is sourced from pre-membrane softened water; all auxiliary systems utilize reclaimed water.

Xinfeng Factory in Jiangxi:

The pre-membrane water from the water treatment workshop is recycled for auxiliary systems, serving as a supply for production support and domestic water use. The water discharged from the oxidation tower is recycled for domestic water and auxiliary water in the power section. The clean water discharged from the production line is uniformly collected into the clean water tank for replenishing water to the cooling tower, fire-fighting water supply, and flushing in sanitation facilities.

Qingxi Factory in Zhejiang:

The condensate from processes such as Ultra-High Temperature (UHT) sterilization and steam distribution headers is collected and reused in boilers. Over 4,500 tons of condensate are collected monthly, with a condensate recovery rate exceeding 85%.

Fusong Factory in Jilin:

The water treatment workshop has been technologically upgraded to recycle pre-membrane water into auxiliary systems for reuse in production, factory utilities, and domestic water supply. The water usage linkage mechanism has been optimized to automatically halt water supply in the event of an equipment malfunction, thereby reducing water resource waste. These improvements have resulted in an annual water savings of over 6,800 tons.

PACKAGING MATERIALS AND WASTE RECYCLING

As a leading enterprise in drinking water and beverages with a strong sense of responsibility, we regard the promotion of circular utilization of packaging materials and waste, and the establishment of a circular economy system, as vital pathways to achieving sustainable development. While ensuring the exceptional quality of our products and consumer satisfaction, we are committed to realizing our sustainable development goal of 100% plastic packaging for water and beverage products recyclable.

We have established internal policies such as the *Packaging Material Sustainable Development Policy*, *Packaging Material Machine Trial Specifications*, and *Packaging Material Standard*, clarifying the principles of ecological design and criteria for sustainable material selection. We consider the environmental impact throughout the entire life cycle of packaging materials during the design phase, creating structures that are easy to disassemble and recycle. We also use water-based inks to reduce volatile organic compounds emissions. In terms of material selection, we prioritize environmentally friendly and recyclable materials, giving them precedence in R&D and procurement to drive sustainable development across the entire supply chain.

Our packaging material and waste recycling initiatives are led by the Board of Directors, supervised by the Office of Public Policy and Sustainable Development, and managed collaboratively by R&D Department of Packaging Materials, Brand Center, Production and Operation Center, and Quality Assurance Department. The implementation is carried out by individual factories. Our efforts focus on three key areas: enhancing the recyclability of packaging materials on the design end, reducing packaging usage on the production end, and ensuring effective recycling and utilization of packaging materials on the consumption end.

Increase the Recyclability of Packaging Materials on the Design End

- Within the Reporting Period, we conducted a pilot of washable labels of Oriental Leaf, using polypropylene labels containing 30% PCR (post-consumer recycled) materials. It can reduce greenhouse gas emissions by about 5% compared to raw materials. Through pilot process improvements, we successfully enabled PCR washable labels to seamlessly integrate with conventional labels in terms of manufacturing, labeling processes, and post-labeling performance. These washable labels exhibit superior post-consumer separation properties, achieving a cleaning rate of over 99% under the commonly used water-washing conditions in the recycling industry, thereby reducing greenhouse gas emissions associated with back end recycling and separation processes.
- Nongfu Spring continues to actively develop new types of eco-friendly packaging materials and conduct relevant reserve research. Within the reporting period, we studied the processing properties, mechanical properties, and gas barrier properties of bio-based polyester materials and have entered the laboratory testing phase. Bio-based polyester is a type of high molecular material synthesized from biomass feedstocks that are non-food sources. Due to the unique structure of the bio-derived dicarboxylic acids, bio-based polyester exhibits superior gas barrier properties compared to traditional petroleum-based polyester, making it highly promising for beverage packaging applications with stringent gas barrier requirements.
- In China, post-consumer recycled plastic bottles are not yet permitted for reuse in direct food contact applications. However, the practice of recycling used beverage bottles into new beverage bottles (known as “bottle-to-bottle” recycling) has become well-established internationally. To explore the technical potential, we have initiated “bottle-to-bottle” technology research within the reporting period. We have experimentally validated the feasibility of packaging production processes with different recycled PET (rPET) content levels in small-packaged products. The test results show that the experimental packaging meets existing safety and quality requirements.

Reduce Packaging Material Use on the Production End

- By optimizing the bottle design, Nongfu Spring’s 2L natural drinking water was upgraded to 2.1L while reducing the overall packaging material weight by approximately 2.5%. Additionally, production speed increased by nearly 40%. Since the pilot mass production began in 2023, a total of 63 tons of packaging materials have been saved. Within the reporting period, this technology has been rolled out to five factories, including the Xin’an River Factory in Zhejiang, with an estimated annual reduction of over 250 tons of packaging material.



The original packaging of Nongfu Spring’s 2L natural drinking water (left) compared to the new packaging for the 2.1L version (right).

- Given the high annual production volume of bottled water, Nongfu Spring has significant potential for lightweight packaging. Within the reporting period, we optimized the design of the empty bottles and the material of the cartons, developing a packaging solution featured higher full-cardboard pressure resistance and lightweight for 5L water products. This has led to a reduction of approximately 620 tons in cardboard use during the reporting period, with a projected further reduction of around 2,900 tons by 2025.
- Within the reporting period, we optimized the 1.25L Farmer’s Orchard packaging. While ensuring product performance, we reduced preform weight by approximately 10% through structural optimization. This also lowered energy consumption of injection molding equipment and improved production efficiency.

Promote the Effective Recycling of Packaging Materials on the Consumption End

- We use the plastic waste recycled in our production processes into protective films for cardboard boxes made entirely from 100% recycled materials, which have been widely adopted across all our factories nationwide. This initiative saves approximately 90 tons of virgin material for cardboard box protective films annually.



Packaging Material Using Recycled Material Protective Film

- Within the Reporting Period, we recycled discarded bottle caps from small-packaged drinking water bottles in our factories for the production of display boxes used in retail terminals, with a total of approximately 40 tons of waste bottle caps recycled by the end of the reporting period.
- Our 19L Water Bucket Recycling Program continued to make progress, with over 1.5 million units successfully recycled within the reporting period. In collaboration with plastic processors, the recycled PC materials have been primarily used in the production of laptop casings, writing instruments, luggage, and automotive components, thereby reducing the use of raw plastics.

BIOLOGICAL CONSERVATION AND SUSTAINABLE AGRICULTURE

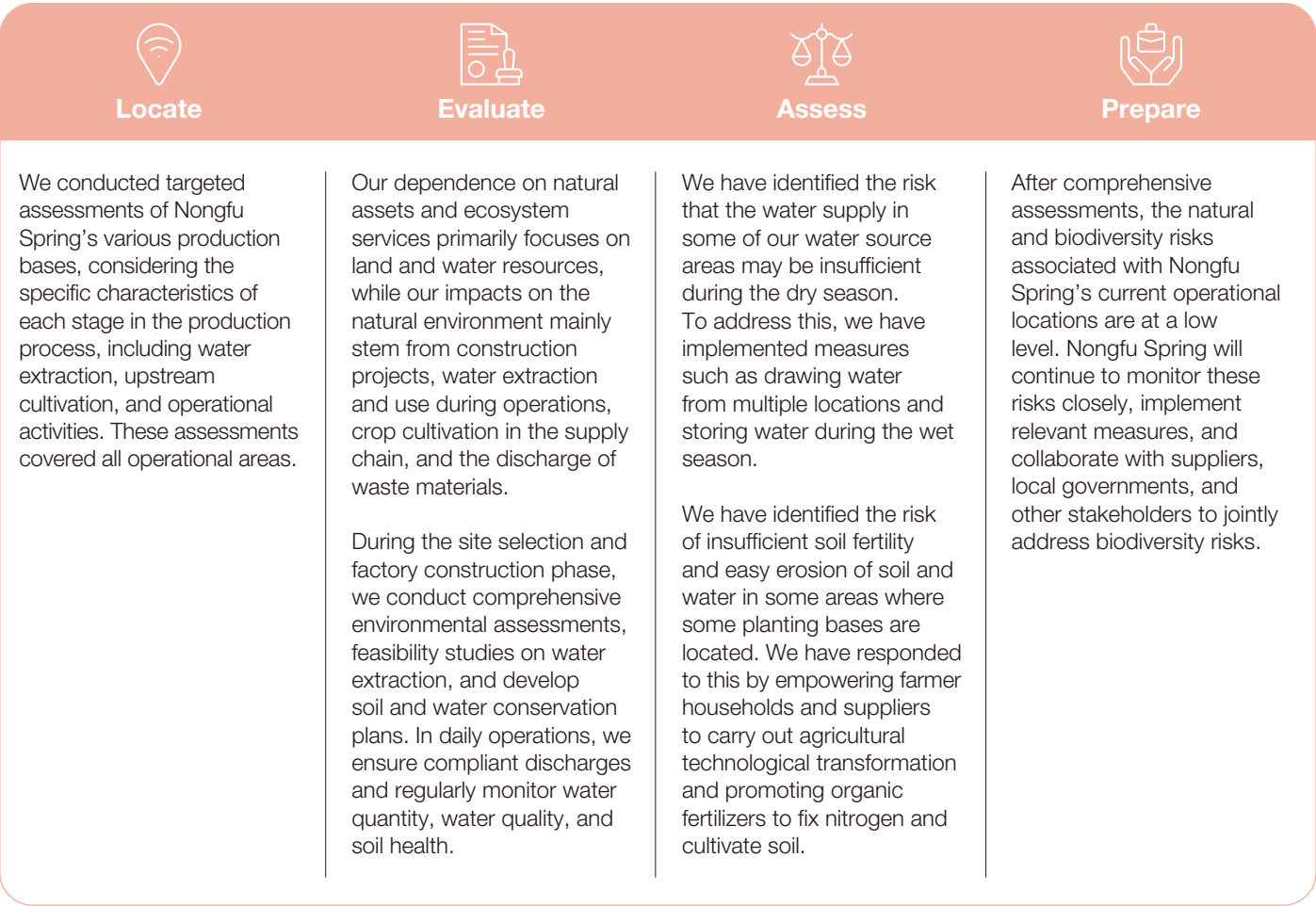
Biodiversity Protection

Nongfu Spring strictly complies with the *Environmental Protection Law of the People’s Republic of China* and the *Environmental Impact Assessment Law of the People’s Republic of China*, as well as other local laws and regulations where we operate. We rigorously control our emissions and various environmental impacts to avoid negative effects on biodiversity.

We have incorporated biodiversity protection into our *Environment and Climate Change Policy* and extended the scope of our biodiversity protection policies to cover suppliers and other partners, encouraging them to refer to *Nongfu Spring’s Sustainable Development Policy* and its commitments and requirements related to biodiversity. Additionally, we commit to developing and operating projects away from ecologically sensitive areas and biodiversity hotspots. We avoid conducting business activities near World Heritage sites and IUCN Category I-IV protected areas, prevent disturbances to wildlife habitats, and refrain from activities that lead to deforestation and forest degradation.

In terms of biodiversity management, the Board of Directors of Nongfu Spring serves as the highest authority for matters related to biodiversity protection policies and commitments. We have established a three-tier management structure for biodiversity conservation, comprising the “Headquarter Office of Public Policy and Sustainable Development, Production and Operation Center, All Production Bases”, to enhance the risk assessment and management response of biodiversity.

Based on the LEAP framework for nature-related risk assessment proposed by the Taskforce on Nature-related Financial Disclosures (TNFD), Nongfu Spring evaluates biodiversity risks in our operational areas from both impact-related risks and dependency-related risks. We have integrated biodiversity risk assessment into the company’s overall risk management framework.



Biodiversity Assessment Cases: Population Assessment

Nongfu Spring conducts regular biodiversity assessments at all operating sites. Within the reporting period, we conducted a re-assessment of biodiversity of fish species endemic of Fanjing Mountain Factory Water Conveyance Project in Guizhou to Taiping River and Minxiao River on the existing factory water conveyance project, mainly involving the status quo of small-mouth white turtle, yellow catfish and other fish populations and their living environment. The results show that Fanjing Mountain Factory does not occupy the protected area, and the pipeline layout uses the existing bridge to cross the protected area, which does not affect the original ecological characteristics and functions of the protected area.

For new construction projects, especially those located near nature reserves, we conduct specialized biodiversity protection. For example, the area surrounding Zhangjiajie Factory in Hunan is part of the Lishui River basin, which is designated as a national aquatic germplasm resource reserve for endemic fish species. Before commencing construction, we carried out a biodiversity evaluation of the surrounding environment, focusing primarily on fish populations such as the Chinese giant salamander. The assessment results confirmed that the factory construction met all relevant environmental protection regulations and standards. During its actual construction, the Zhangjiajie Factory has further strengthened the management of wastewater and noise to avoid any impact on the surrounding biodiversity.

