



五糧液<sup>®</sup>

**SOCIAL RESPONSIBILITY REPORT**

**2020**

**Inclusive Wuliangye • Harmonious Society**

WULIANGYE YIBIN CO.,LTD.

守创  
恒久伟业  
诚信  
做  
极致  
扬  
绵长大爱

Integrity

Excellence

Create everlasting achievement

Advocate universal love.



# About This Report

This report is the 13th annual corporate social responsibility (CSR) report to have been released by Wuliangye Yibin Co., Ltd. since 2008. Based on our principles of being objective, standard, transparent, and comprehensive, this report discloses in detail Wuliangye's practices and performance in areas of its responsibilities to environmental, social, and governance (ESG) causes in 2020.

## Report Period

This report covers the period lasting from January 1, 2020 to December 31, 2020. To put the report clearer context and make it more complete, this report has included data from previous years.

## Report Scope

This report covers Wuliangye (SZSE: 000858) and its subsidiaries.

## Release Period

This report is released annually. The 2019 report was released in April, 2020.

## Data Resource and Credibility

Data contained in this report is collected from government public data, Wuliangye's internal statistical statements, third-party surveys, administrative policies and reports, and third-party evaluations and interviews. This report has been reviewed and approved by the Board of Directors of Wuliangye Yibin Co., Ltd.

## Normative References

GRI *Sustainability Reporting Standards* (GRI Standards)

Chinese Academy of Social Sciences - *Corporate Social Responsibility 4.0* (CASS-CSR4.0)

The Ten Principles of the UN Global Compact

ISO26000: *Guidance on Social Responsibility* (2010)

GB/T36001-2015 *Guidance on Social Responsibility Reporting*

Shenzhen Stock Exchange (SZSE) - *Guidelines for the Standard Operation of Listed Companies*

Shenzhen Stock Exchange (SZSE) - *Guidelines for the ESG Information Disclosure of Listed Companies (Exposure Draft)*

## Designation

For the convenience of our readers, "Wuliangye", "the company", "company", and "we" are used in this report to refer to "Wuliangye Yibin Co., Ltd."

## Availability

This report is available online and in print copy (environmentally-friendly paper) . The online report can be viewed and downloaded at: <http://www.cninfo.com.cn>

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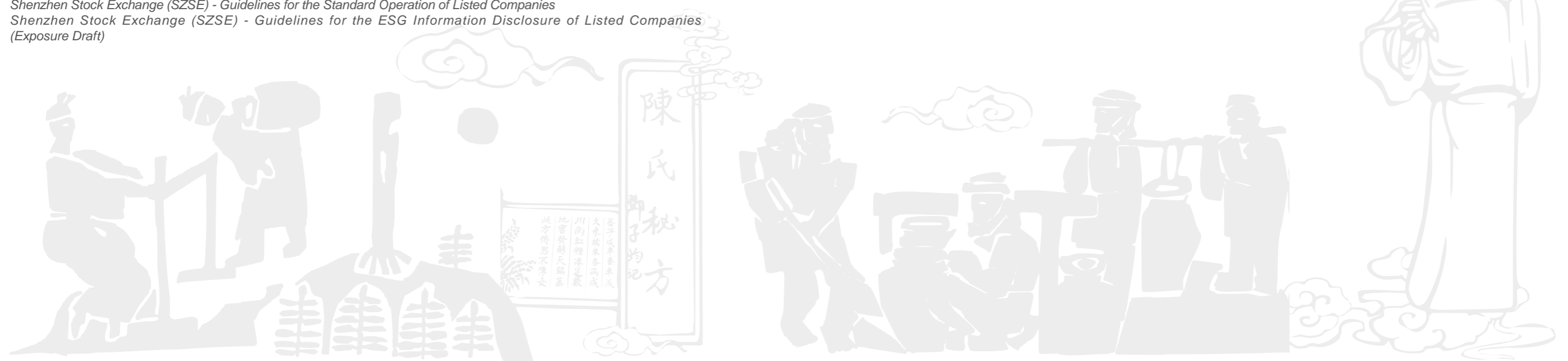
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## A Message from Senior Management



Li Shuguang



Zeng Congqin

Achievements and progress that have stood the test of time. Facing once-in-a-generation challenges posed by COVID-19 in 2020, the company fully implemented a series of decisions and arrangements issued by the Central Committee of the Communist Party of China (CPC), State Council, and CPC committees and governments of Sichuan Province and Yibin City, seeing annual development goals as its priorities. By yielding continuously double-digit growth, it delivered a remarkable performance in virus containment and business development during the final year of the 13th Five-Year-Plan period.

**In 2020, Wuliangye was committed to improving its Baijiu products and customer experiences.** In line with its brand-based development strategy, Wuliangye leveraged advantages in fermentation pits, production techniques, and formulas, and led consumption upgrading by improving product quality and innovating production techniques. It enriched the portfolio by launching Classic Wuliangye. It enhanced the National Baijiu Quality Supervision and Inspection Center and the Academician Workstation set in the company, while at the same time establishing an international research center on liquor, a national institution—the only of its kind—for the domestic food fermentation industry. It also made major production breakthroughs with the smart Baijiu test base. Wuliangye, the only Baijiu enterprise to have won the China Quality Award (the top award for quality management in China) three times, carried out product lifecycle management at every

stage of the process, from seed to liquor, for complete traceability. We want to make sure our product responds to consumers' demand for better living.

**In 2020, Wuliangye shared growth with investors.** We made an effort to regulate corporate governance and investor relation (IR) management systems to better protect investor's rights and interests. We have adopted a cash-based dividend policy that has run stably and continuously since going public in 1998. The aggregate cash dividend paid amounted to RMB 39.6 billion, 10 times the capital that was raised by going public. Over the past 3 years, the cash dividend paid every year accounted for roughly 50% of the net revenue of that year, with its total amount increasing year on year. The amount of dividends paid in 2020 for the last year totaled RMB 8.54 billion, skyrocketing to a record high not surpassed since listed in 1998.

**In 2020, Wuliangye put employees high on its priorities, increasing their benefits and work satisfaction.** We see corporate value and employees' personal value as equally important, and have enhanced compensation and benefits, as well as business growth in parallel. By adopting the employee stock ownership plan (ESOP), we shared staff benefits generated through reform and built up a community based on a shared future for our employees. We implemented the Care Program by setting up a solidarity response fund and assistance system that targeted both regular and accidental cases to improve employee welfare. In addition, a wide range of services were offered to facilitate the work-life balance.

**In 2020, Wuliangye kept pursuing green development and built sustainable industrial zones.** Adhering to the "green mountain and lucid water are invaluable assets" development philosophy, we pressed ahead with both business growth and environmental protection. We carried out a number of major ecological conservation projects, such as building wetland parks and upgrading wastewater treatment systems, which made us one of the first circular economy pilot entities rated by six national departments and a national green plant.

**In 2020, Wuliangye continued to invest in public good and promoted a harmonious corporate-society relationships.** Following the idea of company-based investment, professional operation and shared benefits for poor people, Wuliangye developed five long-term poverty alleviation mechanisms, yielding remarkable results: all five of its paired villages got thoroughly alleviated poverty and three bases of poverty elimination through industrial development were rated as benchmark projects. Therefore, we were rated as one of the Top 50 Enterprises on Targeted Poverty Alleviation by the Poverty Alleviation Office of the State Council. Facing the COVID-19 epidemic, Wuliangye without hesitation extended a helping hand to Wuhan, Hubei Province, and mobilized all resources to support virus containment across China. In addition to donating RMB 92 million in cash and a large number of materials for epidemic control, it set up a joint control mechanism and reopened for production as one of the first liquor companies in China with staff size and compensation intact.

Staying true to our original aspirations and continuing to march forward. Looking ahead to the second centennial goal (to build a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious by 2049, the centenary of the People's Republic of China), when we have realized the first goal (to build a moderately prosperous society in all respects by 2021, the CPC's centenary), we, the leaders of China's Baijiu industry, will act on the new development philosophy, build on the new development paradigm in the new era, and take the lead in building a world-class Baijiu industrial cluster. Following the general principle of pursuing progress while ensuring stability, we aim to become first in all areas and consider development as the priority, innovation as the primary driver, and talent as our foremost resource. Targeted at meeting the needs of consumption upgrading, it will further drive development through innovation and transformations that are enabled by supply-side reform directed at the vision of a green and innovative world-class company. In 2021, we will continue to develop and deliver as a major industrial player to ensure performance is stably kept within a healthy range.

Party Secretary and Chairman of Wuliangye Group,  
Party Secretary and Director of Wuliangye Yibin Co., Ltd.

Deputy Party Secretary, Deputy Chairman and General Manager of Wuliangye Group,  
Deputy Party Secretary and Chairman of Wuliangye Yibin Co., Ltd.