For agricultural cultivation such as tea cultivation, we conduct regular inspections through on-site patrols, remote sensing technology, and drone aerial photography to capture an overview of the plantations. This allows us to assess the overall ecological environment of the plantations and surrounding areas. We also survey and document the species, quantity, and distribution of flora and fauna, collecting samples for classification, identification, and analysis to establish a baseline dataset for the plantation ecosystem. Within the Reporting Period, based on the findings, we actively promoted the practice of ecological tea cultivation. The core strategies for ecological plantations include planting cover crops to enhance plant diversity, maintaining arthropod diversity, and preserving soil microbial diversity. The promotion of ecological tea gardens helps to reduce or even eliminate the use of pesticides, fostering biodiversity within and around the tea plantations. This approach establishes a dynamic balance among tea plants, pests, and their natural predators, not only protecting the ecosystem but also enhancing economic benefits, thereby creating a virtuous cycle.



Case of Biodiversity Protection

Avoidance: To mitigate the impact of water extraction projects on fish habitats in local rivers, Nongfu Spring adopted an innovative construction plan for its water pipeline at the Zhangjiajie Factory in Hubei. Instead of the traditional and cost-effective method of building piers directly in the river, the Company constructed piers on both riverbanks. Although this approach increased the cost of constructing the water pipeline bridges, it effectively protected the local fish habitats. Within the reporting period, a total of 15 steel truss bridges were erected across river sections, with the longest spanning over 120 meters. This solution preserved the natural landscape and soil characteristics of the river.

Reduction: To ensure a sustainable supply of natural ingredients, some of Nongfu Spring’s operational sites are inherently integrated with the natural environment. To minimize the impact on wildlife habitats, the Company has actively optimized its factory environments, with multiple facilities earning national 4A and 3A scenic area certifications. For instance, the Mount Emei Factory in Sichuan, a 4A-level scenic spot situated on the mountainside, is a picturesque haven for numerous bird species. Over 50 ecological bird nests have been installed in the factory area, providing a harmonious habitat for the birds and blending seamlessly with the natural surroundings.

Regeneration: Nongfu Spring’s Yuanbao Mountain planting base in Xinjiang, located on the Gobi desertified land, has transformed barren hills into a lush, modern fruit orchard through soil improvement and management of integration of water and fertilizer. Within the reporting period, the Company expanded the cultivation base in Xinjiang by over 4,000 mu, creating a new ecological zone that integrates planting, harvesting, and eco-tourism.

Restoration: In regions bordering deserts, Nongfu Spring has identified risks associated with wind-sand hazards and soil erosion. For decades, the Company has collaborated with local governments to conduct desert afforestation and implement windbreak and sand-fixation measures. Within the reporting period, the Manas Factory in Xinjiang organized professional volunteers to participate in government-led desert afforestation activities, planting an additional 2,100 saplings for windbreak and sand fixation.



Supporting the “Gibbon Dream Project” for Gibbon Conservation

As flagship species and umbrella species in many ecosystems, gibbons play a critical role in indirectly protecting surrounding biodiversity by safeguarding their habitats.

During the reporting period, Nongfu Spring joined as a supporter of Cloud Mountain Conservation’s “Gibbon Dream Project” in response to partner initiatives, dedicating efforts to protect the critically endangered Skywalker Hoolock Gibbon (*Hoolock tianxing*) in Yunnan, China, and fostering harmonious coexistence between humans and nature. We supported volunteers in implementing habitat restoration through ecological replanting, constructing rope bridges to reconnect fragmented habitats, and establishing local community empowerment groups, thereby advancing biodiversity conservation within gibbon habitats.



On-site view of Nongfu Spring’s Mount Emei factory in Sichuan

Forests play a crucial role in maintaining ecological balance and combating climate change. Nongfu Spring firmly opposes any commercial activities that harm forest resources and considers forest conservation a cornerstone of its ecological protection efforts. The Company actively engages its entire value chain, including partners, in this mission.

To prevent forest degradation caused by water source area development, factory construction and operation, and planting base management, Nongfu Spring proactively mitigates deforestation risks associated with its operations. The Company committed to end all deforestation activities related to the production, trade, and sale of its products and is committed to achieving and maintaining a “zero-deforestation” target within its operational scope over the long term. Additionally, Nongfu Spring is progressively assessing its supply chain to encourage suppliers and partners to eliminate deforestation risks.

Sustainable Agriculture

As Nongfu Spring’s business continues to diversify, the importance of raw materials such as tea leaves and fruit has grown significantly. We place a high priority on sustainable agricultural management and have established a two-tier management structure comprising a “Headquarters Agricultural Industry R&D Department” and “Agricultural Product Bases” to oversee and coordinate sustainable agriculture initiatives.

Building on this foundation, we have revised our sustainable development policy in alignment with Nongfu Spring’s commitment to sustainable agriculture. These updates include new provisions to guide and regulate our production and operations, as well as the practices of our suppliers and partners.

Sustainable Agriculture Policy Provisions

Reducing the Use of Water Resources Nongfu Spring and its suppliers (including both tier 1 and non-tier 1 suppliers) are committed to reducing water consumption and improving water efficiency in agricultural development. In the agricultural production, we should reduce the use of water resources in the following ways: • Making a reasonable plan for farming activities according to climatic conditions to reduce extra water use; • Building reservoirs in orchards to collect natural precipitation and recycle water resources to meet the needs of daily farming activities; • Changing irrigation methods from broad irrigation to sprinkler and drip irrigation with low intensity and high frequency and efficiency; • Reducing the soil water evaporation, irrigation frequency and waste of water resources through agronomic measures such as environment-friendly plastic film mulching.	Commitment to Environmental Pollution Reduction Nongfu Spring and its suppliers (including both tier 1 and non-tier 1 suppliers) are dedicated to minimizing environmental pollution in agricultural development, actively supporting the national policy of “double reduction of fertilizer and pesticides” to protect the ecological environment. In the agricultural production, we should reduce the environmental pollution in the following ways: • Strengthening the daily management of pesticide application and reducing the excessive exposure of toxic and harmful substances in the environment to reduce pollution risks. • Actively advocating the construction of integration of water and fertilizer, establishing an element detection platform, and changing the traditional concept of partial and heavy fertilization through precise fertilization to improve the utilization rate and reduce agricultural non-point source pollution caused by fertilizer loss.	Commitment to Soil Health Protection Nongfu Spring and its suppliers(including both tier 1 and non-tier 1 suppliers) prioritize the rational use of soil resources, avoiding overexploitation and degradation, while enhancing the protection and improvement of arable land quality. In the agricultural production, we should protect the soil quality in the following ways: • Paying attention to the impact of agricultural activities on soil quality in time without over-exploitation and cultivation, supplying nutrients taken away by agricultural production with an appropriate manner, and maintaining the normal soil fertility. • Actively discovering such problems as soil acidification and hardening caused by agricultural activities, and recovering the soil to a good state by applying lime and organic fertilizer and ecological planting.	Commitment to Preventing the Ecosystem Destruction Nongfu Spring and its suppliers(including both tier 1 and non-tier 1 suppliers) strive to maintain ecological balance and promote harmonious coexistence between humans and nature, ensuring that agricultural practices do not disrupt ecosystems. In the agricultural production, we will protect the ecosystem in the following ways: • Choosing suitable varieties and developing resources suitable for the local ecology according to local conditions, climates and ecological environment to achieve benign development by developing diversified crop varieties. • Controlling the usage amount and frequency of pesticides and fighting against diseases and insect pests through physical methods to avoid damaging the living environment of beneficial organisms in local ecosystems and maintain the biodiversity.	Commitment to Reducing the Emission of Greenhouse Gas Nongfu Spring and its suppliers (including both tier 1 and non-tier 1 suppliers) are committed to reducing greenhouse gas emissions in agricultural production, actively promoting low-carbon ecological agriculture to contribute to energy conservation and emission reduction. In the agricultural production, we should reduce the greenhouse gas emission in the following ways: • Actively reducing the nitrogen fertilizer application to achieve the reduction of nitrogen greenhouse gas volatilization. • Promoting the resource reutilization and recycling of agricultural wastes, developing recycling approaches for agricultural wastes such as tea residue, fruit peels residues, and livestock manures and producing them into organic fertilizers for returning to the field, and developing the circular ecological agriculture; • Optimizing production processes and implementing energy-saving technological upgrades in agricultural product processing to maximize energy efficiency and reducing carbon emissions; encouraging the use of low-carbon, efficient, and energy-saving equipment.
Fertilizer and Medication Management Within the Reporting Period, we updated the <i>Recommended Medication Standards for Early Harvesting of Fresh Navel Oranges</i>, formulated the <i>List of Prohibited and Restricted Pesticides for Navel Orange Orchards</i>, which we communicate to fruit growers every year. Meanwhile, we actively advocated the adoption of drip-irrigation systems among fruit growers. We meticulously formulated customized fertilization regimens and implemented specialized nutritional augmentation techniques, such as foliar zinc-spraying. By closely tracking the real-time growth progress of navel oranges, we conducted comprehensive evaluations and make timely, dynamic adjustments to the fertilization strategies. This approach is designed to optimize the quality of the fruits. Building on this foundation, we have integrated the integrated pest and fertilizer management technology for navel oranges. By deeply optimizing the amount, frequency, and formulation of fertilizers based on the growth conditions of the trees, we have adjusted the fertilization plans. This has led to a 25% increase in orchard yields and, consequently, higher incomes for fruit growers.		Soil Improvement Nongfu Spring’s agricultural base in Xinjiang is located on a piece of uneven and abandoned land. Through mechanical leveling and modernized planting techniques, we transformed the land into a productive orchard. In the first year, the land was used as a nursery, with 3,000 seedlings planted per mu. Thanks to the integrated water-fertilizer system, the seedlings exhibited robust growth overall. However, some seedlings still showed signs of severe chlorosis. Upon investigation, we found that the soil pH of the plot was as high as 8.7, indicating strong alkalinity. Additionally, vigorous weed growth between plots posed a significant threat to the root development of the seedlings. To address these issues, we implemented soil improvements to reduce alkalinity and adopted intercropping practices to suppress weed growth. Within the reporting period, all newly planted fruit trees at the base were cultivated according to standardized requirements. We also introduced soybeans as an intercrop to fix nitrogen and improve soil quality. This not only effectively controlled weed growth but also reduced the use of urea fertilizer.		

EMPLOYEE ENGAGEMENT

Employees are our most valuable asset. We are not only makers of products but also builders of dreams. The sustainable journey of Nongfu Spring relies on the wisdom and hard work of every team member. To this end, we are committed to fostering an open, inclusive, and innovation-driven talent ecosystem where every employee can set sail and pursue their aspirations.

We pay constant attention to enhancing employees' professional skills while focusing on their holistic development and well-being. At Nongfu Spring, we write beautiful chapters of growth, dreams, and happiness together. Guided by the philosophy of “teaching a man to fish”, we offer customized training and development programs to share knowledge and skills, unlock potential, and inspire creativity. Embracing a people-first approach, we provide comprehensive health benefits and care to ensure employees can perform at their best. We strive to offer an environment where employees can achieve personal growth and enjoy their work. We value the development of every employee and help them broaden their horizons and improve their skills through diverse training courses and communication platforms. From our “Dignified Freshmen” On-campus Recruitment Project to specialized recruitment for tea industry professionals, we maintain an open and inclusive culture, welcoming ambitious individuals to join our team. We encourage employees to explore boldly and push boundaries. We believe they can find a development path that suits them – whether in management or specialized roles.



This chapter corresponds to SDGs



RIGHTS AND BENEFITS PROTECTION

At Nongfu Spring, every employee is a vital force in the Company’s development. We adhere to the principles of equality and inclusivity, ensuring compliant employment practices. Through innovative management and digital transformation, we continuously enhance our human resources management system, enabling every employee to realize their value and achieve growth.

Strengthening System Construction and Advancing Manpower Reform Orderly

Nongfu Spring is advancing organizational transformation and business achievement through “five key initiatives”: talent supply and development, compensation incentives, benefits and care, cultural building, and performance management. We continue to deepen human resources reform based on the “three-pillar” model. Guided by “three core performance indicators”⁵ and supported by “five key projects”,⁶ we are committed to enhancing overall human resources performance and achieving our key HR management goals in 2024.



HR Management Process Optimization

- Tracking of HR Efficiency Indicators:** Conduct regular tracking of key HR efficiency indicators to foster awareness and improve efficiency management across all departments.
- Onboarding Process Enhancement:** Streamline the onboarding process by refining key aspects such as administrative procedures, housing services, and policy guidance, ensuring a smoother and more efficient experience for new employees. Develop and standardize comprehensive onboarding resources such as the *Employee Handbook* and *Employee Guide* to accelerate new employee assimilation and professional development.
- Digital Platform Optimization:** Enhance real-time tracking of employee onboarding and offboarding, optimize key reports related to employee income, and build an efficient HR data insights platform.



HR Professional Capability Development

- Competency Gap Analysis:** Aligned with business growth needs, continuously optimize the job role requirements, conducting in-depth skills gap assessments for manufacturing personnel.
- Talent Assessment:** Establish a comprehensive talent assessment and development center, implementing scientific talent selection and promotion evaluation through multi-dimensional assessment methods.