## Awards



### Operation and Governance

| Organizers                               | Honors and Awards  |
|--|--|
| The CPC Sichuan Provincial Committee     | Outstanding Community-Level CPC Organization in Sichuan  |
| China Association for Quality            | ARE-QE Award   |
| Sichuan Provincial People's Government   | Sichuan Tianfu Quality Award   |
| China Association for Quality Inspection | Top 100 China Quality Benchmark Companies  |
| China Institute of Internal Audits       | China Exemplary Group of Internal Audits 2017-2019   |
| Securities Times                         | Top 100 Chinese Companies listed on Main Board and Top 10 Management Teams of Companies listed on Main Board |
| China Securities Journal                 | 2019 Golden Bull of Investment Value   |
| www.p5w.net                              | Best New Media Operator of the 2019 Investor Relations Golden Awards   |



### Social Responsibilities

| Organizers  | Honors and Awards  |
|---|--|
| China Charity Federation  | National Charity Enterprise Award                                  |
| Central Civilization Committee  | China Civilized Organization                                       |
| http://www.chinanationalbrand.org.cn/   | Excellent Cases of Global Combat Against COVID-19                  |
| The CPC Sichuan Provincial Committee and Sichuan Provincial People's Government | Exemplary Group in Fighting COVID-19 in Sichuan                    |
| Leading Sichuan Provincial Poverty Alleviation Group                            | Award of Excellence for the Group's Poverty Alleviation in Sichuan |
| www.people.com.cn   | 2019 People's Craftsmanship Brand Award                            |
| Wuhan Charity Federation  | Badge of Outstanding Contributions to Fighting COVID-19            |
| Southern Weekly   | 2020 Outstanding Corporate Social Responsibility Report            |

## About Wuliangye

### Company Profile

#### A glorious history written by Baijiu

- ▶ **1952** | Eight old liquor production workshops jointly established the Yibin Daqu Liquor Production Industrial Joint Venture. Then, the venture changed its name to Yibin No. 24 Liquor Distillery of Southern Sichuan State-Owned Monopoly Company.
- ▶ **1959** | Its name was changed to Yibin Sichuan State-Owned Local Distillery.
- ▶ **1964** | The name was changed to Sichuan Yibin Wuliangye Distillery.
- ▶ **1998** | In the joint-stock reform, Sichuan Yibin Wuliangye Distillery restructured part of assets into Yibin Wuliangye Co., Ltd. which went public on the Shenzhen Stock Exchange under the ticker symbol 000858.
- ▶ **2020** | Wuliangye's market capitalization exceeded RMB 1 trillion.

#### Leveraging brand perception and staying true to the centuries-old unwavering aspirations

Wuliangye positions its brand as "Strong Flavor Spirits of Great Power, Liquor Magnate of China" and has developed brand recognition as China's best-known Baijiu. Wuliangye continues to explore its profound brand values of natural essence, national spirit, and global presence, developing its 1+3 brand strategy of Wuliangye main brand and four major products nationwide of series baijiu. By featuring core advantages in fermentation pits, techniques, and formulas, it reinforced a brand image characterized by its clear hierarchy, distinguished values, and orderly pricing. In 2020, the Wuliangye brand obtained the **3<sup>rd</sup>** position in 2020 Top 100 Most Valuable Chinese Brands, the **19<sup>th</sup>** in the China's Most Valuable 500 Brands, the **37<sup>th</sup>** in Top 500 Asia Brands, the **272<sup>th</sup>** in the World's 500 Most Influential Brands, and **79<sup>th</sup>** in Brand Finance Global 500 2020.

#### Embarking on a new journey for a brighter future

The 14th Five-Year-Plan period provides strategic opportunities for Wuliangye to start a new round of high-quality development. In the new era, we will follow the general principle of pursuing progress while ensuring stability, act on the new development philosophy and help build on the new development paradigm. We will deepen supply-side structural reforms and take the lead in building a world-class Baijiu industrial cluster. By forging benchmarks in terms of business size, quality management, digital transformation, ecological development, and corporate culture building, it will drive development through innovation and transformation, consolidate its role as a leading Chinese strong-flavor Baijiu producer, and move towards its vision of a green and innovative world-class company.

## Highlights of 2020

- Wuliangye inked cooperation agreements on two future-oriented projects with the West China Hospital of Sichuan University, Dujiangyan City, and the Chengdu Hi-Tech Industrial Development Zone. One was to build an international medical and aging care center at Dujiangyan together with West China Hospital, and the other was to build a new economic center in Chengdu Hi-Tech Industrial Development Zone.
- Wuliangye established a strategic partnership with Sichuan Provincial Investment Group Co., Ltd. in areas of industry, capital, and supply chain. By deepening strategic and industrial collaboration, both sides would set a good example in advancing Sichuan's development by promoting 5+1 modern industries.
- Wuliangye reached strategic cooperation agreements with China Energy Conservation and Environmental Protection Group, Sino Light Group, and Sichuan Energy Investment. They would cooperate in areas of Baijiu industrial R&D, smart equipment manufacturing, energy conservation and environmental protection on multiple levels in line with sustainable and green development philosophies towards high-quality development.
- Wuliangye and China Citic Bank became strategic partners for a longer term and a wider range, marking a new start for their collaboration.
- Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Wuliangye Yibin Co., Ltd. (Yibin Wuliangye), attended the 2020 China's Baijiu Capital (Suqian) Culture and Tourism Festival and Guyu Forum, the 9th Chinese Baijiu Top Summit and Chinese Enterprise Reform 50 Forum.
- As a core supporting enterprise, Wuliangye shone at the 3rd China International Import Expo, displaying the unique charm of Chinese Baijiu and its rich culture to international buyers. With Baijiu as the medium, it enhanced opening up and cooperation with overseas companies and facilitated the building of new development patterns with solid actions.
- Wuliangye was present at the 2020 APEC China CEO Forum in the capacity of strategic partner, and Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, was elected Vice Chairman of APEC China Business Council Digital Economy Committee.
- Wuliangye assisted the China Alcoholic Drinks Association in hosting the 2020 National Reasonable Drinking Awareness Week. While offering high-quality alcoholic drinks to consumers, it helped shape awareness of healthy and safe drinking habits.
- Wuliangye participated in the China-ASEAN Expo to boost digital economic cooperation and innovation.

### Suggestions for Development

- Li Shuguang, deputy of the 13th National People's Congress (NPC), Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, participated in the 3rd Session of the 13th NPC.
- Li Shuguang, deputy to the 13th Sichuan Provincial People's Congress (SPPC), Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, participated in the 3rd Session of the 13th SPPC.
- Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, participated in the entrepreneur symposium on formulating Sichuan's 14th Five-Year Plan.

### Shared Consultations and Mutual Exchanges

- Wuliangye held a meeting to promote reopening production, and managers conveyed their care and wishes for frontline workers in person.
- Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, was present at the campaign which was themed "Sichuan's State-Owned Enterprises' Fight Against COVID-19."

### A state-owned enterprise's responsibility in fighting against COVID-19

### Enhanced Foundation for Accelerated Development

- Wuliangye held party lectures dedicated to improving Party conduct, upholding integrity, and combating corruption.
- The CPC Wuliangye Yibin Committee (CPC Wuliangye Committee) held a conference to celebrate the 99th anniversary of the founding of the CPC, which was also the July First Awarding event.
- Wuliangye held the Craftsmen Incubator 2019 Awards Ceremony and 2020 Badge-Pinning Ceremony.
- Wuliangye also hosted the 24th 1218 Annual Convention on Achieving Shared Growth through Discussion and Collaboration.

- Sichuan Wuliangye New Retail Management Co., Ltd. was inaugurated in Chengdu, endorsing our commitment to exploring digital channels.
- Wuliangye and Sina would implement strategic cooperation on promoting digital Baijiu authentication certificates by using blockchain technology.
- Press conferences were held to promote classic Wuliang Baijiu products in Shanghai, Chengdu, and Guangzhou.
- The Famous Baijiu Collection Committee of China Alcoholic Drinks Association held a special session dedicated to Wuliangye under the Old Baijiu in Household collection event.
- Wuliangye held the 24th Liquor Sage Ceremony.

### Heritage Leveraged for the Future



# 01

## Five excellent characters are the foundation of our development

Wuliangye has cemented its foundation for healthy and stable development by enhancing properties in the five areas of culture, techniques, old liquor, operations, and quality. Despite the severe challenges in 2020, Wuliangye stuck to its business strategies, making remarkable achievements in COVID-19 control and business growth, which in turn made itself, a Baijiu producer, part of the grand course of the national rejuvenation and a contributor to a prosperous society.

- ❖ Party Building
- ❖ Corporate Governance
- ❖ Risk Management and Compliance
- ❖ Corporate Culture
- ❖ Corporate Social Responsibility Management



## Party Building

The year 2020 was the final year of the 13th Five-Year Plan period and the last year for building a moderately prosperous society in all respects. More importantly, it was the starting line for Wuliangye to make new progresses in the post-100-billion era. To press ahead with business operations and social responsibility in an orderly, coordinated manner, the CPC Wuliangye Committee gave full play to the Party's leading role by embedding its navigation throughout corporate governance. By leading and uniting all Party members, managers, and staff to tackle difficulties, we set up an effective and stable structure to secure high-quality development.

### The Foundation of the Party Led the Development of Wuliangye

The CPC Wuliangye Committee strictly followed general principles on Party establishment of state-owned enterprises (SOE) in the new era and implemented the Party's organizational line. By carrying out the Pyramid Project, it reinforced the foundation for reform and development, as well as strategic planning.

#### Building Party's Organization



##### Improving the Leadership System

- The leadership was enhanced by the dual responsibilities requirement (to be responsible for both Party and business work) and included members of CPC Wuliangye Committee in management or the board, and vice versa.
- We implemented a prerequisite for management and the board in making major decisions to have issues discussed and studied first by the Party committee. The Rules of Procedure for Party Committee was amended. In addition, it set up a supervision mechanism for major tasks whose progresses would be reflected in special reports.



##### Reinforcing Party Building Systems

- **Strengthening Party Building** The Company revised the Party Building Contact Point Regulation for Leaders of Wuliangye Group and demanded leaders of all levels to sign letters of commitment on Party building to enhance work in this regard.
- **Promotion System** The Company introduced four new policies including Opinions on Enhancing Leadership and Talent Development (Trial) to make systems on selecting, training, appointing, managing, and evaluating leaders better.
- **Party Member-Led Key Projects** The Company introduced the new Regulations on Managing Party Member-led Key Project to strengthen the Company's direction and management in this regard.
- **Party Committee Involved in Decision-Making** The Rules of Procedure for Party Committee was amended to clarify issues to be studied and decided by the Party committee.



##### Promote Party Building Practices

- **Measures:** We developed new working measures for Party branches to show their achievements, and published Guidelines on Standardization of Community-level Party Organization Construction in Wuliangye Group and Yibin Wuliangye to enhance their capabilities in this regard.
- **Routine Management:** We guided 20 community-level Party organizations on election and co-opting members. A total of 140 employees became Party members this year.
- **Party Building Culture:** We developed demonstration and education sites for Party building in the form of courtyards, scenarios, and exhibition rooms.
- **Rectification:** We held a meeting on rectifying 43 problems of five areas identified in inspection, where lists of problems, tasks, and responsible departments were made and rectification measures and deadlines determined, to ensure problems could be actually fixed and removed from the list as scheduled.



Li Shuguang, Party Secretary and Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, gave a Party lecture.

#### Pyramid Project to Enhance Standard Party Building of Community-Level Party Branches

##### 3 perspectives to sharpen the top

- One priority: We published Guidelines on Standardization of Community-level Party Organization Construction in Wuliangye Group and Yibin Wuliangye.
- One focus: We included promoting standard Party building among community-level Party organizations into our Party building assessment items.
- One method: We appointed people to work with community-level Party organizations and gave directions on the timely removal of obstacles to Party building.

##### Four skills for enhancing the body

- We made Party building more effective via educational and promotional activities
- We created highlights by strengthening demonstrations and educational sites
- We promoted integrated development with new methods
- We made work easier with the Internet +

##### Five fundamentals to cementing the foundation

- Fundamental lecture sessions were provided to all staff.
- Fundamental Party building paid attention to standardized operations.
- Fundamental Party organizations valued CPC member admission.
- Fundamental rules were rigorously implemented.
- Fundamental supportive measures were put into practice.

01  
02  
03



## Party Members Led by Example

In 2020, the CPC Wuliangye Committee held a series of activities on learning theories to enhance Party members' theoretical and comprehensive competences, which would add much to the efficacy of governance.



Zeng Congqin, Deputy Party Secretary and Chairman of Yibin Wuliangye, hosted the July First Awarding event.

The CPC Wuliangye Committee held nine party committee group theoretical study sessions.

Two Wuliangye Lectures were held that invited university professors to share insights.

Wuliangye Weekly has published 50 issues, Wuliangye News has released 85 episodes, and the official WeChat account, "Civilized Wuliangye", has pushed 210 articles.



With the implementation of building and assessing an internal Culture Group, altogether 40 groups and 73 individuals were honored.

With a keen eye on employee thoughts and views, consultation was provided for 151 person times, with 524 reports received from lower-level departments.

## PDCA-Cycle of Party Building for Higher Business Growth

### P: Plan

Focusing on core tasks and annual targets, developing annual Party building "must-dos," and ensuring that Party building and business operation are planned, deployed, carried out, and evaluated in parallel.

### C: Check

Employ a self-check + check by Party organizations model to make the deep integration of Party building and business operation compulsory, rather than suggested.



### D: Do

Implement the dual responsibilities requirement in Party building and promote workshops and groups to carry out Party's new theories in actual work. Carry out Party member-led key projects regularly. In 2020, a total of 158 scientific and technological achievements were made and applied thanks to this project, boosting business performance.

### A: Act

Enhance results while reflecting on problems. Leverage the evaluation navigating function by increasing the weight of Party building evaluation to 5%. Solve problems identified in the next PDCA-Cycle.



Zou Tao, Executive Deputy General Manager of Yibin Wuliangye, delivered a Party lecture to Party members of NongXiang Series Baijiu company.

In 2020, the CPC Wuliangye Committee strictly adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the general principles of Party building in the new era. By giving full play to the committee's role of steering development, general management and securing implementation, it led to high-quality development through effective Party building and delivered remarkable achievements in virus containment and business growth.



**Cases** The 3rd WeChat-based Party Lecture Competition

On November 27th, the CPC Wuliangye Committee held the final 3rd WeChat-based Party Lecture Competition. There were 57 lecturers from 44 community-level Party organizations entering the competition who fell into variety of categories: Party branch secretaries, Party workers, frontline staff, and scientific researchers. The competition used live streaming and online voting for the first time. With a total of roughly 35,000 views, it received nearly 70,000 effective votes, with the voting page visited for over 100,000 times, making the event more accessible and influential.



A group photo of the 3rd WeChat-based Party Lecture Competition

**Cases** Presentation on Devotion of Six Old Men from Babusha Forest Nursery and Their Children to Forestation

On July 28, the Party School of CPC Wuliangye Committee convened a special training session at the lecture hall to learn about the exemplary Six Old Men from Babusha Forest Nursery and their sons and grandsons who have devoted their whole lives to desertification control and reforestation. Over 200 people attended the training, including representatives of dealers, managers and workers, secretaries of community-level Party organizations, and employee representatives. All who attended were deeply moved by our devotion and commitment, with many commenting that we, the people of Wuliangye, would learn from these leading examples and make utmost contributions to our company with a strong sense of belief and responsibility, making our dreams come true in the new era.



Presentation on the Devotion of Six Old Men from Babusha Forest Nursery and Their Children to Forestation by the CPC Wuliangye Committee Party School

**Cases** Training Program on Party Consciousness and Spirit of the 5th Plenary Session of the 19th CPC Central Committee by the CPC Wuliangye Committee Party School

The CPC Wuliangye Committee Party School launched a dedicated training program on Party consciousness and spirit of the 5th plenary session of the 19th CPC Central Committee from November 30 to December 3 to enhance the study of organizational spirit. The training was attended by 49 secretaries of community-level Party organizations and Party workers. During the training, attendees visited a museum on the Chinese Revolution, walked on a fraction of the Long March's route, listened to the report Explaining the Spirit of the 5th Plenary Session of the 19th CPC Central Committee, and had a discussion under the theme of How to Amplify the Long March Spirit in the New Era, which reinforced their Party consciousness and theoretical foundation.



Training Program on Party Consciousness and Spirit of the 5th Plenary Session of the 19th CPC Central Committee by the Party School of CPC Wuliangye Committee

## Corporate Governance

Based on its 13th Five-Year Plan and business performance goals of 2020, Wuliangye improved its governance structure and regulations as well as internal risk control to enhance management competence and effectiveness, and better support overall development. At the same time, it strengthened risk management and anti-corruption efforts, which protected investor rights and interests and helped to yield higher growth and market capitalization.



## Standardize Governance for stable, long-term development

In 2020, Wuliangye continued to improve its organizational structure and governance institution to ensure that the Board of Directors and the Supervisory Board exercise their duties according to the law and to boost Wuliangye's development. Meanwhile, the Company took active actions to ensure the accuracy, completeness and authenticity of information disclosed to safeguard investor rights and interests.

### Wuliangye Organizational structure Chart



CPC Wuliangye Committee

In 2020, a total of **34** meetings were convened by CPC Wuliangye Committee, reviewing **152** issues.



Board of Directors

In 2020, the Board of Directors held **13** meetings and deliberated on **42** bills.

To be more specific, there were **4** on-site meetings where **27** bills were deliberated on and **9** meetings held in forms of file circulation and telecommunication where **15** bills were reviewed.



2019 General Meeting of Shareholders

A total of **100** people, including directors, supervisors, senior managers and securities analysts, attended the meeting, which had an online participation of over **120,000** unique visits, and during which **14** bills were reviewed and approved.



Senior Management Meetings

In 2020, a total of **12** senior management meetings were held, which served to review **41** bills.



Supervisory Board

In 2020, a total of **4** meetings were held by the Board of Supervisors, during which **21** bills were reviewed.

To be more specific, there were **2** on-site meetings where **18** bills were deliberated on and **2** meetings held in the form of file circulation and telecommunication, where **3** bills were reviewed.



**Cases** Li Shuguang, deputy to the 13th National People's Congress (NPC) , Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, participated in the 3rd Session of the 13th NPC.



The 3rd Session of the 13th NPC was held from May 22th to 28th in Beijing. Li Shuguang, deputy to the 13th National People's Congress (NPC) , Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, exercised his duty and participated in the meeting. Centering on the meeting's theme, he thought about how to better perform SOE responsibilities based on Wuliangye's conditions to make bigger contributions to the country and the Chinese people.

"As a leading Baijiu producer, Wuliangye will continue to accelerate high-quality development while adhering to the general requirement of pursuing progress at the same time as maintaining stability. We will reinforce major business sectors, improve diversified development, and enhance platform building to make greater contributions that ensure stability on six fronts (employment, the financial sector, foreign trade, foreign investment, domestic investment, and expectations) and maintain security in six areas (job security, basic living needs, operations of market entities, food and energy, stable industrial and supply chains, and the normal functioning of primary-level governments) . We intend to deliver in regard to both COVID-19 control and business development. "

--Li Shuguang, deputy to the 13th National People's Congress

**Cases** Meetings by the CPC Wuliangye Committee to Study and Implement the Spirit of the NPC and CPPCC Annual Sessions

On June 5, the CPC Wuliangye Committee held a meeting to study and implement principles of President Xi Jinping's important speeches on the 3rd session of the 13 NPC and the third session of the 13th National Committee of the Chinese People's Political Consultative Conference (CPPCC) . Li Shuguang, deputy to the 13th National People's Congress (NPC) , Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, hosted and addressed the meeting. All senior managers and heads of departments attended the meeting.