Digital Transformation in Human Resources

- Digital Recruitment and Evaluation:** By integrating resources from platforms such as LinkedIn and Maimai, Nongfu Spring enhances talent acquisition through social media, significantly improving recruitment effectiveness. We also develop customized AI interview models, update assessment tools, and optimize our recruitment data management system to achieve a comprehensive digital transformation of the recruitment process.
- Training Platform Upgrade:** we comprehensively upgrade our employee learning and training platform by introducing new features such as career development maps, an online mentorship program, knowledge communities, and integration with external resources. These enhancements are designed to boost employee capabilities and support their professional growth.
- Human Intelligent Chatbot:** The newly launched HR-AI customer service expands the application of AI technology in human resource services.

Strategic Talent Acquisition and Development, Ensuring Continuous Regulatory Compliance

Nongfu Spring embraces a forward-looking talent philosophy of “future-oriented potential cultivation”, consistently infusing organizational vitality. We rigorously adhere to labor regulations, including the *Labor Law* and *Labor Contract Law of the People’s Republic of China*, and have instituted internal policies such as the *Talent Development and Employment Policy* and *Recruitment and Hiring Management Measures* to maintain robust employment standards.

We are advancing our “Talent Leadership” strategy by adopting innovative talent acquisition approaches such as industry networking and on-site visits. By breaking away from traditional recruitment models, we actively attract professionals in the tea industry and foster deeper connections within the sector. In 2024, the actual number of hires from Nongfu Spring’s campus recruitment exceeded the originally planned number.



“Dignified Freshmen” 2025 On-campus Recruitment

In 2024, the Dignified Freshmen Talent Program collaborated with Oriental Leaf Osmanthus Oolong for a brand partnership. As an outstanding seasonal limited edition, Osmanthus Oolong embodies our commitment to excellence in every unique creation and reflects our dedication to cultural heritage and innovation. It also symbolizes our heartfelt expectations for welcoming new graduates into the future. We precisely define talent profiles and leverage diverse channels such as spring and autumn recruitments, internship programs, and university-enterprise collaborations. Emphasizing the organic integration of product development and talent cultivation, we aim to foster maximum growth for new hires during the annual campus recruitment season through cultural immersion and innovation-driven guidance.



Specialized Tea Talent Recruitment

In 2024, Nongfu Spring redefined traditional social recruitment by adopting a model more aligned with the characteristics of the tea industry. By engaging in industry forums, conducting in-depth visits to tea-producing regions, leveraging recommendations from tea industry professionals, and recruiting external tea tasters, we have created a diverse talent acquisition approach and a broad development platform for industry talents. We focus on attracting innovative and versatile talents, strategically strengthening key areas such as tea cultivation, technical R&D, quality control, and raw material procurement. This comprehensive approach injects fresh momentum into the corporate development and innovation.

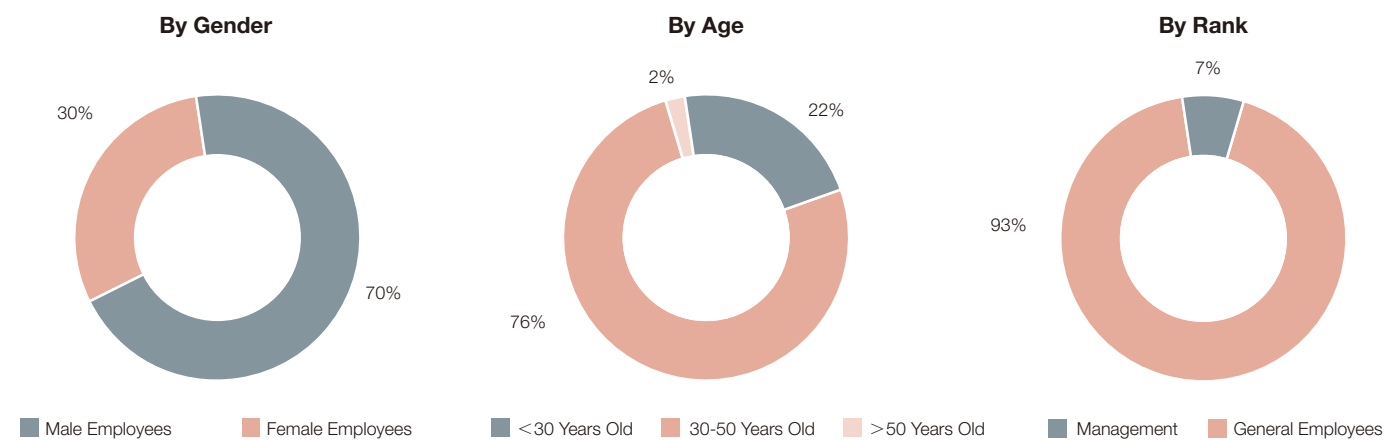
Construction Progress of the HR System

⁵ Three core data indicators include HR cost rate, employee turnover rate, recruitment fulfillment rate and timeliness rate.

⁶ Five critical programs focus on talent development, workforce efficiency, performance and compensation management, HR digitalization, and culture and employee care.

Nongfu Spring consistently upholds strict employment compliance principles, rigorously implementing regulations like *Provisions on the Prohibition of Using Child Labour*. In process management, we have established a comprehensive identity review mechanism across key stages, including recruitment screening, pre-employment verification, and on-the-job checks. This ensures effective prevention of improper employment practices. Additionally, we have established a multi-level compliance employment supervision system, led by Nongfu Spring's headquarters and coordinated across regions, with regular audits to ensure compliance with labor regulations. For any potential violations, Nongfu Spring commits to taking decisive actions to mitigate and eliminate associated impacts, including but not limited to conducting comprehensive investigations, terminating labor relationships, and reporting to competent departments. Additionally, we pledge to protect human rights, explicitly prohibiting human trafficking and related human rights violations, integrating these requirements into supplier and partner management protocols. By the end of the reporting period, Nongfu Spring had never been involved in any illegal employment incidents such as child labor or forced labor.

By the end of the reporting period, Nongfu Spring and its subsidiaries employed 26,098 full-time employees, categorized as follows:



Proportion of Employees across Different Categories in Nongfu Spring in 2024

Fostering an Inclusive and Friendly Workplace while Cultivating a Diverse and Integrated Culture

We advocate a corporate culture of “diversity, equality, and anti-discrimination” and provide comprehensive employee protection through a well-structured system. This includes fair compensation management, career development opportunities, work hours, and leave arrangements. We have established a comprehensive governance framework for a diverse workplace by implementing policies such as the *Talent Development and Employment Policy*, *Code of Business Conduct for Employees*, *Reward and Punishment Management Measures*, and *Notice on Regulating Internal Company Forums*. These regulations effectively uphold an equal and harmonious corporate environment.

We value building a diverse talent structure and actively encourage employees from various backgrounds to join our team. We are steadfast in protecting female employees' rights and benefits, providing comprehensive supports including: maternity insurance, allowances, leave, and dedicated breast-feeding rooms to facilitate smooth workplace reintegration for new mothers. During the reporting period, a total of 333 female employees took maternity leave (including miscarriage leave), amounting to over 43,000 days, while 271 employees took breastfeeding leave, totaling 32,000 hours. Additionally, we provide auxiliary positions for employees with disabilities, protecting their rights and benefits. We also provide equal employment opportunities for employees from diverse ethnic, religious, and cultural backgrounds. By offering diverse dining options, including halal meals, and implementing holiday policies for minority festivals, we actively support and protect the rights and benefits of minority employees.



Minority Employee Activities

Diverse Recruitment

Nongfu Spring focuses on diversified recruitment of ethnic minority talents. Within the reporting period, we successfully onboarded 507 ethnic minority employees. The recruitment proportion in water source areas with ethnic minority concentration is higher. Specifically, Hunan Sangzhi Factory recruited 100 ethnic minority employees, Damingshan Factory in Guangxi employed 61, and Xinjiang Base recruited 12, thereby contributing to ethnic integration and local employment stability.

Nongfu Spring has established a fast-track program for rural talent recruitment, adhering to the philosophy of “creating value, nurturing talent, and benefiting society”. This initiative provides a platform for outstanding individuals to grow and thrive. Through our “Star Training Program” and grassroots talent development initiatives, we provide dedicated housing subsidies and transportation services for rural talents.

Nongfu Spring adheres to the concept of openness and inclusivity towards each employee, respecting individual differences and championing mutual equality and trust. We mandate that all new employees comprehensively learn and sign the *Code of Business Conduct for Employees*, explicitly prohibiting discrimination or harassment predicated on nationality, gender, age, race, sexual orientation, disability, educational background, or any other distinguishing factors. At the same time, we have introduced specialized training courses on our corporate training platform, such as *Guidelines on the Prevention and Prohibition of Workplace Sexual Harassment*. These courses provide all employees with in-depth knowledge of workplace discrimination and harassment, including specific behaviors, complaint channels, and handling procedures. By reinforcing a “zero-tolerance” policy, we strive to foster a respectful and safe workplace environment.

Nongfu Spring provides employees multiple feedback channels, including corporate forums, dedicated HR hotlines, and confidential audit reporting lines. They can report discrimination or harassment issues either anonymously or under their real name, based on their personal preference. Upon receipt of any complaint, we immediately initiate an investigative and verification procedure. Once verified, we will implement decisive disciplinary measures in strict accordance with our *Staff Rewards and Punishments Management Measures*, potentially including demotion, role reassignment, or employment termination, with legal violations referred to public security authorities. In 2024, we introduced a new “Suggestions & Feedback” section, accessible from the company homepage and corporate WeChat workbench. It includes three modules: “Consultation & Assistance”, “Suggestions & Opinions”, and “Praise & Recognition”. Employees can use these channels to raise concerns, provide suggestions, or share positive feedback at any time. We are committed to responding within three working days.

Nongfu Spring supports employees in using labor union as a platform for collective bargaining and equal consultation with the company. This ensures full protection of employees' freedom of speech and association rights. We attach importance to employees' voice, implementing multiple efficient channels to capture their true demands. Among these initiatives, the “General Manager Symposiums” is held regularly, facilitating cross-level dialogues between business line general managers and employees to enhance interdepartmental communication. The “Annual Executive Reflection Meeting” covers all business departments to gather employee recommendations, with dedicated personnel ensuring follow-up and continuous improvement.

TRAINING AND DEVELOPMENT

An exceptional workforce is the lifeblood of Nongfu Spring’s robust growth. We continuously improve our training system, providing rich learning resources to support employee development. By creating diverse career development paths and a fair competitive environment, we enable every employee to fully unleash their potential and realize their professional aspirations.

Enhancing Talent Cultivation and Enriching Course Systems

Guided by the *Talent Development and Employment Policy*, Nongfu Spring is deeply committed to nurturing talent. We have developed a diversified, multi-level, and personalized training system tailored to different job characteristics and employee development needs, helping employees enhance their professional and managerial capabilities while accumulating corporate intellectual wealth.



Training for Frontline and Newly Promoted Management

- Conduct various training programs to cultivate comprehensive employee capabilities, such as new media skills training including online courses like *Short Video Production* and *Mastering Short Videos*, with approximately 20,000 participant instances, enhancing overall digital communication and marketing capabilities.
- For newly hired business representatives and newly appointed supervisors and managers, we conduct standardized training combined with a mentorship program to ensure their professionalism, job readiness, and competency in core frontline roles.
- Utilize regional centralized training mechanisms, piloting in the East China Region, to integrate resources, improve training quality, and strengthen employee enterprise culture identification and regional connectivity.



High-potential/Management Trainee Cultivation

- Through the "BaiGe Talent Acceleration Program", we implement a five-year training plan for employees who demonstrate capability, potential, and willingness to grow, aiming to develop a strong pipeline of management talent within the production team.



Advanced Development Programs for Mid to Senior Management

- Implement one-on-one mentorship coaching for mid to senior management, ensuring rapid role adaptation and growth.
- Establish a comprehensive sales talent development system for mid to senior levels, clearly defining capability standards for each tier, complemented by specialized training courses.



Enhancing Professional Skills for All Employees

- Comprehensively optimize the digital learning platform, upgrading the intelligent training functional matrix. The new platform introduces modules such as job development maps, online mentorship, and knowledge communities, creating a multi-dimensional learning ecosystem that provides personalized growth paths and promotes organizational knowledge retention and experience inheritance.

Expanding Training Horizons, Strengthening Collaborative Cultivation

Nongfu Spring views employee growth as the driving force of corporate development, continuously refining our talent tiered cultivation system. In 2024, we conducted a series of training projects, establishing diverse learning platforms to comprehensively enhance employee comprehensive qualities.

Standardized Training for New Sales Employees (Business Representatives)

To enhance cultural alignment, accelerate team integration, and improve sales skills for new sales employees, we launched a standardized training program within the reporting period. This initiative was organized at the regional level, integrating multiple major regions to ensure consistency in training. We provide standardized and unified course content for all regions, including source knowledge, water expertise, and hands-on practice, enabling new employees to complete their training efficiently within one month of onboarding. The training program provides essential support for employees in adapting to their roles and enhancing job stability. Since its implementation, the turnover rate of newly onboarded sales employees in the same month has decreased by 3.5% compared to 2023.