The year 2020 had special meaning in that it strategic progresses had been made in containing COVID-19, and epidemic control and socioeconomic development progressed forward in a coordinated way. The NPC and CPPCC annual sessions held this year were of extraordinary importance and demonstrated remarkable achievements. Wuliangye carried out the requests of Peng Qinghua, Secretary of the CPC Sichuan Provincial Committee, on executing the spirit of the two sessions by faithfully learning and promoting their guidelines. Integrating positive and inspired attitudes with responsible and pragmatic actions, efforts were made to fully implement the spirit of and decisions made during the two sessions at Wuliangye.



## Empowering Senior Management to Increase Governance Performance

To promote standard board operation, senior management, including all directors and supervisors, was organized to attend training programs provided by regulation authorities, laying foundation for standardized governance and high-quality, sustainable development for the future of the company.

### Participating in and Holding Training Programs on the Standardized Operation of Listed Companies

**April 24**

We prepared training programs for controlling shareholders, all directors, supervisors, senior managers, and all department heads, where vice chairpersons of the Commercial Law Research Institute and Securities Law Institute, China Law Society, were invited to give lectures on the new Securities Law.

**September 17**

The Sichuan Association for Public Companies held an online training program titled, "Enhancing the Quality of Disclosed Information and Performing the Duties of Key Persons" to the Company's actual controllers, requiring the participation of shareholders, directors and supervisors, and senior managers.



**November 10**

We held the 2020 Standardized Building of Boards of Sichuan SOEs Training Series together with the State-Owned Assets Supervision and Administration Commission of Sichuan Province. The first training was themed, "Corporate Governance and Board Building."

**November 17**

Wuliangye's actual controllers, chairmen, financial directors, and board secretaries attended the video conference of supervision on fund occupation and illegal guarantee of public companies at Sichuan, learning about policies in this regard.

**November 18**

We held the 2020 Standardized Building of Boards of Sichuan SOEs Training Series together with the State-Owned Assets Supervision and Administration Commission of Sichuan Province. The second class was themed, "SOE Reform and Board Building."

**November 27**

Sichuan Securities Regulatory Bureau organized Wuliangye's actual controllers, controlling shareholders, directors, supervisors, and senior managers to learn about the State Council Opinions on Enhancing Quality of Public Companies policy.

**December 4**

We held the 2020 Standardized Building of Boards of Sichuan SOEs Training Series together with the State-Owned Assets Supervision and Administration Commission of Sichuan Province. The third class was themed, "Work and Services of the Office of the Board."





Group photo of attendees of the training session on SOE reform and board building

## Risk Management and Compliance

In line with related laws and regulations, Wuliangye established and improved its internal control and risk management system on basis of the business's main risk characteristics.

### Promoting anti-corruption to ensure healthy operations

Wuliangye set up a department that was responsible for commercial ethics and tackling corruption, launching integrity-themed vocational training sessions according to relevant regulations to boost anti-corruption actions and the company's sound development.

#### Wuliangye's Anti-Corruption Actions and Performance in 2020

Anti-Corruption Activities

- We held over 20 lectures on building a clean company, which were listened to for more than 8,000 unique times.
- We shot the film Wrong Path to warn against corruption and organized all staff to watch it. It was also the first internal movie of its kind made by an SOE at Yibin.
- We initiated a number of activities to promote anti-corruption, including inviting artists to contribute with paintings, calligraphy, videos, and photos. In addition, we rolled out an online contest on integrity building, which attracted over 15,000 participants.
- The culture of integrity culture that the company built has obtained a Grand Prize of Excellent Chinese Corporate Culture and an Award Nomination for the Second China Integrity and Cleanness Innovation Award.

### Anti-Corruption System

#### Organizational Structure

- A leading group on building Party and business work integrity headed by Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye.
- A leading group on efficiency supervision headed by Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye.

#### Management System

- Working systems: Regulations on Executing Discipline Inspection and Supervision; Regulations on Discipline Inspectors and Supervisors at Work
- Implementation measures: Accountability Regulations on Violations of Laws and Rules and Wrongdoings; Wuliangye Group's Interim Measures on Implementing Rules on Clean Conduct of SOE Leaders; Measures on Implementing Party Committee's Primary Responsibilities and Disciplining the Commission's Supervision Responsibilities Toward Improving Party Conduct (Trial); Efficiency Supervision and Management Measures

#### Management Activities

- Foundation of Promotional Activities: We formed a promotion plan consisting of monthly activities and quarterly-themed events, and operated the official WeChat Account "Clean Wuliangye" as well as the Wuliangye Discipline Inspection and Supervision Information Promotion Platform.
- Education on Integrity: Centering on the theme of integrity, we held a variety of events such as lectures and essay competitions, created cartoon works, distributed stationery, and created videos to warn our employees against corruption, amidst the backdrop of violations happening around us.
- Special Inspection: We launched rounds of inspection on the implementation of the Party's eight-point frugality code and redressment of officials with undesirable conduct.



Wei Hongying, Secretary of Committee for Discipline Inspection of Yibin Wuliangye, led the delegation to visit the Yibin Anti-corruption Educational Center and reviewed the pledges he made when joining the CPC.



**Anti-Corruption Achievements in 2020**

- We addressed a total of **131** clues to various kinds of problems.
- We handled **205** persons in four forms of oversight over discipline compliance (criticism and self-criticism like oral or written warnings and regulatory talks, minor Party and administrative disciplinary actions, severe Party and administrative disciplinary actions, and severe violations of laws and discipline) : **191** persons received oral or written warnings, regulatory talks, letter inquiries, or reminders; **10** persons received minor Party and administrative disciplinary actions; and **4** received severe punishment with their contracts being terminated.
- We responded effectively to **19** clues given by the inspection team formed by the CPC Yinbin Municipal Committee, and issued administrative penalties on **2** persons and organizational punishments on **15** persons.

**Enhance Internal Control to Build Credibility**

In 2020, Wuliangye continued to enhance internal audit and risk control.

**Wuliangye's Internal Audit Performance in 2020**

The Audit Department audited key investment projects throughout the whole process with focuses on project quality and commercial benefits.

Focusing on whether leaders performed their duties and operated businesses in a sound and clean way, the Audit Department audited their economic accountability in major functional departments like the Assets Management Department.

The Audit Department implemented various types of research on material operation, assessments on internal control, risk evaluations on the finance company, audits on the annual information disclosure report, and rectifications for problems detected in previous audits.

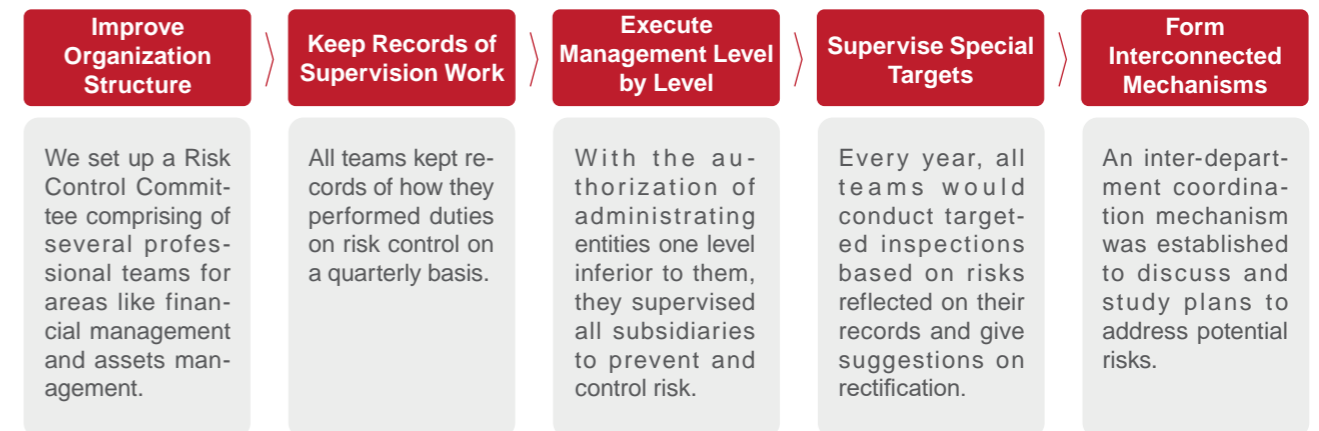
The Audit Department endeavored to improve the attitudes and principles of auditors, upgrade the internal system, apply new digital tools, develop competencies through completing actual tasks rather than solely training and sharing experiences and practices to enhance Party conduct.

A total of RMB 168 million were saved due to audits on project investment and procurement.

The investment audit software independently developed by Wuliangye obtained a software copyright from the National Copyright Administration.

The Audit Department won the award for China's Most Exemplary Internal Audit Group 2017-2019.

**Risk Control Supervision System**



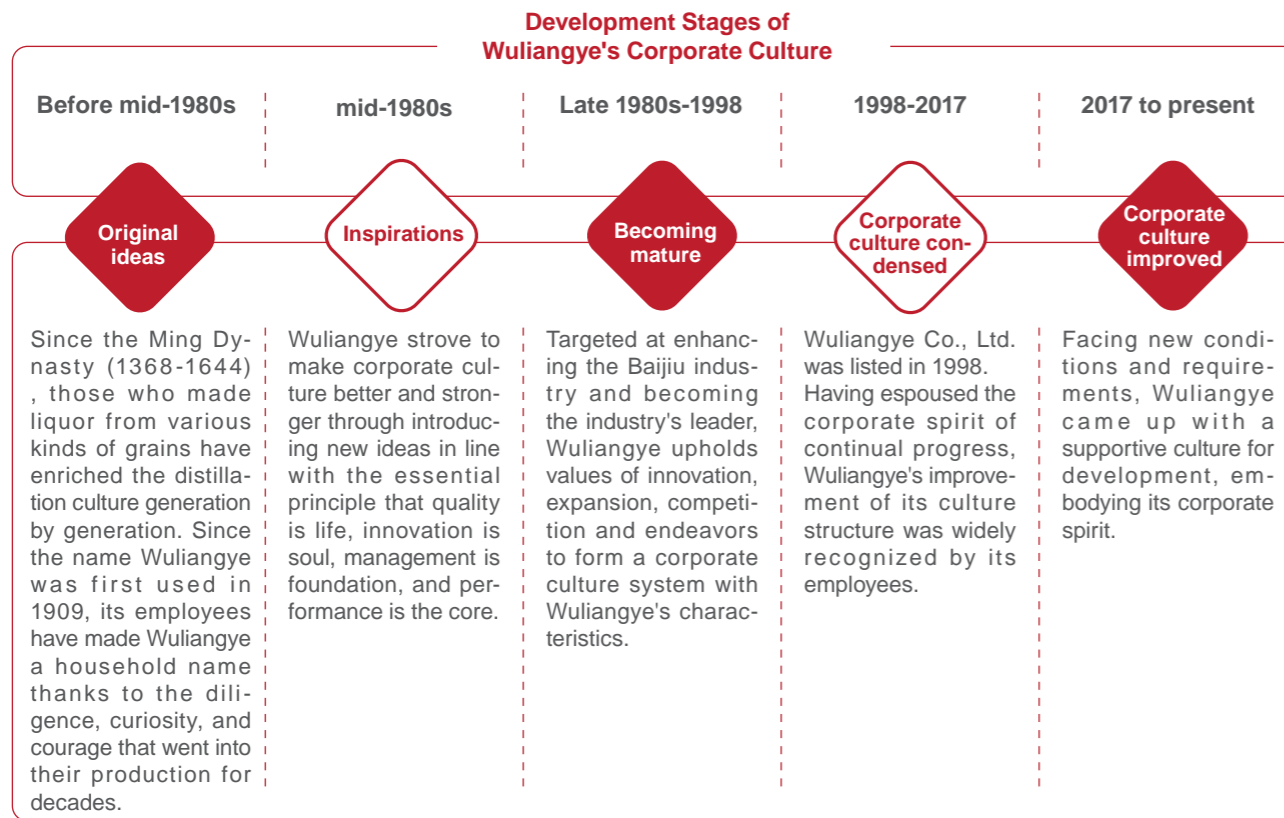
Luo Wei, Deputy General Manager and Financial Director of Yibin Wuliangye, hosted a training meeting on fund risk control.

**Corporate Culture**

Wuliangye improved its corporate culture based on its development to boost sustainable growth.

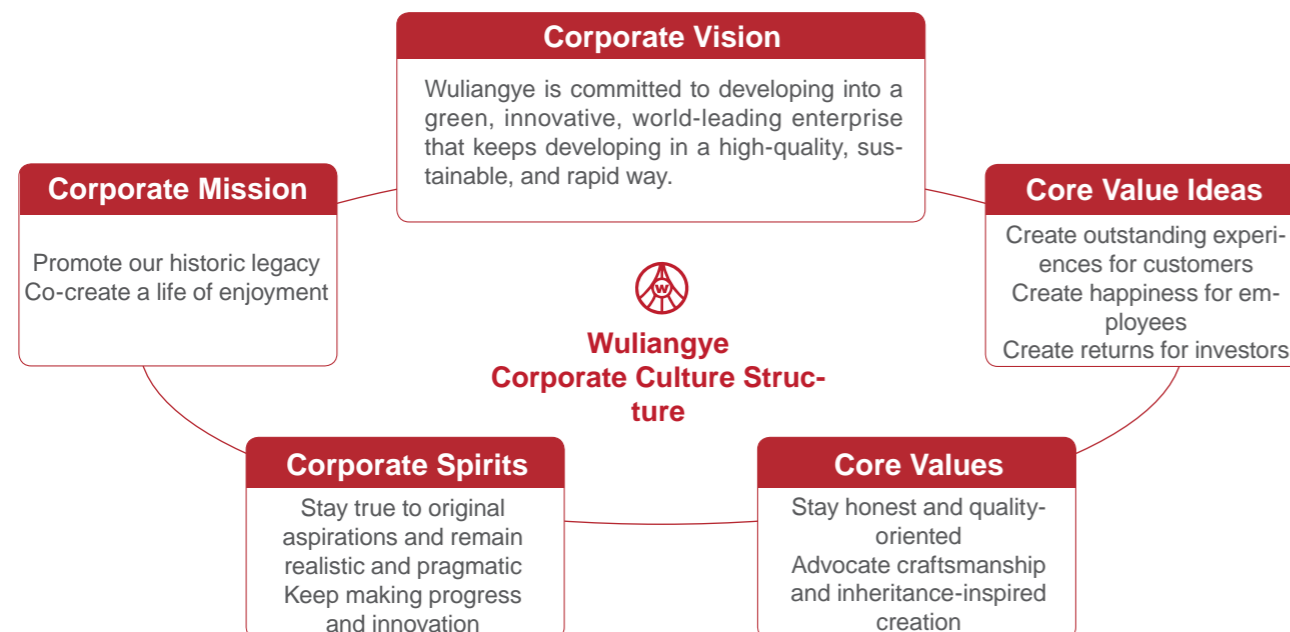
**Corporate Culture Empowers Development**

Building a strong corporate culture serves as the driver, the foundation, and beacon for healthy and sustainable growth. Wuliangye has always seen corporate culture building as an engine to boost corporate innovation and high-quality development.



## Embedding Corporate Values into Culture

Centering on its corporate mission, Wuliangye has developed its core values and ideas to boost the implementation of its spirits.



## Enriching Corporate Culture Through Consistent Building Efforts

Wuliangye puts corporate culture building high on its agenda and sees exemplary cultural events as part of strategy. It leveraged the culture's role in shaping corporate spirit, enhancing competitiveness, and energizing development by organizing studies on corporate culture building and exchange activities.

### Corporate Culture Building

**Establishing a Corporate Culture Research and Promotion Center**

Starting from Wuliangye's heritage and production techniques, highlighting Wuliangye's advantages and rarity, and forming a holistic strong-aroma value promotion system centered on customers that takes into consideration both the industry and merchants.

**Formulating the 14th Five-Year Corporate Culture Development Plan**

We formulated the medium and long-term goals and plans for corporate culture building, and we are planning to formulate the Yibin Wuliangye Corporate Culture Building Plan (2021-2025), which specifies the positioning, targets, and directions in this regard and promotes implementation of related measures.

**Expanding Corporate Culture Research Scope**

We issued an announcement on collecting 10 major research topics for the first time, clarified the culture research structure, and compiled Basic Data of Wuliangye Ancient Fermentation Pit Site's Protection Plan.

We supported the Sichuan Provincial Cultural Relics and Archeology Research Institute in exploring the historic values of Wuliangye's site.

**Developing a Larger Culture Promotion Matrix**

We published books like Poems, Liquor and Wuliangye and started the magazine Digest on Wuliangye Culture.

We held **8** activities and made **2** videos on the subject of corporate culture training