Aseptic Line Talent Cultivation Project

To improve the professional and technical level of factory aseptic line personnel, we launched a talent cultivation project within the reporting period. By identifying technical backbone staff, establishing cultivation plans, and implementing talent development strategies, we enhanced the self-maintenance capabilities of aseptic line equipment across factories. The project identified and trained 84 key personnel for major equipment overhauls, encompassing 6 aspects including preliminary training, one-on-one mentorship, and advanced training. Through the overhaul cultivation and certification plan, relevant personnel acquired independent operation and self-maintenance capabilities. During the reporting period, professionally trained employees successfully conducted over 10 independent major overhauls. The validation achieved a 100% first-time pass rate, compared to 91.67% when led by external suppliers, significantly improving overall success rates.

Nongfu Spring Training and Studying Development System

Nongfu Spring carefully selects high-quality training resources, collaborating with professional training institutions to create business-scenario-specific empowerment projects. Additionally, we have established the *Employee External Training Management Measures*, covering training and travel expenses for external training, fostering an open and shared learning atmosphere.



Jingyi Plan – Factory Financial BP Talent Cultivation Project

To support factory operational transformation, Nongfu Spring selected outstanding financial BP talents, launching the “Jingyi Plan-Factory Finance BP Talent Cultivation Project” in 2024, with over 50 financial professionals from factories and subsidiary companies participating. We conducted empowerment training across three modules: “Repositioning BP Roles”, “Solidifying Operational Management Capabilities”, and “Shaping Financial Influence”, aimed at enhancing the financial team’s professional capabilities and supporting factory operation and management capacity upgrades.



Collaboration Training with University in the Netherlands

In 2024, Nongfu Spring partnered with one of renowned universities in the Netherlands to conduct specialized training on biological control technologies, focusing on tea and agricultural products. Centered on technical innovation and practical application, the program aimed to enhance participants’ understanding of the advantages of biological control in improving crop yield and quality. Through systematic learning and practice, the team enhanced its agricultural products quality management capabilities.



Zhejiang University Guanghua Law School Collaboration Training

Special Lecture on Contract Law We invited professors from Zhejiang University Guanghua Law School to conduct a specialized lecture on Contract Law. This training helped the team grasp the fundamental principles and regulations of contract law, ensuring the compliant and lawful drafting, signing, and execution of contracts within the company; at the same time, it helped identify contract risk points, preventing potential disputes caused by unclear or non-compliant clauses.

Within the reporting period, 100% of Nongfu Spring employees received training, with an average training duration of 39.07 hours per employee.

Optimizing Compensation Incentives to Empower Business Growth

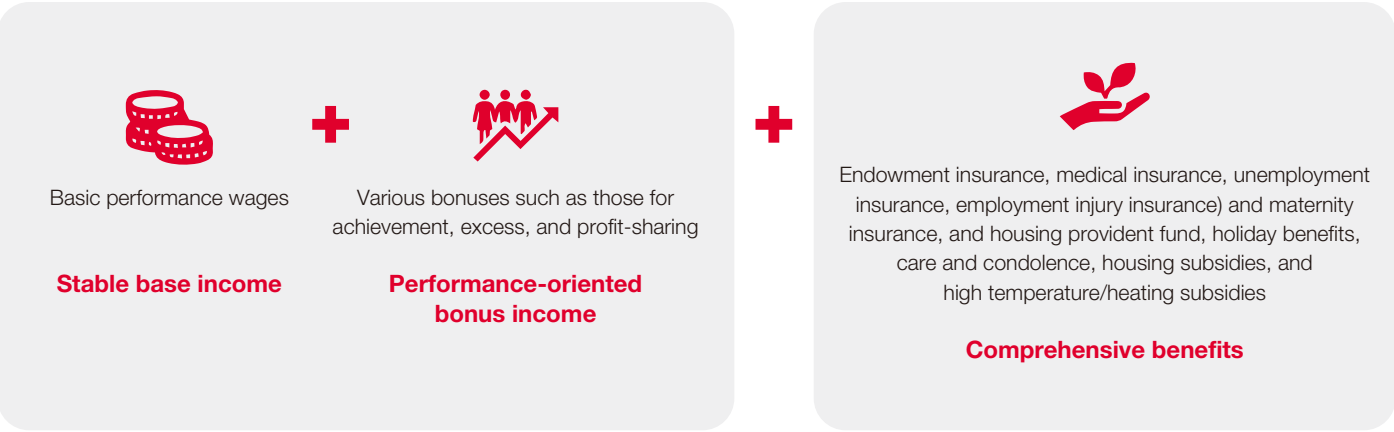
To continuously attract and retain exceptional talents across various categories, Nongfu Spring has established comprehensive management policies, including the *Headquarters Compensation Management Measures*, *Factory Compensation Management Measures*, *Attendance Management Measures*, *Employee Performance Management Measures*, *Position Grade Management Measures*, *Position Grade Management Measures*, *Promotion Evaluation Standards*, *Nongfu Spring Long-Term Incentive Management System*. Within the reporting period, we revised the *Regional Compensation Management Measures*, implementing equal pay for equal work while creating a compensation incentive system competitive within the industry.

To enhance performance management effectiveness, we organically integrated Key Performance Indicators (KPI) with Objectives and Key Results (OKR) and developed a performance management handbook. This approach not only improves performance management efficiency but also helps employees clearly understand their performance goals and their significance. During the objective-setting phase, we emphasize interdepartmental collaboration, unifying performance objective orientation, and focus on process feedback and improvement guidance during the assessment phase. We have created a multi-dimensional performance evaluation system, employing various assessment methods including employee self-assessment, supervisor recommendations, public employee job presentations, team-based performance, and evaluation committee reviews. This approach enhances the fairness and objectivity of assessment results while enabling employees to gain a more comprehensive understanding of themselves.

We have established a multi-level performance dialogue mechanism, promoting in-depth communication between supervisors and employees through quarterly, semi-annual, and annual performance reviews. We continuously empower supervisors at all levels with coaching capabilities to ensure efficient performance dialogues. During regular performance reviews, supervisors and employees collaboratively analyze work performance, identify strengths and improvement areas, and jointly develop enhancement plans to support continuous employee growth and achievement of higher performance objectives. We also actively uncover and showcase high-performing employees’ success stories, using individual examples to drive team-wide progress and inspire continuous self-improvement.

Building on structured performance evaluation management, we implement “irregular performance benchmarking” as a non-structured performance management initiative. We encourage ongoing, agile communication between employees and management, helping employees promptly understand their performance and make timely adjustments to goals and work approaches, better adapting to evolving work environments and business requirements.

We continue to advance our employee equity incentive plan, recognizing outstanding talents’ exceptional contributions to corporate development. By the end of the reporting period, we had completed all three equity allocations for the first batch of 108 incentive recipients (refer to the annual report for details). We are also committed to enhancing overall employee satisfaction, with total employee benefit expenditure (including director remuneration) amounting to RMB4,301 million within the reporting period.

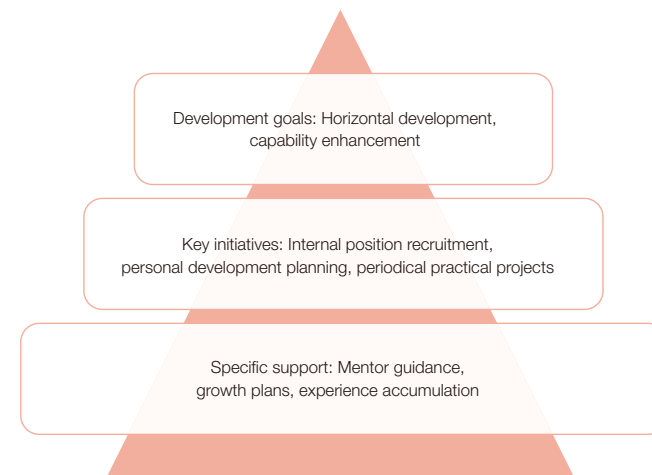


Nongfu Spring Compensation and Benefits System

Leveraging Dual-channel Development Paths to Encourage Employee Expansion

Nongfu Spring establishes deep growth tracks for employees, guiding them to forge ahead with determination. In terms of development, we have built a dual-track career development system encompassing both “management” and “professional” paths. Based on internal regulations such as the *Position Grade Management Measures*, we clearly define qualification standards, providing mechanism guarantees for talent promotion. Regarding promotion management, we flexibly adjust promotion frequency and pace according to company business needs and organizational talent structure, while openly communicating promotion plans and ratios at the organizational level to ensure reasonable and transparent promotion processes that maximize business value. Regarding organizational procedures, our promotion assessment is grounded in performance output and benchmarked against professional capabilities. Through departmental recommendations, organizational evaluations, review committee examinations, etc., we comprehensively ensure fair and just selection results, helping employees realize their self-worth.

Concurrently, Nongfu Spring provides a horizontal development platform for employees, encouraging talent mobility. Through internal position recruitment, personal development planning, and periodical practical projects, we promote cross-departmental, cross-functional, and cross-regional rotations. We customize mentor guidance and growth plans for rotating employees, helping newcomers quickly integrate into their positions, accumulate experience through practice, and enhance capabilities through challenges.



Horizontal Development of Multi-skill Talent in Factories

To broaden the technical development channels for factory technical personnel, we established and promoted a multi-skilled worker cultivation system, covering factory production operators, technicians, logistics and warehousing, and other positions. We are committed to improving factory employees’ operational proficiency across multiple positions and cultivating versatile talent with multiple skills.

The cultivation system provides comprehensive resources including theoretical learning, practical exercises, and rotation practices. Employees who have been evaluated and passed the certification assessment can be awarded “one-star, two-star, or three-star” qualification certificates based on their multi-skill levels. We provide talent subsidies ranging from RMB500 to RMB1,500 for employees of different star levels and include them in the Company’s multi-skilled talent pool. By the end of the reporting period, the Group had certified 372 one-star multi-skilled workers and 24 two-star multi-skilled workers. This initiative not only helps employees expand their career development space but also enhances the Company’s overall operational efficiency and personnel allocation flexibility.

CARE AND HEALTH

Nongfu Spring attentively cares for each employee, creating a warm and safe work environment through diversified benefits and occupational health protection. We are committed to employees’ physical and mental health and career development, helping each colleague achieve harmonious work-life balance.

Diverse Welfare Projects for Holistic Update of Human Care

Nongfu Spring establishes its benefit foundation on the *Welfare Management Measures* and *Holiday Management Measures*, successively launching a series of optimization plans including the *Welfare Platform Planning Scheme*, *Employee Physical Examination Program* and *Employee Health and Welfare Projects*. We continuously enrich the employee care system. Beyond ensuring employees enjoy statutory benefits, we meticulously plan benefits exceeding legal requirements, such as lunch subsidies, birthday gifts, holiday greetings, wedding celebrations, funeral condolences, high-temperature allowances, and heating subsidies, providing all-around care for employees.

Within the reporting period, we encouraged talent mobility, clarifying principles and standards for relocation benefits to address employees’ concerns. Based on the newly issued *Measures for the Administration of Domestic Relocation Welfare Management Measures*, we specified five relocation benefit items: housing subsidies, settlement allowances, relocation support subsidies, family reunion leave, and supplementary medical care. We newly launched a “Relocation Supplementary Medical Insurance” benefit plan, creating nationwide medical security services with online claims, further demonstrating the Company’s high regard for employee health and well-being.

We have refined the standards for maternity leave, breastfeeding leave, and paternity leave standards through the *Holiday Management Measures*, effectively protecting employees’ leave rights and benefits and conveying corporate warmth. We continue to implement paternity leave policies for male employees. In 2024, we supported 904 employees taking paternity leave, totaling 9,395 days, reflecting our respect and support for employees’ family lives.

For four consecutive years, we have prepared customized gift boxes for employees during traditional festivals such as Mid-Autumn Festival and Spring Festival, incorporating corporate care elements in the gift selection. We continuously promote the digital transformation of the employee benefits platform, constantly improving the user experience. We also invite employees’ family members to participate in family open days and parent-child public water delivery activities, enhancing employees’ sense of belonging. Additionally, we conduct frontline employee care activities during peak business seasons, enhancing collective cohesion.



Summer Camp

We have conducted the “Summer Camp” childcare program for employees’ children for five consecutive years, helping employees address childcare issues during summer vacation.

This year’s “Summer Camp” childcare program offered richer content, adding 17 quality development courses and establishing two themed study camps: “Scientific Innovation” and “Financial Literacy”, meeting the needs of different age groups. The activity attracted 162 employee families, winning widespread employee appreciation and recognition, achieving a win-win situation where employees work with peace of mind while children grow happily.



Heart to Heart Care Program

In July 2024, Nongfu Spring has upgraded the labor union’s serious illness assistance policy and officially launched the “Heart to Heart Care Program”, aiming to build a more solid safety net for employees and their families, ensuring that every member receives timely and effective support when facing life challenges. Particularly in critical health illness assistance, the “plan” significantly increased aid amounts, effectively alleviating economic burdens caused by illness for employees and their families. By the end of 2024, it has successfully benefited over 187 employee families throughout the year, with a total expenditure of 5.65 million RMB, effectively reducing the financial burden caused by medical and family difficulties.