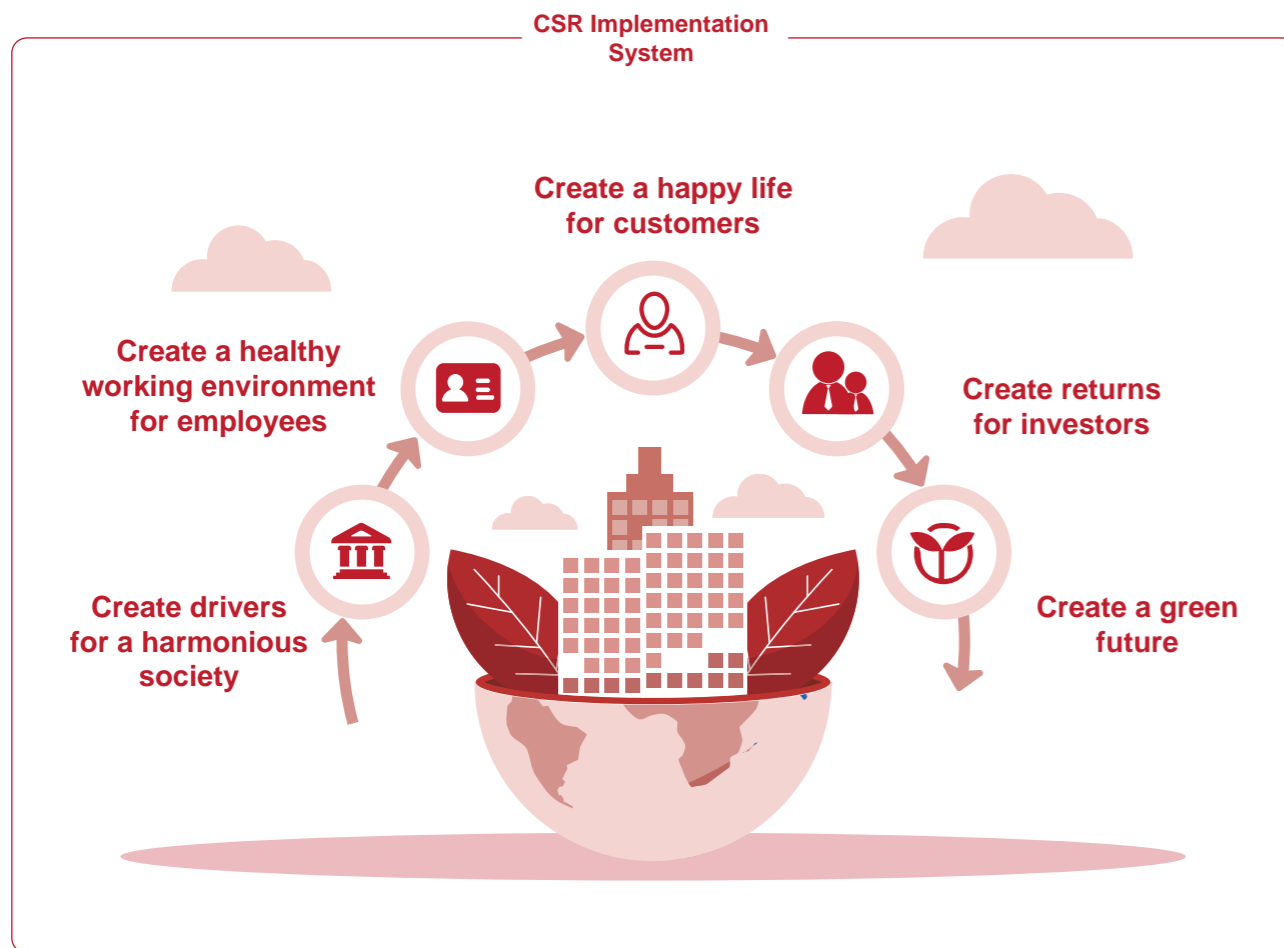
Our promotional activities reached employees over **5,000** unique times and dealers over **200** unique times.

## Corporate Social Responsibility Management

Wuliangye is committed to upholding corporate social responsibility (CSR) by building a social responsibility system with SOE characteristics that boosts implementation and creates value for all stakeholders, including customers, shareholders, and investors.

### Responsibility System Focuses on Concerns of All Related Parties

Starting with addressing the concerns of all stakeholders, Wuliangye creates value for them by establishing a CSR implementation system.

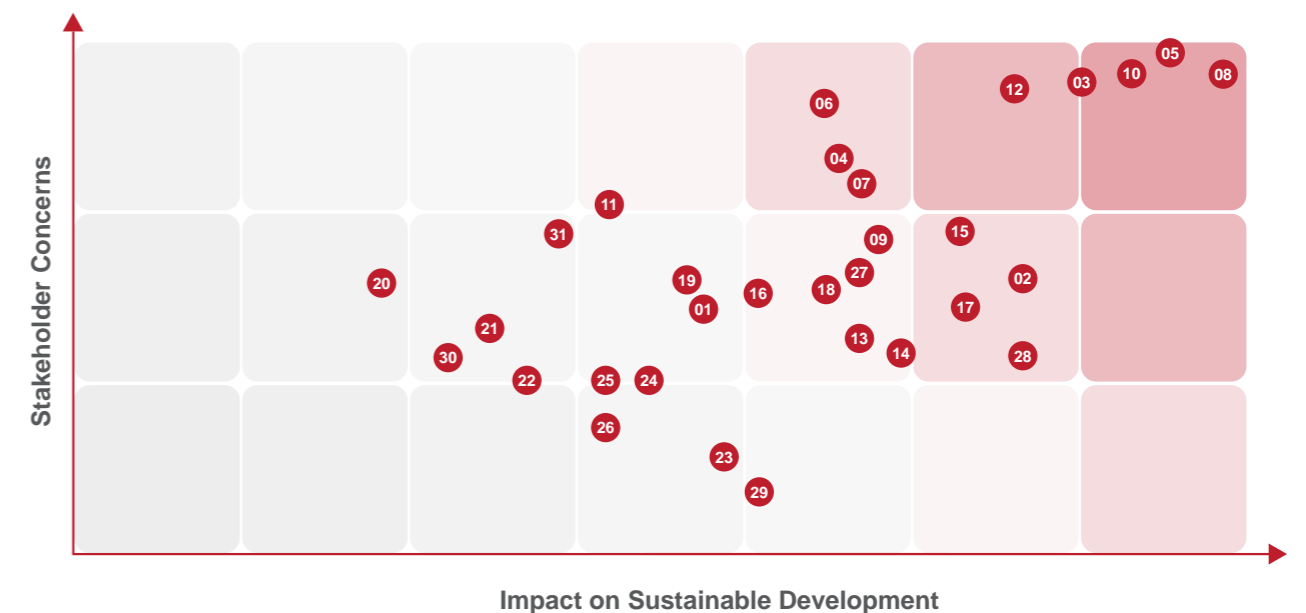


### Topic Analysis Responds to Sustainable Issues

Analysis of substantial issues plays a central, fundamental role in social responsibility management and disclosure. The Board decided on substantial issues for the current stage after reviewing the substantial issue library established on basis of hot issues, national policies, and industrial development in 2020.

| Corporate Governance |  | Economic Responsibility |   | Environmental Responsibilities |                                  | Social Responsibilities |                                   |
|----------------------|--|-------------------------|---|--------------------------------|----------------------------------|-------------------------|-----------------------------------|
| 1                    | Corporate Social Responsibility Management   | 8                       | Preserve and increase the value of state-owned assets | 19                             | Product's carbon footprint       | 25                      | Decent working environment        |
| 2                    | Anti-corruption  | 9                       | Responsible procurement                               | 20                             | Energy efficiency                | 26                      | Democratic management             |
| 3                    | Enhanced Party building  | 10                      | Food safety   | 21                             | Sustainable use of raw materials | 27                      | Vocational health and safety      |
| 4                    | Information disclosure   | 11                      | Responsible marketing                                 | 22                             | Exhaust gas emission management  | 28                      | Safe production                   |
| 5                    | Risk control   | 12                      | Customer service                                      | 23                             | Waste residue disposal           | 29                      | Employee training and development |
| 6                    | Investor relations management  | 13                      | Branding  | 24                             | Waste water treatment            | 30                      | Community engagement              |
| 7                    | Operation of Shareholder, Board of Directors, and Supervisory Board General Meetings | 14                      | R&D and Innovation                                    |                                |                                  | 31                      | Targeted Poverty Alleviation      |
|                      |  | 15                      | Quality products                                      |                                |                                  |                         |                                   |
|                      |  | 16                      | Supplier management                                   |                                |                                  |                         |                                   |
|                      |  | 17                      | Dealer management                                     |                                |                                  |                         |                                   |
|                      |  | 18                      | Promoting industrial development                      |                                |                                  |                         |                                   |

Matrix of Substantial Issues












### Active Communication Ensures High-Quality Development

Wuliangye introduced a long-term efficient communication mechanism for stakeholders coupled with different methods of response based on various needs.



Communicate with and Respond to Stakeholders

| Stakeholders  | Expectations and Needs   | Main Communication Channel   | Measures of Response  |
|---|--|--|---|
| <br>Shareholders and investors | Return on investment<br>Knowledge of corporate operation   | General Meeting of Shareholders<br>Regular release of reports<br>Online communication with investors<br>Emails for investors | Information disclosure<br>Governance compliance<br>Convention of Shareholder General Meeting<br>Consistent returns for shareholders<br>Investor communication meeting<br>Implementation of national strategies                                |
| <br>Government                 | Lawful operation<br>Tax compliance<br>Job creation<br>Policy implementation<br>High-quality development<br>Ecological conservation                 | Open to supervision<br>Reporting<br>Conferences<br>Corporate-government cooperation  | Compliance with laws, regulations and policies<br>Timely tax payment in full<br>Creation of jobs<br>Enhancement of compliance management<br>Targeted Poverty Alleviation<br>Safe production   |
| <br>Employees                | Protection of legitimate rights<br>Welfare and promotional opportunities<br>Healthy, safe working environment<br>Right of democratic participation | Labor Union<br>Congress of workers and staff   | More and better training<br>Clearer paths to promotion<br>Vocational health and safety management<br>Regular convening of congress of workers and staff   |
| <br>Consumers                | Food safety<br>Good products and services<br>Consumer health   | Consumer satisfaction survey   | Stricter quality management<br>Unprocessed grain base construction<br>Innovative R&D investment<br>Improvement in consumer communication channels<br>Responsible marketing<br>Cracking down on fake products and safeguarding legal interests |
| <br>Dealers                  | Fair competition<br>Honest operation<br>Supportive policies<br>Business guidance   | Dealer conferences   | Formulation of rules on marketing services<br>Training for dealers<br>Training for marketing personnel  |
| <br>Suppliers                | Open and fair procurement<br>Credibility and integrity<br>Win-win cooperation  | Entry platform   | Disclosure of procurement information<br>Fair procurement<br>Honoring contracts   |

| Stakeholders   | Expectations and Needs  | Main Communication Channel  | Measures of Response  |
|--|---|---|---|
| <br>Community     | Support for public welfare<br>Creation of jobs for communities                      | Charity foundations<br>Encouragement of responsible drinking  | Roll-out of volunteer and charity events<br>Targeted Poverty Alleviation  |
| <br>Industry      | Fair competition<br>Promotion of industrial progress                                | Peer cooperation<br>Cross-border cooperation<br>College-corporate cooperation                                     | Enhancement of R&D competence<br>Participation in industrial events<br>Industry leader  |
| <br>Environment | Green ecology<br>Energy conservation and emissions reduction<br>Pollution treatment | Environmental risk evaluation<br>Upgrading of treatment facilities for gas emissions, wastewater, and solid waste | Treatment and recycling of gas emissions, wastewater, and solid waste<br>Reduction of carbon emissions<br>Source water protection |

Wuliangye's Social Responsibility Awards in 2020



# 02

## Wuliangye's network - collaboration with all parties

Wuliangye absorbs the essence of sorghum, rice, glutinous rice, wheat, and corn in observance of the traditional Chinese "Doctrine of the Mean" wisdom. We join hands with stakeholders to make Baijiu a bridge for communication and cooperation, demonstrating our strong sense of responsibility as an SOE and leading player in the Baijiu industry, and sharing our success with all stakeholders.

- ❖ Value Chain
- ❖ Customer First
- ❖ Investor Relations
- ❖ Employee Recruitment and Development
- ❖ Industrial Progress



## Value Chain

Wuliangye has built a comprehensive industrial chain by propelling related industries, like e-commerce, logistics, and packaging. Wuliangye performs its duties in the industrial chain through fair procurement, empowering dealers, and upgrading exclusive stores in cooperation with upstream and downstream players.

### Marketing supports dealers

We aim to become more closely interactive with dealers according to Wuliangye's strategic aim of building a community of shared interests. On one hand, we implement marketing policies and promote compliance; on the other, we enhance communication with dealers and empower them from a professional perspective.



#### Key Measurements Supporting Dealers

##### Removing Disqualified Dealers and Supporting Competent Ones to Transform

By eliminating speculative dealers who frequently disturbed market order, Wuliangye made the dealer group healthier and promoted the transformation of major series liquor platform dealers. In doing so, Wuliangye enrolled a group of new regional dealers, uniformed on series liquor's management and the operation of both e-commerce and KA channels, and also enhanced its capability for very detail-oriented marketing. These changes would lay a good foundation for dealers to observe market order and improve their performance.

##### Strengthen of Dealer Associations to Facilitate Corporate-Dealer Co-Governance

Wuliangye reactivated the 31 provincial Dealer Associations across China by allocating funds, promoting system construction, and the election of new leaders to boost the transformation from the previous Wuliangye-led governance to corporate-dealer co-governance.

#### Support Dealers' Performance

By visiting over 2,000 dealers in 2020, Wuliangye collected substantial feedback that fell into eight categories, including group purchase, supportive policies, brand and corporate culture, digitalization, planning, and logistics. All opinions and suggestions were properly handled either by giving prompt answers onsite or by having related departments deal with them later.

### Cases The 24th Wuliangye 1218 Annual Convention on Achieving Shared Growth through Discussion and Collaboration

The 24th Wuliangye 1218 Annual Convention on Achieving Shared Growth through Discussion and Collaboration was launched at Yibin, the main offline venue, and live streamed in 28 online parallel venues across China, attended by leaders and guests from multiple fields and over 1,800 dealers.



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, attended the 24th Wuliangye 1218 Annual Convention on Achieving Shared Growth through Discussion and Collaboration



Zeng Congqin, Chairman of Yibin Wuliangye, hosted the 24th Wuliangye 1218 Annual Convention on Achieving Shared Growth through Discussion and Collaboration



**Cases** 2020 Marketing Training Meeting (online)

On February 11th, Wuliangye held the 2020 marketing training meeting online to increase the marketing team's response agility and service capabilities, and to help them deliver satisfactory performances during the special period.



Wuliangye held the 2020 marketing training meeting online

**Cases** Communication Meeting for Brand Operators of Wuliang NongXiang Series Baijiu CO.,LTD.

On September 22, Wuliangye held the communication meeting for brand operators of Wuliang Nongxiang series Baijiu Co., Ltd. to sharing ideas with dealers on business transformations. Wuliangye said it would support leading dealers in areas of advertisement and end facility construction and consumer education, so as to enable them to improve their means and methods of transformation.



Communication Meeting for Brand Operators of Wuliang NongXiang Series Baijiu Co., Ltd.

## Enhancing Global Presence

In 2020, Wuliangye accelerated its globalization by actively bringing the "distillation with craftsmanship" brand culture abroad to actively implement the "Belt and Road" national strategy and the provincial decision that Sichuan's cuisine and liquor businesses shall enter the international market through a concerted effort. Wuliangye endeavored to build itself into a leading Baijiu brand in overseas markets, and offered various kinds of campaigns, paving the way for its expansion.



Inauguration ceremony of the Wuliangye Restaurant in Tokyo, Japan

### Boost Channel-Based Cooperation

We implemented the strategic cooperation agreement signed with Pernod Ricard to build sales networks in 8 countries, including Thailand, Singapore, and Malaysia. So far, our partners in the 3 countries have completed the import procedure for Wuliangye series liquor and signed orders.

### Make the Brand More Influential

Wuliangye amplified its brand international voice through participating in a number of events, including Bayern Munich's fan gathering in Chengdu, the China International Import Expo in Shanghai, the Chinese Spring Festival Celebration Jointly Held by Overseas Chinese Societies in Japan, and the "Happy Spring Festival Show" by the Neckar River in Mannheim, Germany. Wuliangye employed different promotion methods, such as creating advertisements for Ueno, Japan, recreating the design of major duty-free stores, as well as upgrading the European Taste Evaluation Center.

### Promoting the Development of the Wuliangye Restaurant

The Wuliangye Restaurant serves as the cover image for overseas branding. Seizing the strategic opportunity created by jointly building the Belt and Road and pursuing high-quality development, Wuliangye is committed to exploring a new model for international cooperation: Chinese liquor + Chinese cuisine + product tasting + cultural exposure to bring Chinese Baijiu and traditional culture to more countries. On December 19, 2020, the Wuliangye Restaurant was inaugurated in Roppongi, Tokyo, Japan, and hosted the 4th Sichuan Cuisine Festival by livestreaming, which became a very popular event with local people.



## Empowering exclusive stores by upgrading

To create outstanding experiences for customers, Wuliangye sped up the upgrading of exclusive stores and introduction of smart retail systems to deliver more convenient service experiences.

### Cases Celebration of the 25th Anniversary of Wuliangye Exclusive Stores and "September 15" Launch Ceremony

On September 15, Wuliangye held the celebration of the 25th anniversary of Wuliangye exclusive stores and "September 15" launching ceremony. It was announced that Wuliangye exclusive stores would celebrate their founding ceremony on September 15th every year, and awards would be given to outstanding stores, experienced store managers, and new managers—25 in each category.



Zeng Congqin, Chairman of Yibin Wuliangye, attended the 25th Anniversary Celebration for Wuliangye Exclusive Stores and "September 15" Launching Ceremony

### Upgrading Measures

#### Improving Marketing Team Structure and Capabilities

Wuliangye Knowledge Management Platform has provided online training to over 1,500 exclusive stores and more than 6,000 store staff since its inception in July.

#### Improving Store Regulations and Information Management Systems

We upgraded systems and manuals based on SOP management and added modules of CRM and new store evaluation and approval in our OA.

#### Create Marketing Examples with Themed Campaigns

We started the "Wuliangye's Charm" series on Douyin (a short video-sharing app whose international version is TikTok) to tell stories about Wuliangye, which received nearly 30 million views.

## Securing Suppliers' Rights and Interests by Honest Procurement

Wuliangye implements a procurement management mechanism that involves execution, supervision, and evaluation, and strives to ensure transparent procurement, timely settlement, and open purchase quotation to secure supplier rights and interests, and sharpen its SOE image.

### Transparent Procurement

We formulated Regulations on Tender, recalibrated responsibilities and functions of procurement-related departments, built a supplier pool through open selection, and standardized the purchase workflow.

### Open Tendering

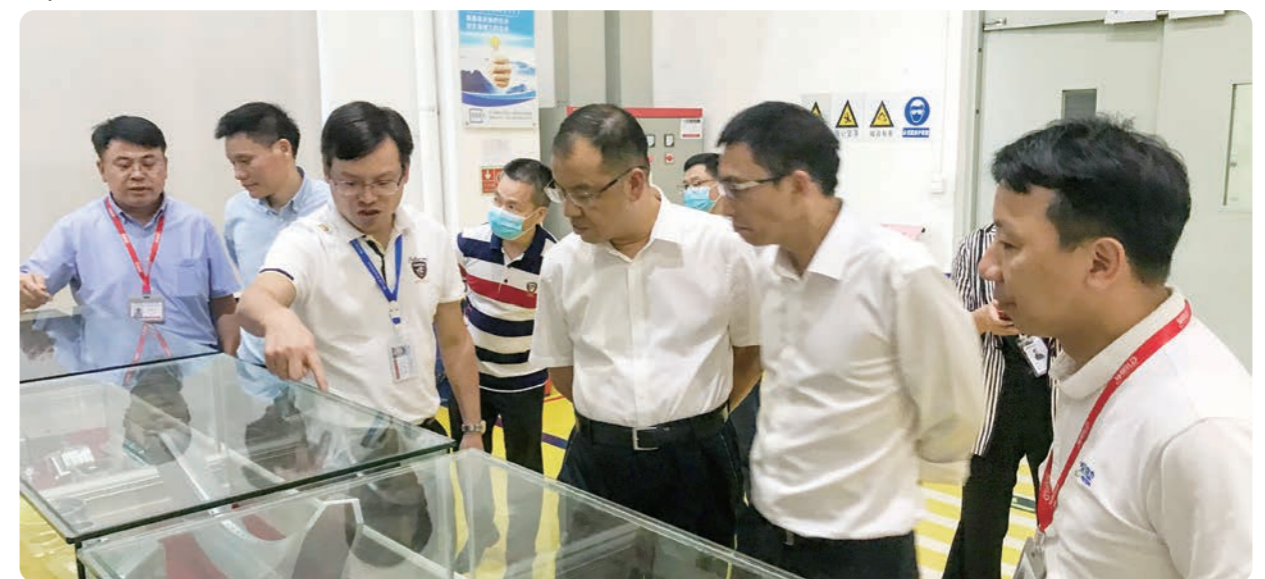
We purchased packaging materials after inviting inquires 47 times. There were 65 suppliers participating in the tender, with a winning bid amount of RMB 3.17 billion (tax-inclusive).