Stress Management and Health Examination Services

We have optimized the employee communication/feedback platform and launched the new EAP Mental Health Platform, offering services such as online psychological counseling, convenient appointments with psychologists, and learning courses. These initiatives aim to help employees relieve stress caused by work and other factors, fostering a healthy work environment and personal growth. Additionally, we introduced the Family Physical Examination Package to safeguard the well-being and happiness of employees’ families.



Yoga for Pleasant Mind and Enhanced Beauty

To care for employee health and enrich leisure activities, within the reporting period, we conducted regular yoga-themed activities at factories including Hubei Junzhou Factory, inviting professional instructors to provide yoga guidance. Through this approach, we hope employees can relieve stress, communicate with each other, and achieve physical and mental relaxation amid their busy work schedules.

We conduct employee engagement surveys covering aspects such as job satisfaction, self-motivation, career well-being, stress management, work-life balance, and office environment to gain broader and deeper understanding of our employees’ perspectives. Within the reporting period, we conducted an in-depth analysis of the 2023 employee engagement survey results, identified key improvement areas, and incorporated them into the human resources priorities for the reporting period, dedicated to creating a happy workplace.

2023 Engagement Survey Follow-up: Focusing on Employee Experience Optimization, Building a Sustainable Talent Ecosystem

Based on improvement needs in the “talent focus and work experience” dimension identified in the 2023 employee engagement survey, we implemented systematic, differentiated improvement measures to comprehensively optimize the employee experience.

Factories and regional operations nationwide implemented workplace environment improvements through a dual-track strategy of “hard environment + soft culture”: expanding parking facilities and upgrading catering services, while introducing optimized workshop steam condensate systems and AGV automation equipment to improve the working environment. These improvements were combined with refined scheduling strategies to protect rest entitlements, and innovative initiatives such as mental health months and family open days, resulting in continuously declining frontline employee turnover rates.

In the talent development dimension, we continuously enriched our training system alongside substantial humanistic care. The “Little Mentor” mechanism for shortened new hire onboarding training cycles, systematic training courses covered all employees, and targeted training courses were provided. For career path development, we established standardized cadre selection systems, promoted internal selection of management personnel, and optimized income structures to enhance employees’ upward mobility willingness and motivation. At the regional level, we innovatively implemented merchandiser care plans in peak seasons, effectively alleviating pressure during workload peaks, while continuously strengthening employee belonging through humanized measures such as family activities and customized holiday gift packages.

Implementing Safety Management Principles to Build a Comprehensive Health and Safety Assurance Framework

Nongfu Spring upholds the health, safety, and environment (HSE) management policy of “people-oriented, prevention-focused, full participation, and continuous improvement”. The Company strictly complies with the *Law of Prevention and Control of Occupational Diseases of the People’s Republic of China* and has recently revised internal regulatory procedures including the *General Principles of Production Safety Management*, *Factory Safety Inspection Standards*, *Factory Safety Incident Management Protocol*, *Factory Near-Miss Reporting and Resolution Procedure*, and *Employee Safety Violation Management Regulations*, establishing a comprehensive occupational health and safety assurance framework for employees.

Furthermore, we have developed an *Employee Occupational Health and Policy* covering all employees and contractors, which was approved by the Board of Directors and formulated with employee representative participation. We also guide contractors in establishing occupational health and safety management systems. Through enhanced communication mechanisms, scientific assessment of priorities, and establishment of quantifiable objectives, we systematically implement various control measures and regularly evaluate the effectiveness of health risk prevention and control through workplace injury and occupational illness investigation procedures.

Nongfu Spring implements a headquarters-centralized safety management model, with unified oversight by the Production and Operation Center. Each production base maintains a four-tier safety management system led by the safety management committee. Through implementation at production base and factory committee levels, as well as department and section safety implementation teams, a complete operational execution system is established. The Executive Director of the Board of Directors and General Manager of the Production and Operation Center bears ultimate responsibility as the highest authority, with compensation linked to health and safety performance to ensure effective implementation of safety management protocols.

By the end of the reporting period, the ISO 45001 Occupational Health and Safety Management System certification rate across the Group’s factories exceeded 80%, with plans to achieve 100% by the end of 2025. In 2024, we established a target for the number of workplace injuries per million working hours at production bases not to exceed 1.5, with an actual rate of 1.15. Within the reporting period, Nongfu Spring factories have reported zero major safety incidents caused by production operations and reported no fatalities among employees or contractor personnel. However, there was 1 fatal accident involving an employee in a traffic incident after work.

Strengthening Occupational Safety Management and Continuously Safeguarding Employee Health

Nongfu Spring has improved its safety risk management and control mechanism, establishing a three-tier inspection system consisting of regular patrols, guidance meetings, and spot checks to strengthen the implementation of safety hazard rectification. The Company has also established an employee reporting incentive mechanism to fully mobilize the active participation of all employees in safety management, achieving proactive safety risk management.

Concurrently, we conduct systematic risk assessments to precisely identify internal and external risk levels and establish targeted emergency response plans. We focus on conducting regular emergency drills for high-risk scenarios including floods, power outages, earthquakes, and fires to comprehensively enhance employee emergency response capabilities and minimize losses from unexpected incidents.

In response to employees’ health needs, we have implemented a series of health and wellness initiatives. We have implemented flexible or standardized attendance policies tailored to different job roles, allowing sales and production staff to better manage their work schedules. Additionally, we have established a working-from-home mechanism and introduced health recovery buffer periods during influenza outbreaks. Furthermore, we have equipped headquarters and selected factories with fitness facilities and health self-assessment devices, launched fitness programs, organized employee sports events every year, and actively promoted a healthy lifestyle.



Jiangxi Xinfeng Factory Health Promotion Activities

To care for the health of all employees, Jiangxi Xinfeng Factory partnered with a local traditional Chinese medicine (TCM) hospital within the reporting period to conduct basic health examination for them. In addition to explaining fundamental occupational health knowledge, dedicated medical teams provided onsite health services including blood pressure monitoring, blood glucose testing, TCM inquiry, San Fu (dog days) moxibustion therapy, San Fu plaster applications (San Fu Jiu), and dermatological examinations.

We organize annual physical examinations for all current employees and conduct occupational health examinations such as noise-related hearing tests and dust-related pulmonary function tests at all factories based on occupational disease monitoring conditions. We have maintained a zero occupational disease rate for consecutive years, and any employees found to have potential work-related health issues are reassigned to more suitable positions. Each factory provides employees with personal protective equipment for occupational disease prevention and conducts occupational health promotion activities. In 2024, a total of 10 occupational health lectures were conducted, covering more than 300 employees.



Automated External Defibrillators (AED) Emergency Equipment and First Aid Training Fully Implemented Across All Factories

Cardiac arrest is one of the leading causes of sudden death in modern society, and AED can deliver timely electric shocks, providing critical life-saving intervention and extending the golden rescue window. Within the reporting period, we achieved full coverage of AED emergency equipment and related training across Nongfu Spring Headquarters and all its factories. All factories actively collaborated with local Red Cross Society organizations to conduct cardio pulmonary resuscitation (CPR) and emergency device operation training. Employees who pass the assessment receive “Red Cross First Aider” certificates, qualifying them as certified workplace lifesavers in emergency situations.

Promoting a Safety Culture to Strengthen the Foundations of Life Safety

Nongfu Spring consistently prioritizes employee life safety, strictly verifying the job qualifications of both internal staff and external personnel while fostering a strong safety culture. In 2024, we conducted multi-level training programs, including three-tier safety education and contractor onboarding training, with strict oversight of the practical implementation process. We have established professional training facilities equipped with first-aid equipment, firefighting devices, and simulated training tools, reinforcing safety awareness through case-based safety warnings. For high-risk operations, we integrated in-person instruction with examinations to ensure effective training, maintaining consistently low rates of safety violations and incidents.

We also emphasized contractor safety management by strengthening personnel safety awareness and adherence to operational standards through regular training and experience-sharing initiatives.



Contractor Entry Training

Within the reporting period, we prioritized three-tier safety education for factory employees, covering contractors onboarding, job transition and reinstatement training, as well as intern training. For contractors, we established dedicated entry training rooms equipped with safety posters and accident case studies to ensure compliance with the “training before entry” principle. In the factory workshops, we have established safety training rooms equipped with emergency kits, firefighting equipment, audiovisual systems, and first-aid simulation facilities to enhance employees’ and contractors’ hands-on operational skills. For employees who violated safety protocols, we conduct factory-level training and communication sessions in the training room to address their concerns and enhance safety culture compliance.



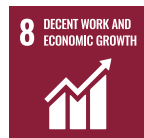
Training on Fire Extinguisher Usage and Fire Safety Awareness

Within the reporting period, we enhanced fire drill training at group headquarters and factories. We require that specific roles, such as safety officers and power department staff, be proficient in using basic fire extinguishers, fire blankets, and other fire safety equipment. Additionally, we equipped safety training rooms in workshops with emergency protective gear, such as positive pressure air breathing apparatus for fire-fighting, to enhance employees’ crisis response capabilities in emergencies.

SOLID COOPERATION

Suppliers are not merely business partners but essential allies in our shared pursuit of sustainability. We deeply understand that the natural purity of every drop of water and the sweetness of every orange rely on the unwavering support and dedication of our suppliers. Therefore, we are committed to fostering strong and enduring partnerships with our suppliers, built on trust, respect, and mutual benefit, as we work together to explore new avenues for sustainable development.

We firmly believe that superior supply resources and efficient supply chain management are key to corporate success. To this end, we have meticulously designed a comprehensive supplier management system, ensuring meticulous oversight and efficiency at every stage – from access reviews to daily operations. We prioritize open communication and close collaboration with our suppliers, continuously enhancing their quality awareness and management capabilities through regular training and knowledge-sharing, ensuring that every aspect of the supply chain meets our high standards. At the same time, we actively advocate the concept of sustainable procurement, encouraging suppliers to adopt green production methods, minimize environmental impact, and collaboratively drive the green transformation of our supply chain.



This chapter corresponds to SDGs

SUPPLIER MANAGEMENT

A well-structured supplier management system is key to ensuring the stability and efficiency of supply chain operations. Nongfu Spring continuously enhances its full-lifecycle supplier management framework, explores innovative supplier management models, empowers suppliers to improve quality, and advances overall supply chain management through refined and digitalized processes.

Supplier Management System

Focusing on full-lifecycle supplier management, Nongfu Spring has established a supplier management framework based on the *Procurement Management Measures*, *Supplier Life Cycle Management Specification*, and *Supplier Health, Safety and Environment Policy*. Within the reporting period, we introduced the *Raw Tea Procurement Management Standards* to refine tea procurement criteria, clarify responsibility allocation, enhance tea quality control, and build a secure, stable, and competitive raw tea supply chain.

Regarding supplier management structure, we established a dedicated Tea Procurement Department in 2024, strengthening cross-departmental collaboration with R&D, production, and quality teams to continuously improve tea quality standards. As part of our procurement strategy innovation, we adopted a new purchasing model that significantly expanded our supplier network. The number of tea-related partners increased by 248% compared to 2023, effectively diversifying upstream tea raw material sources, enhancing supply chain resilience, ensuring secure and efficient operations, and achieving an optimal balance between quality and cost.

We launched the supplier master data module within the corporate master data system, integrating the entire supplier management lifecycle – from supplier onboarding and performance evaluation to risk management, contract termination, or renewal of Supplier Relationship Management (SRM) – into Nongfu Spring’s unified digital infrastructure. This initiative enhances digital governance over suppliers and strengthens the overall digitalization of supplier management. At the same time, we launched a pilot project to streamline supplier order integration, incorporating key raw material suppliers into an end-to-end digital management system. By synchronizing upstream supplier information, suppliers can flexibly adjust their operations to align with production schedules, ensuring efficient coordination between supply and production.

 Development and Access	- We conduct comprehensive evaluations of potential suppliers in accordance with the <i>Supplier Life Cycle Management Specification</i> and <i>Supplier Access Process</i>, assessing their operational capabilities, risk profiles, and sustainable development performance. Supplier access qualification is rigorously verified through material certifications, site inspections, and other methods. - All potential and formal suppliers are required to sign the <i>Basic Cooperation Agreement</i> and commit to adhering to the <i>Supplier Code of Conduct</i>. - Quality Assurance and R&D departments organize site inspections, sample testing and evaluations as well as other methods to enforce stringent access reviews. - Refine the project-based selection system for infrastructure suppliers, utilizing multi-dimensional criteria such as industry rankings, financial risk assessments, and benchmark project analyses to comprehensively evaluate their overall capabilities.
 Hierarchical Management and Performance Evaluation	- We implement a hierarchical supplier management system in accordance with the <i>Supplier Life Cycle Management Specification</i>, dynamically adjusting supplier tiers based on annual comprehensive evaluation results. - For project-based suppliers, we assess performance based on contract fulfillment; for material suppliers, monthly evaluations are conducted across multiple dimensions, including delivery timeliness, product quality, and collaboration efficiency. - We continuously reinforce contract compliance management for infrastructure suppliers through weekly progress reports and monthly project reviews, ensuring effective execution oversight. We conduct quarterly supplier performance evaluations and audit reviews to ensure continuous monitoring of supplier performance. - All suppliers undergo at least one audit every four years, including ad-hoc inspections and spot checks. The audit scope covers delivery quality, operational performance, sustainable development, and other key areas, ensuring full supplier coverage.
 Reward and Elimination	- For top-rated suppliers, we implemented incentive measures, including preferential contract allocation. - Suppliers that fail to meet standards during execution are required to rectify deficiencies within a specified timeframe, while those failing assessments face suspension (freezing) of cooperation. After the freeze period, suppliers may apply for evaluation through the standard access process. Cooperation will be reinstated upon passing reassessment under the updated supplier grading criteria. - We uphold a "zero-tolerance policy" toward suppliers engaged in fraud, information concealment, or violations of fair competition principles that contravene business ethics and breach management "red lines". Once identified, such suppliers are permanently blacklisted.

Supplier Management Process

Nongfu Spring consistently upholds standardized and regulated supplier management practices. We implement access reviews and rectification tracking for new suppliers, conduct non-periodic spot checks for existing suppliers, and carry out regional end-product procurement audits to ensure the effective operation of the supplier management system. Within the reporting period, the procurement department revised supplier audit forms and collaborated with quality assurance, testing, and audit departments to conduct comprehensive supplier assessments and risk management and control. At the delivery stage, third-party agencies are engaged to perform sample testing and quality evaluations for bulk production, ensuring the implementation of supplier management requirements through multi-dimensional quality control.

Nongfu Spring evaluates active suppliers using a dual-criteria framework that combines economic and ESG standards to identify high-impact suppliers or those presenting potential ESG risks. The economic criteria are defined based on business impact and relevance, while the ESG criteria are based on key ESG issues in supply chain management. The supplier evaluation process of Nongfu Spring was structured as follows:

Step I: Build a Supplier Screening Library	Step II: Business Impact and Relevance Assessments	Step III: ESG Risk Assessments
Nongfu Spring conducts supplier screening for all active suppliers, incorporating them into a centralized supplier screening library.	Nongfu Spring evaluates all active suppliers based on their relevance to our business to identify significant suppliers. The specific assessment items include: 1. Annual procurement expenditure 2. Importance of raw material procurement 3. Substitutability of raw materials procurement and suppliers 4. Alignment with business objectives 5. Business relationship stability, etc.	Nongfu Spring conducted ESG risk assessments for all significant suppliers to identify those with potential risks. The specific assessment items include: 1. Labor rights and benefits 2. Environmental protection 3. Business ethics, etc. Specific risk sources and categories include: 1. Country-specific risks For example, varying environmental compliance requirements across countries may expose certain suppliers to higher environmental regulatory risks. 2. Sector-specific risks For example, the agricultural product planting industry may have a high risk of deforestation. 3. Commodity-specific risks For example, food safety and quality directly impact consumer health and life safety, making it a quality-sensitive commodity category.
Screening Outputs		
/	Significant suppliers	Significant suppliers with potential ESG risks

Supplier Risk Assessment Process

In 2024, Nongfu Spring identified 547 significant suppliers, with 3 posing potential ESG risks. All relevant suppliers have been urged to implement rectification measures or adopt risk management actions.

Supply Chain Quality Empowerment

Nongfu Spring has always prioritized supply chain quality management. New suppliers underwent rigorous quality reviews to ensure supply chain safety and stability. For existing cooperative suppliers, we engaged professional third-party testing agencies to conduct sampling inspections and quality evaluations on delivered batches to guarantee product quality.

Within the reporting period, we established the *Basic Requirements for Quality Management in Dried Osmanthus Production* for raw materials of Oriental Leaf Osmanthus Oolong to standardize production processes and urge suppliers to implement refined tank transportation management to prevent contamination. For suppliers of tea, packaging materials, and other raw materials, we enhanced the quality of supplied raw materials through continuous quality assistance and technology promotion, optimizing overall supply chain quality through close cooperation with suppliers.



Quality Publicizing and Implementation for Tea Suppliers

Within the reporting period, we organized an online tea supplier quality management conference, attended by 102 representatives from 26 suppliers. The conference emphasized 2024 tea raw material management and control requirements and provided comprehensive training on quality management throughout tea production. This systematic guidance strengthened suppliers' understanding and implementation of quality control standards of raw materials.

Quality Meetings for Carton, Label, PE Film Suppliers

Within the reporting period, we organized and held an online conference on the 2023 Annual Packaging Material Supplier Quality Review and 2024 Quality Requirements, with a total of 92 suppliers of cartons, labels, and PE films in attendance. The conference involved cross-departmental collaboration (packaging material R&D, procurement, testing centers, and factories) to review supply quality performance, showcase improvement cases from key suppliers, and discuss factory feedback and quality enhancement measures. This significantly elevated suppliers' quality awareness and management capabilities.

Nongfu Spring implemented stringent measures to ensure supply chain quality within the reporting period. Core raw material suppliers underwent regular inspections to monitor upstream risks, while on-site capacity-building programs with integrated quality assurance audits were conducted for green tea and jasmine tea suppliers and tea factories. Suppliers with identified issues were subject to follow-up rectification or contract termination to maintain effective quality control of the supply chain.



Guangxi Pubei Citrus Peel Industry Enhancement Initiative

Within the reporting period, we continued to deepen our strategic cooperation with suppliers of citrus peel from Pubei, Guangxi, by guiding farmer households on safe pesticide use through demonstration planting, scientific pesticide application, and training on pesticide use manuals. We also regularly conducted inspection and supervision, and organized agricultural management training sessions to help farmer households master standardized cultivation techniques. Additionally, we collaborated with suppliers to explore environmentally friendly disposal solutions for fruit pulp residues, promoting sustainable industry development.

Sun-dried Green Tea Raw Material Quality Improvement

In August 2024, we initiated procurement of sun-dried green tea and implemented quality control measures to address the current extensive management practices in the initial processing of tea leaves. We established dual-inspection mechanism ("Initial Production Sample Submission" and "Random Sampling upon Receipt"), alongside fresh leaf procurement records and tiered pricing. We also conducted daily sensory evaluations of tea were to optimize processing techniques. To optimize the production environment, we promoted drying with racks placing above the ground to prevent raw material contamination.

RESPONSIBLE PROCUREMENT

Guided by the vision of "creating a sustainable value chain", Nongfu Spring was committed to fostering a responsible supply chain, cultivating a clean business environment, propagating green development principles across the entire value chain, promoting shared social responsibility, improving the ESG risk management system, and collaborating with suppliers on a sustainable development journey.

Sustainable Procurement

The Company's Board of Directors provided overarching leadership on sustainable procurement matters, with oversight by departments such as the Procurement Center and Agricultural Industry R&D Department. We established sustainable procurement policies and systems, including the *Supplier Health, Safety and Environment Policy* and *Supplier Code of Conduct* to standardize suppliers' sustainable development requirements in labor rights and benefits, environmental protection, and business ethics.

 Labor Rights and Benefits	We required our suppliers to strictly implement the six major standards of labor management on the basis of complying with labor laws and regulations, including prohibiting forced labor, child labor, protecting the working conditions and benefits of employees, ensuring occupational health and safety, eliminating discrimination and harassment, protecting the rights of employees to collective bargaining and free association.
 Environmental Protection	- We continued to pay attention to the environmental performance of our suppliers and require them to actively identify and control environmental risks on the basis of compliance, including greenhouse gas emissions, energy consumption, pollution prevention and waste management, resource efficiency, biodiversity, etc. - We required suppliers to conduct full life cycle analysis of their products and provide us with necessary environmental data including energy consumption, resource consumption, emissions, recycling, etc. through the information supplier management platform, so as to provide data support for strengthening the construction of green supply chain, explore sustainable development solutions with suppliers and jointly build a green supply chain.
 Business Ethics	We adhered strictly to the business ethics clauses of Nongfu Spring together with our suppliers, which encompass anti-corruption, anti-bribery, conflicts of interest, fair competition and anti-monopoly, protection of trade secrets and intellectual property rights, data privacy protection, among other aspects. We encouraged our suppliers to formulate and implement policies and systems for business ethics management, and are committed to fostering an honest and transparent cooperative environment.

Supplier Code of Conduct Requirements

We consistently integrate sustainable development requirements into the supplier evaluation system, clarifying assessment requirements for supplier access, performance evaluation, and exit mechanisms to ensure cooperative suppliers’ compliance with Nongfu Spring’s sustainable procurement requirements of the Nongfu Spring Supplier Code of Conduct. Suppliers failing to meet Nongfu Spring’s minimum ESG requirements were provided with corrective support. If improvements remained insufficient, partnerships would be terminated. During the supplier access evaluation, ESG standards were weighted in evaluations, prioritizing suppliers with stronger ESG performance.

Business ethics were central to Nongfu Spring’s supplier screening process. To strengthen collaboration on ethical practices across the value chain, we implemented supply chain business ethics management initiative including the formulation and signing of relevant standards, routine communication, and specialized training. We formulated the *Supplier Code of Conduct* applied to all suppliers, and by the end of the reporting period, 100% of suppliers had signed business ethics clauses. We maintained regular and diversified communication channels with suppliers, issuing the *Letter of Information Regarding Integrity to Business Partners* to over 1,000 suppliers within the reporting period. Regular business ethics training sessions were also conducted to clarify legal regulations and corporate policies, fostering a culture of integrity across the supply chain.

Additionally, we implemented targeted measures to strengthen green procurement awareness within our procurement team and promote integrity compliance among distributors. Grounded in the *Code of Business Conduct for Employees of Nongfu Spring*, we developed the *Code of Conduct for Procurement and Business Related Personnel* and the *Procurement External Communication SOP* to standardize the professional ethics of our internal procurement team. Through specialized training on topics such as anti-bribery and interest conflicts, supplemented by case studies, we continuously reinforced compliance awareness within the team. For distributors, we actively promoted and enforced the signing of the *Anti-Bribery and Fraud Mutual Supervision Code*. Within the reporting period, we completed awareness campaigns for nearly 4,000 distributors regarding these guidelines.

We also established a comprehensive procurement supervision mechanism. A dedicated audit team regularly inspected the entire procurement process, including supplier qualification authenticity and bidding compliance, ensuring transparency. Multiple reporting channels were established to encourage internal and external stakeholders to report misconduct, with strict protection for whistleblowers. Suppliers with violations of business ethics were met with zero tolerance, leading to warnings, corrective actions, or partnership termination to uphold ethical procurement practices.

As a leader in China’s packaged drinking water and beverage industry, we deepened engagement with government bodies and industry peers on compliance and integrity, and jointly promoted the healthy development of the industry through experience sharing and joint governance. Within the reporting period, we held dialogues with well-known leading enterprises to share insights on supply chain compliance management, anti-fraud investigations, and ethical operations. By establishing information-sharing mechanisms and joint governance initiatives, we collaborated with industry partners to build a transparent business ecosystem and drive sustainable development growth of the industry.

Supply Chain ESG Risk Management and Control

Nongfu Spring has deeply embedded sustainable principles into supply chain management. Based on the *Supplier Code of Conduct*, we established a supplier ESG audit system to comprehensively evaluate and enhance supply chain stability and resilience across five dimensions: environmental management, waste disposal, technological innovation and iteration, financial and compliance risks, and unexpected incident response capabilities. Through localized procurement, regular supplier health assessments, and ESG risk screenings, we continuously strengthened sustainable supply chain governance.

Within the reporting period, we utilized tools such as AWS water risk analysis to assess the environmental risk indicators of the supply chain while rigorously monitoring quality standards for key raw materials. We would further refine this ESG audit system to safeguard consumer health and the natural environment.

AWS Supply Chain Environmental Risk Assessment

In the implementation of the AWS sustainable water management standard system, supplier’s water resource risk management was integral to implementing sustainable water stewardship standards. Within the reporting period, we conducted preliminary assessments of suppliers’ water quantity and quality risks. Moving forward, we will enhance the water risk analysis framework in further, prioritizing water resource risk assessment and proportional analysis in key raw material production regions. We also analyzed external risk factors such as regulatory changes and price fluctuations while mitigating potential conflicts through strengthened stakeholder engagement. Systematic water risk assessments would elevate supply chain water resource management.

Pesticide Residue Management in Navel Oranges

We continuously refined navel orange cultivation standards, adding six restricted pesticide controls beyond national banned pesticide regulations and mandating zero antibiotic detection in procurement contracts. Through harvest-specific audits, we comprehensively inspected pesticide usage and pesticide residue testing, ensuring raw material safety.

By signing long-term agreements with suppliers, we stabilized partnerships to mitigate risks from raw material market volatility and ensured sustainable business growth. We also rigorously enforced supplier management standards, employing quality traceability systems and production record verification to control supply chain risks. Suppliers found engaging in fraud, excessive pesticide residue, or other violations faced immediate termination and company-wide notifications, incentivizing continuous improvement in product quality and environmental performance. These measures effectively mitigated operational risks and secured robust business development.

For suppliers with elevated ESG risks, we implemented measures such as suspending cooperation and requiring time-bound rectification. Through on-site guidance and follow-up reviews, we ensured suppliers complete corrective actions. Suppliers meeting rectification standards were placed under downgraded management status with continuous monitoring, while those failing to improve were permanently removed, fostering a healthier supply chain ecosystem.

APPENDIX I: LIST OF LAWS AND REGULATIONS

Laws and Regulations

Civil Code of the People’s Republic of China
Company Law of the People’s Republic of China
Anti-Monopoly Law of the People’s Republic of China
Anti-Unfair Competition Law of the People’s Republic of China
Food Safety Law of the People’s Republic of China
Advertising Law of the People’s Republic of China
Cybersecurity Law of the People’s Republic of China
Personal Information Protection Law of the People’s Republic of China
Patent Law of the People’s Republic of China
Trademark Law of the People’s Republic of China
Copyright Law of the People’s Republic of China
Labor Law of the People’s Republic of China
Labor Contract Law of the People’s Republic of China
Social Insurance Law of the People’s Republic of China
Work Safety Law of the People’s Republic of China
Law of Prevention and Control of Occupational Diseases of the People’s Republic of China
Environmental Protection Law of the People’s Republic of China
Environmental Impact Assessment Law of the People’s Republic of China
Water Law of the People’s Republic of China
Air Pollution Prevention and Control Law of the People’s Republic of China
Water Pollution Prevention and Control Law of the People’s Republic of China
Environmental Noise Pollution Prevention and Control Law of the People’s Republic of China
Environmental Prevention and Control Law of Solid Waste Pollution of the People’s Republic of China
Mineral Resources Law of the People’s Republic of China
Resource Tax Law of the People’s Republic of China
Regulations on the Implementation of the Food Safety Law of the People’s Republic of China

Laws and Regulations

Regulations on the Protection of New Varieties of Plants of the People’s Republic of China
Regulations on Work Injury Insurance
Regulations on the Administration of Environmental Protection of Construction Projects
Regulations on Water Abstraction Permits and Water Resources Fee Collection
General Code for Building Energy Conservation and Renewable Energy Utilization
Food Recall Management Measures
Measures for the Management of Production Safety Accident Emergency Plans
Measures for the Administration of Environmental Protection Acceptance of Completed Construction Projects
Measures for the Administration of Water Abstraction Permits
Appendix C2 “Guidelines on Environmental, Social and Governance Reporting” to the listing rules of the Hong Kong
GRI Standards 2021
ISO 17025 Laboratory Quality Management System
ISO 14001 Environmental Management System
ISO 50001 Energy Management System
ISO 45001 Occupational Health and Safety Management System
ISO 9001 Quality Management System
ISO 22000 Food Safety Management System
GB-7718 National Standards for Food Safety General Principles for Labelling of Prepackaged Food
GB-28050 National Standards for Food Safety General Principles for Nutrition Labelling of Prepackaged Food
GB/T 29490 Enterprise Intellectual Property Management
Enterprises implement the regulations on the supervision and management of the main responsibilities of food safety
Regulations on the Prohibition of Child Labor
Rules for the Implementation of the Mineral Resources Law of the People’s Republic of China
Opinions on Further Strengthening Plastic Pollution Control

APPENDIX II: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject Areas, Aspects, General Disclosures and KPIs		Comply or Explain Provisions
A. Environmental		
Aspect A1	Emissions	Sustainable Ecology – Environmental Management
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Sustainable Ecology – Environmental Management Sustainable Ecology – Combating Climate Change
KPI A1.1	The types of emissions and respective emissions data.	Appendix V: Sustainable Development Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix V: Sustainable Development Indicators
KPI A1.3	Total hazardous waste produced (in tons) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix V: Sustainable Development Indicators
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix V: Sustainable Development Indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Sustainable Ecology – Environmental Management Sustainable Ecology – Combating Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Sustainable Ecology – Environmental Management Sustainable Ecology – Packaging Materials and Waste Recycling

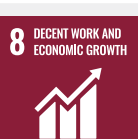
Subject Areas, Aspects, General Disclosures and KPIs		Comply or Explain Provisions
Aspect A2	Use of Resources	Sustainable Ecology
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Sustainable Ecology – Environmental Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix V: Sustainable Development Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix V: Sustainable Development Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Sustainable Ecology – Environmental Management Sustainable Ecology – Combating Climate Change
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Appendix V: Sustainable Development Indicators Sustainable Ecology – Sustainable Water Use
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Appendix V: Sustainable Development Indicators
Aspect A3	The Environment and Natural Resources	Sustainable Ecology – Environmental Management
General Disclosure	Policies on minimizing the issuer’s significant impacts on the environment and natural resources.	Sustainable Ecology – Environmental Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Sustainable Ecology – Environmental Management
Aspect A4	Climate Change	Sustainable Ecology – Combating Climate Change
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Sustainable Ecology – Combating Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Sustainable Ecology – Combating Climate Change

Subject Areas, Aspects, General Disclosures and KPIs		Comply or Explain Provisions
B. Social		
Aspect B1	Employment and Labour Practices	Employee Engagement – Rights and Benefits Protection
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Engagement – Rights and Benefits Protection
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix V: Sustainable Development Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix V: Sustainable Development Indicators
Aspect B2	Health and Safety	Employee Engagement – Care and Health
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Engagement – Care and Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix V: Sustainable Development Indicators
KPI B2.2	Lost days due to work injury.	Appendix V: Sustainable Development Indicators
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Engagement – Care and Health
Aspect B3	Development and Training	Employee Engagement – Training and Development
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Employee Engagement – Training and Development
Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		

Subject Areas, Aspects, General Disclosures and KPIs		Comply or Explain Provisions
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix V: Sustainable Development Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix V: Sustainable Development Indicators
Aspect B4	Labour Standards	Employee Engagement – Rights and Benefits Protection
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Employee Engagement – Rights and Benefits Protection
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employee Engagement – Rights and Benefits Protection
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Engagement – Rights and Benefits Protection
Aspect B5	Supply Chain Management	Solid Cooperation – Supplier Management
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Solid Cooperation – Supplier Management
KPI B5.1	Number of suppliers by geographical region.	Appendix V: Sustainable Development Indicators
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Solid Cooperation – Supplier Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Solid Cooperation – Supplier Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Solid Cooperation – Supplier Management
Aspect B6	Product Responsibility	Health Protection
General Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Health Protection – Responsibility and Services

Subject Areas, Aspects, General Disclosures and KPIs		Comply or Explain Provisions
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Health Protection – Safety and Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Health Protection – Responsibility and Services Appendix V: Sustainable Development Indicators
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Health Protection – R&D and Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	Health Protection – Safety and Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Health Protection – Responsibilities and Services
Aspect B7	Anti-corruption	Robust Governance – Integrity and Honesty
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Robust Governance – Integrity and Honesty
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Robust Governance – Integrity and Honesty
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Robust Governance – Integrity and Honesty
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Robust Governance – Integrity and Honesty
Aspect B8	Community Investment	Passing on Values
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	Passing on Values – Rural Revitalization Passing on Values – Corporate Citizenship
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Passing on Values – Rural Revitalization Passing on Values – Corporate Citizenship
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Appendix V: Sustainable Development Indicators

APPENDIX III: SUSTAINABLE DEVELOPMENT GOALS (SDGs) GUIDE

Sustainable Development Goals (SDGs)	Disclosure chapter	Sustainable Development Goals (SDGs)	Disclosure chapter
	Passing on Values		Passing on Values Health Protection Sustainable Ecology
	Passing on Values Sustainable Ecology		Passing on Values Employee Engagement
	Passing on Values Health Protection Employee Engagement		Health Protection Sustainable Ecology Solid Cooperation
	Passing on Values Employee Engagement		Sustainable Ecology
	Employee Engagement		Sustainable Ecology
	Passing on Values Health Protection Sustainable Ecology		Sustainable Development Governance Robust Governance
	Sustainable Ecology		Solid Cooperation
	Passing on Values Employee Engagement Solid Cooperation		

APPENDIX IV: GRI STANDARDS GUIDE

Disclosure Item		Disclosure chapter
GRI 1: Foundation		
GRI 2: General Disclosures		
2-1	Organizational details	About this Report
2-2	Entities included in the organization’s sustainability reporting	About this Report
2-3	Reporting period, frequency and contact point	About this Report
2-4	Restatements of information	About this Report
2-5	External assurance	About this Report
2-6	Activities, value chain and other business relationships	About Nongfu Spring
2-7	Employees	Employee Engagement
2-8	Workers who are not employees	Passing on Values
2-9	Governance structure and composition	Sustainable Development Governance – ESG Governance Structure
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable Development Governance – ESG Governance Structure
2-13	Delegation of responsibility for managing impacts	Sustainable Development Governance – ESG Governance Structure
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Governance – ESG Governance Structure
2-16	Communication of critical concerns	Sustainable Development Governance – Communication with Stakeholders
2-18	Evaluation of the performance of the highest governance body	Sustainable Development Governance – ESG Governance Structure
2-22	Statement on sustainable development strategy	Highlights in 2024 – Sustainable Development Commitment
2-23	Policy commitments	Highlights in 2024 – Sustainable Development Commitment
2-25	Processes to remediate negative impacts	Robust Governance – Risk Management
2-26	Mechanisms for seeking advice and raising concerns	Robust Governance – Risk Management
2-27	Compliance with laws and regulations	Highlights in 2024 – Sustainable Development Commitment
2-28	Membership associations	Highlights in 2024 – Sustainable Development Commitment
2-29	Approach to stakeholder engagement	Sustainable Development Governance – Communication with Stakeholders
GRI 3: Material Topics		
3-1	Process to determine material topics	Sustainable Development Governance – Materiality Issues
3-2	List of material topics	Sustainable Development Governance – Materiality Issues

Disclosure Item		Disclosure chapter
GRI 201: Economic Performance		
	Organizational profile	Please refer to the 2024 Annual Report
201-1	Direct economic value generated and distributed	Please refer to the 2024 Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Sustainable Ecology – Combating Climate Change
201-3	Defined benefit plan obligations and other retirement plans	Employee Engagement – Care and Health
GRI 203: Indirect Economic Impact		
	Organizational profile	Passing on Values – Rural Revitalization Passing on Values – Corporate Citizenship Sustainable Ecology – Combating Climate Change
203-1	Infrastructure investments and services supported	Passing on Values – Rural Revitalization Passing on Values – Corporate Citizenship Sustainable Ecology – Environmental Management
203-2	Significant indirect economic impacts	Passing on Values – Rural Revitalization Passing on Values – Corporate Citizenship Sustainable Ecology – Combating Climate Change
GRI 204: Procurement Practices		
	Organizational profile	Solid Cooperation – Responsible Procurement
GRI 205: Anti-corruption		
	Organizational profile	Robust Governance – Integrity and Honesty
205-2	Communication and training about anti-corruption policies and procedures	Robust Governance – Integrity and Honesty
205-3	Confirmed incidents of corruption and actions taken	Robust Governance – Integrity and Honesty
GRI 302: Energy		
	Organizational profile	Sustainable Ecology – Environmental Management Sustainable Ecology – Combating Climate Change
302-1	Energy consumption within the organization	Appendix V – Sustainable Development Indicators
302-2	Energy consumption outside of the organization	Appendix V – Sustainable Development Indicators
302-3	Energy intensity	Appendix V – Sustainable Development Indicators
302-4	Reduction of energy consumption	Sustainable Ecology – Combating Climate Change
302-5	Reductions in energy requirements of products and services	Sustainable Ecology – Combating Climate Change

Disclosure Item		Disclosure chapter
GRI 303: Water and Effluents		
303-1	Interactions with water as a shared Resource	Sustainable Ecology – Sustainable Water Use
303-2	Management of water discharge-related impacts	Sustainable Ecology – Environmental Management Sustainable Ecology – Sustainable Water Use
303-3	Water withdrawal	Appendix V – Sustainable Development Indicators
303-4	Water discharge	Appendix V – Sustainable Development Indicators
303-5	Water consumption	Appendix V – Sustainable Development Indicators
GRI 305: Emissions		
	Organizational profile	Sustainable Ecology – Environmental Management Sustainable Ecology – Combating Climate Change
305-1	Direct (Scope 1) GHG emissions	Appendix V – Sustainable Development Indicators
305-2	Energy indirect/Scope 2 GHG emissions	Appendix V – Sustainable Development Indicators
305-4	GHG emissions intensity	Appendix V – Sustainable Development Indicators
305-6	Emissions of Ozone – Depleting Substances (ODS)	Not Applicable
305-7	Nitrogen oxides (NO _x), sulfur oxides(SO _x), and other significant air emissions	Appendix V – Sustainable Development Indicators
GRI 306: Waste		
	Organizational profile	Sustainable Ecology – Environmental Management
306-1	Waste generation and significant waste-related impacts	Sustainable Ecology – Environmental Management
306-2	Management of significant waste-related impacts	Sustainable Ecology – Environmental Management
306-3	Waste generated	Appendix V – Sustainable Development Indicators
306-4	Waste diverted from disposal	Appendix V – Sustainable Development Indicators
306-5	Waste directed to disposal	Appendix V – Sustainable Development Indicators
GRI 307: Environmental Compliance		
	Organizational profile	Sustainable Ecology – Environmental Management
307-1	Non-compliance with environmental laws and regulations	Sustainable Ecology – Environmental Management
GRI 401: Employment		
	Organizational profile	Employee Engagement – Rights and Benefits Protection
401-1	New employee hires and employee turnover	Appendix V – Sustainable Development Indicators

Disclosure Item		Disclosure chapter
GRI 403: Occupational Health and Safety		
	Organizational profile	Employee Engagement – Care and Health
403-1	Occupational health and safety management system	Employee Engagement – Care and Health
403-2	Hazard identification, risk assessment and incident investigation	Employee Engagement – Care and Health
403-3	Occupational health services	Employee Engagement – Care and Health
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Engagement – Care and Health
403-5	Worker training on occupational health and safety	Employee Engagement – Care and Health
403-6	Promotion of worker health	Employee Engagement – Care and Health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Engagement – Care and Health
403-8	Workers covered by an occupational health and safety management system	Employee Engagement – Care and Health
403-9	Work-related injuries	Appendix V – Sustainable Development Indicators
GRI 404: Training and Education		
	Organizational profile	Employee Engagement – Training and Development
404-1	Average hours of training per year per employee	Appendix V – Sustainable Development Indicators
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Engagement – Training and Development
GRI 405: Employee Diversity and Equal Opportunity		
	Organizational profile	Employee Engagement – Rights and Benefits Protection
405-1	Diversity of governance bodies and employees	Employee Engagement – Rights and Benefits Protection
GRI 413: Local Communities		
	Organizational profile	Passing on Values – Rural Revitalization Passing on Values – Corporate Citizenship
413-2	Operations with significant actual and potential negative impacts on local communities	Passing on Values – Rural Revitalization Passing on Values – Corporate Citizenship
GRI 416: Customer Health and Safety		
	Organizational profile	Health Protection – Safety and Quality Health Protection – Responsibility and Services
416-1	Assessment of the health and safety impacts of product and service categories	Health Protection – Safety and Quality Health Protection – Responsibility and Services
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health Protection – Safety and Quality Health Protection – Responsibility and Services

APPENDIX V: SUSTAINABLE DEVELOPMENT INDICATORS

LIST OF ENVIRONMENTAL PERFORMANCE INDICATORS

Indicators	Unit	2022	2023	2024
Energy consumption				
Consumption of purchased electricity, among which	Total amount of purchased electricity	1,169,080	1,447,152	1,584,189
	Consumption of water electricity	110,618	145,147	80,650
	Purchased Green electricity	0	0	16,000
Solar	Million watt-hours	1,304	9,268	19,754
Purchased steam	Ton	85,926	61,720	22,500
Diesel	Ton	345	470	261
Gasoline	Ton	112	90	104
Coal	Ton	8,036	0	0
Natural gas	Standard cubic meters	54,648,244	79,623,717	94,758,895
Biomass	Ton	2,650	2,229	1,848
Comprehensive energy consumption				
Comprehensive energy consumption (direct)	Ton of standard coal	83,181	108,226	127,814
Comprehensive energy consumption (indirect)	Ton of standard coal	165,538	202,653	199,246
Total comprehensive energy consumption	Ton of standard coal	248,719	310,879	327,060
Comprehensive energy consumption intensity	Ton of standard coal/ton of qualified product output	0.0117	0.0123	0.0146 ⁷
Greenhouse Gas				
Scope I greenhouse gas emissions	Ton of carbon dioxide equivalent	139,820	173,879	205,999
Scope II greenhouse gas emissions	Ton of carbon dioxide equivalent	776,847	927,692	753,520
Total greenhouse gas emissions	Ton of carbon dioxide equivalent	916,667	1,101,571	959,519
Greenhouse gas emissions per unit of output	Ton of carbon dioxide equivalent/ton of qualified product output	0.0431	0.0436	0.0427
Water Source				
Tap water/municipal water withdrawal ⁸	Ton	633,406	679,505	1,060,096
Natural water withdrawal	Ton	38,991,506	45,535,690	46,864,166
Total water withdrawal	Ton	39,624,912	46,215,195	47,924,262
Water reused	Ton	4,522,400	4,684,141	3,341,429
Water intensity	Ton of water withdrawal/ton of qualified product output	1.86	1.83	2.13 ⁹

⁷ The primary reason for the increase in Nongfu Spring’s comprehensive energy consumption intensity in 2024 was a shift in the company’s product mix, with a higher proportion of beverage products—which require significantly more energy to manufacture than packaged water—leading to the overall rise in energy intensity.

⁸ Municipal water is used mainly for fruit factories and headquarters operations.

⁹ Affected by the increase in the proportion of beverage product production and sales, the overall water consumption intensity during the reporting period increased compared with the previous year.

Indicators	Unit	2022	2023	2024
Packaging materials				
Plastic	Ton	939,755	937,559	863,712
Paper	Ton	212,950	242,369	222,047
Glass	Ton	381	195	256
Metal	Ton	311	225	149
Others	Ton	3,061	8,563	5,148
Total use of packaging materials	Ton	1,156,459	1,188,910	1,091,312
Use of packaging materials per unit output	Ton of packaging materials used/Ton of qualified product output	0.0544	0.0470	0.0486 ¹⁰
Exhaust emissions				
Total exhaust emissions	Cubic meter	878,318,755	1,157,844,758	1,521,177,622
Sulfur dioxide emissions	Ton	10	12	5
Nitrogen oxides emissions	Ton	52	65	106
Total non-methane hydrocarbon emissions	Ton	108	146	134
Wastewater discharge				
Total wastewater emissions	Ton	5,775,731	8,119,377	9,682,740
COD emissions	Ton	480	786	969
Ammonia nitrogen emissions	Ton	10	15	20
Waste disposal				
Hazardous waste transferred	Ton	449	599	692
Quantity of hazardous waste transferred per unit of output	Kilogram/ton of qualified product output	0.0211	0.0237	0.0308
Non-hazardous waste removed (non-recyclable)	Ton	2,567	6,800	4,980
Non-hazardous waste removed (recyclable) ¹¹	Ton	37,317	34,494	45,609
Unit output of non-hazardous waste removed	Kilogram/ton of qualified product output	1.876	1.634	2.250

¹⁰ Affected by the increase in the proportion of beverage product production and sales, the packaging material usage per unit of output during the reporting period increased compared with the previous year.

¹¹ In 2024, the non-hazardous waste removed (recyclable) mainly includes scrap metal, paper, plastics, etc. The total amount of recycled food residues is not included in the amount of non-hazardous waste removed (recyclable).

LIST OF SOCIAL PERFORMANCE INDICATORS

Indicators	Unit	2022	2023	2024
Employee Employment				
Total number of employees	Person	22,490	24,409	26,098
Number of newly hired employees	Person	4,620	5,661	5,091
By gender				
Male	Person	15,427	16,990	18,367
Female	Person	7,063	7,419	7,731
By age				
Below 30	Person	5,213	5,592	5,736
30-50	Person	16,940	18,425	19,891
Above 50	Person	337	392	471
By ranking				
Management	Person	1,261	1,790	1,896
General Staff	Person	21,229	22,619	24,202
By region				
Mainland China	Person	22,485	24,405	26,093
Hong Kong, Macau and Taiwan of China	Person	4	3	4
Overseas	Person	1	1	1
Diversity of employees				
Ethnic minority employees	Person	1,364	1,571	1,776
Union employee coverage				
Proportion of employees who join the union	%	94.0	92.5	95
Average length of employment of employees				
Male	Year	5.2	5.3	5.6
Female	Year	5.6	5.9	6.2
Employee training				
Percentage of employees trained ¹²	%	100	100	100
Average hours of training	Hour	24.2	27.6	39.1

Indicators	Unit	2022	2023	2024
By gender				
Percentage of male employees trained	%	100	100	100
Percentage of female employees trained	%	100	100	100
Average no. of training hours for male employees	Hour	26.2	29.9	42.0
Average no. of training hours for female employees	Hour	20.0	22.1	31.9
By rank				
Percentage of management trained	%	100	100	100
Percentage of general staff trained	%	100	100	100
Average no. of training hours for management	Hour	19.1	32.2	44.5
Average no. of training hours for general staff	Hour	24.5	27.2	41.6
Employee Turnover				
Total employee turnover rate	%	17.7	16.2	13.7
By gender				
Turnover rate – male employees	%	18.7	16.2	13.4
Turnover rate – female employees	%	13.1	12.0	9.9
By age				
Below 30	%	29.3	30.4	25.6
30-50	%	13.7	10.3	8.7
Above 50	%	3.4	2.9	2.7
By region				
Turnover rate – Mainland China	%	17.0	14.9	12.4
Turnover rate – Hong Kong, Macau and Taiwan of China	%	0	28.6	0
Turnover rate – overseas	%	66.7	0	100
Employee Health and Safety				
Number of days lost due to work incidents	Day	2,131	2,178	5,448
Work-related deaths	Person	2	1	1 ¹³
Proportion of work-related deaths	%	0.01	0.004	0.004
Lost-time injuries frequency rate	Time/million working hours	0.76	1.34	1.15 ¹⁴

¹² Percentage of various types of employees trained = number of employees of various types trained/number of employees of this type * 100%. The training that counted includes internal training, external training, and online training. Conferences, seminars, etc. are not included in the scope of these statistics.

¹³ The death incident was caused by a traffic accident on the employee's way home from work and did not occur in our production and operation premises.
¹⁴ The statistical scope covers work-related accidents that occurred in our production base.

Indicators	Unit	2022	2023	2024
Intellectual Property (IP)				
Number of domestic patent applications filed	Pieces	72	75	61
Number of granted domestic patents	Pieces	87	45	53
Number of domestic valid trademarks held	Pieces	841	847	880
Number of domestic valid copyrights held	Pieces	72	93	119
Number of domestic valid patents held	Pieces	363	413	443
Products and Services				
Number of complaints about products and services ¹⁵	Pieces	6,070	7,314	8,696
Complaint handling rate of products and services	%	100	100	100
Food Safety and Quality Training				
Total number of employees who attended food-safety and quality-related training		40,516	74,846	111,323
Total hours of food-safety and quality-related training	Hour	66,419	91,043	153,975
Supply Chain				
Total number of suppliers	Supplier	1,050	1,237	1,649
Number of suppliers in Mainland China	Supplier	1,025	1,205	1,621
Number of suppliers in Hong Kong, Macao and Taiwan of China	Supplier	4	4	2
Number of overseas suppliers	Supplier	21	21	26
Number of key suppliers	Supplier	356	223	547
Community Public Welfare				
Charitable donation amount ¹⁶	Millions RMB	3.65	6.30	29.72
Worker volunteer hours	Hour	87,614	112,430	134,793

¹⁵ Since 2021, the number of complaints and complaint rate cover traditional channel products and services complaints and new retail channel product complaints, excluding retail machinery-related complaints.

¹⁶ Charitable donations, community investment and community business activities donations are the sum of monetary donations and equivalent non-monetary donations

Calculation method description:

1. For the conversion of air pollutants, please refer to the Ministry of Ecology and Environment of the People's Republic of China “Sewage Coefficients and Material Accounting Methods Applicable to the Pollution Permit Management Industry (Trial)”

The formula for calculating sulfur dioxide emissions is: $PSO_2 = Q \times \eta \times 0.85 \times 2 \times 10$

The formula for calculating nitrogen oxide emissions is: $PNO_x = Q \times \mu$

Of which: PSO_2 is sulfur dioxide emissions (kg); Q is fuel consumption (tonnes); η is fuel sulfur content (%);

PNO_x is nitrogen oxide emissions (kg); Q is fuel consumption (ton); μ is the sewage factor.

2. The comprehensive energy consumption is calculated based on the GB/T 2589-2020 General Principles for Calculating Comprehensive Energy Consumption, which is directly converted from the use of gasoline, diesel, natural gas, outsourced power, out-of-purchase heat and other energy.
3. The greenhouse gas emissions of Nongfu Springs is determined by calculating activity data and corresponding emission factors in accordance with the internationally recognized WBCSD/WRI greenhouse gas accounting system, the ICC 2006 National Greenhouse Gas Inventories Guidelines 2019 Revision standard and ISO 14064-1 standard.

Scope I emissions are defined as greenhouse gas emissions directly generated by plant combustion fuels, such as their own boilers, vehicles, etc. The direct energy involved includes natural gas, diesel, gasoline, liquefied petroleum gas, coal, biogas, etc.

Scope II emissions are defined as greenhouse gas emissions from purchased electricity and steam. The measurement method complies with China’s Guidelines for Accounting and Reporting Greenhouse Gas Emissions in Food, Tobacco and Alcohol, Beverage and Refined Tea Enterprises (Trial) (2015) standards. The selection of GWP (global warming potential) and emission factors is based on the Fifth Assessment Report of the IPCC. For the calculation of greenhouse gas emissions in 2024, the *2022 Provincial Average Carbon Dioxide Emission Factors for Power Generation* issued by the Ministry of Ecology and Environment of the People's Republic of China in 2024 is adopted.

The total greenhouse gas emissions are the sum of Scope I emissions and Scope II emissions.

4. Percentage of various types of employees trained = number of employees of various types trained/number of employees of this type* 100%. The training that counted includes internal training, external training, and online training. Conferences, seminars, etc. are not included in the scope of these statistics.
5. Charitable donations, community investment and community business activities donations are the sum of monetary donations and equivalent non-monetary donations.

农夫山泉
NONGFU SPRING