### Timely Settlement

In 2020, Wuliangye paid 23 settlements to packaging material suppliers, totaling RMB 4.342 billion (tax-excluded).

### Cases A visit to Nanhai Industrial Zone, Foshan City

Yang Qi, Deputy General Manager of Wuliangye Group, led a delegation to visit the Nanhai Industrial Zone, Foshan City, Guangdong Province, and Foshan Pulasi Packaging Material Co., Ltd (Pulasi). He also met with the Director of Nanhai District, with whom he reached a consensus on cooperation in packaging between Pulasi and industrial enterprises in the Nanhai Industrial Zone.



Yang Qi, Deputy General Manager of Wuliangye Group, led a delegation to visit the Nanhai Industrial Zone in Foshan City, Guangdong Province

## Customer First

Wuliangye has expanded its front-end sales channels to provide services based on market and consumer needs, and is improving its after-sales services to enhance the consumer experience.

### Strengthening Consumer Brand Awareness by Expanding Channels

In 2020, Wuliangye built up a new series of channels to reach a wider range of consumers by digitalizing exclusive stores and developing group-purchase direct selling systems.

#### Introducing More Exclusive Stores and Dealers

In 2020, Wuliangye opened over 30 4th-generation exclusive stores and built up a network covering 95% of the cities in China thanks to a total of more than 1500 exclusive stores, the largest number of which are in China. At the same time, it introduced 17 excellent dealers and 34 group-purchase merchants to supplement its sales structure.

#### Promoting digitalization of exclusive stores

Wuliangye promoted the opening of Wuliangye Cloud Store, as well as integration and coordination between online and offline exclusive stores by incentivizing business entities and consumers to place advertisements in their WeChat Moments. By the end of 2020, there were 1,308 exclusive stores and 320,000 consumers registered on the Wuliangye Cloud Store, averaging 244 consumers per store.

#### Setting Up a Corporate-Level Group-Purchase Direct Selling System Structure

In 2020, Wuliangye inked group-purchase agreements with key accounts, including with the Industrial and Commercial Bank of China, China Citic Bank, and Huawei. In this way, it built up a corporate-level group-purchase direct selling system structure covering banking, airlines, infrastructure, real estate, and hi-tech sectors, as well as a multi-level collaboration and communication model with liquor at the center.

#### Deepening Marketing Digitalization of Wuliangye Series Liquor

We have enhanced marketing digitalization for Wuliangye's series of liquor. In 2020, over 400,000 digital end stores were registered and more than 1.7 million members were registered in total. This enabled data traceability from warehouse to delivery, and facilitated digital marketing management from Wuliangye and channel operators to stores and consumers, increasing the digital operation capacity for the series of liquor.

### Improving the consumer experience with better services

We identified and addressed problems in customer services in a timely manner by holding consumer-oriented communication conferences, satisfaction surveys, and follow-up interviews to increase satisfaction.

### Measures to Increase Consumer Satisfaction

#### Communication event

We held a number of DTC (direct to consumer) marketing campaigns with the theme of celebrating the Chinese Spring Festival, in order to improve the consumer experience. By launching press conferences of Wuliangye's classic products at Shanghai, Chengdu, and Guangzhou, we interacted with key customers more closely. Jianzhuang, Wuliang Chun (Rich Flavor), and Wuliang Tequ, the three strategic brands targeting the Chinese market, were fully upgraded. We held nearly 60 conferences to share their prospects, such as the Jianzhuang Wealth Briefing and Wuliang Chun (Rich Flavor) Upgrading Talk.

#### Building the Wuliangye Culture Experience Store

We launched the Wuliangye Culture Experience Store in Tianfu Square, Chengdu, a landmark that supports cultural promotion, branding, product tasting, training, and group purchasing. It was widely acknowledged by consumers.

#### Customer Satisfaction Survey

After collecting consumer feedbacks from multiple channels, we formulated detailed response measures and fully implemented them.

### Cases "Timeless Night" Product Launch Event

To adapt to new trends of increased consumption standards, diversify high-end Baijiu products, and meet various consumer needs, Wuliangye presented Classic Wuliangye and held three launch events in Shanghai, Chengdu, and Guangzhou. Classic Wuliangye is inspired by the Plum-Vase-Bottled Wuliangye (also called Drum-Shaped-Bottle Wuliangye) from the 1960s. The new product inherits the memories and sentiments of a previous era while also improving the classic liquor rooted in consumers' minds. It is intended to bring a higher-end experience through better imaging and quality.







Leaders of Wuliangye attended three launch events in Shanghai, Chengdu, and Guangzhou.

**Cases** Brand Strategic Upgrading and New Product Tasting Event

To upgrade the sales channels and provide better services to consumers in Shaanxi Province, Wuliang Chun (Rich Flavor) held a brand strategic development and new product tasting event at Xi'an, Shaanxi. The event significantly increased awareness of Wuliang Chun (Rich Flavor) in the local market because it energized local channel operators and effectively reached targeted groups.



Zou Tao, Executive Deputy General Manager of Yibin Wuliangye, attended the strategic upgrading and new product tasting event.



**Cases** Jianzhuang Wealth Briefing

On May 13, we launched the first Jianzhuang Wealth Briefing in Henan Province, where managers of the Wuliang Nongxiang Series Baijiu Yibin Co., Ltd. and dealers in the Henan region shared opinions on new opportunities brought about by the improved Jianzhuang. We will continue to support dealers in business transformations by assisting them in building their own Wuliangye marketing teams and in conducting targeted marketing operations to fully leverage Wuliangye's advantages.



Jianzhuang Wealth Briefing

**Consumer Satisfaction Survey**

In 2019, a consumer satisfaction survey conducted by a third party (Sichuan Association for Quality) showed that: Wuliangye's satisfaction rating was **94.82**, which falls into the **"very satisfied"** category, according to general international standards. It was **up 0.2** compared with that of the previous year.



**Cases** Supporting Dealers to Survive

Wuliang Nongxiang Series Baijiu Yibin Co., Ltd. held online meetings when restrictive measures were implemented to fight COVID-19 to analyze supportive measures for dealers and key marketing tasks. Six measures were carried out, including reducing Q1 KPI targets and subsidizing labor costs. In addition, health kits were sent to nearly 100,000 consumers in the "Jointly Forward" campaign.

**Improve Customer Service by Reinforcing After-sales Structure**

Wuliangye established a well-designed after-sales service system and product quality complaint handling mechanism while instilled customer-first idea thoroughly. Over 95% of complaints were addressed to the satisfaction of customers.

**After-Sales Service System**

|   |   |  |   |
|---|---|--|---|
| <p><b>After-Sales Service Concept</b></p> <p>We have a customer-centric approach.</p> | <p><b>Complaint Handling System</b></p> <p>We optimize service procedures and increase response speed to ensure all complaints are handled effectively and efficiently.</p> | <p><b>Professional Service</b></p> <p>Efforts are being made to enhance after-sales service staff performance through comprehensive trainings.</p> | <p><b>After-Sales Service Channels</b></p> <p>Our after-sales support channels include telephone hotlines, fax, letters, personal visits, and lines for reporting counterfeit products.</p> |
|---|---|--|---|

**Product Quality Complaint Handling Mechanism**



**After-Sales Department Performance**

During 2020, Wuliangye addressed **100%** of complaints **on time**, more than **95%** of which were properly handled.

## Investor Relations

In 2020, Wuliangye fully performed its information disclosure legal duties and improved its IR management system by building up communication platforms for investors and ensuring returns.

### Efficient Information Disclosure Ensures Transparency

#### Practices on Communication with Investors

In 2020, the Company received **95** investors coming for field investigation, had over **1,800** conversations with investors, and replied to **282** investor's questions on irm.cninfo.com.cn/.

Wuliangye attended **22** meetings on securities trader investment strategy held by securities companies, communicating with roughly 660 people face-to-face.

Wuliangye had **27** online communication meetings with roughly 510 people.

Wuliangye formulated and disclosed **98** reports, regular and temporary.



An investor communication meeting

#### Awards on Investor Relations Management

- 'A' Rating for Information Disclosure from the Shenzhen Stock Exchange in 2020 (6th Consecutive Year)
- Best New Media Operator of 2019 Investor Relations Golden Awards by www.p5w.net
- Best Investor Relations, Best Board Prize, and Best New Media Operator by Securities Times



#### Cases New Online IR Management Methods

On May 15, Wuliangye held an online meeting to review its 2019 performance report and 2020 Q1 report, where senior managers answered 75 questions from investors. Investors responded positively. On May 29, Wuliangye held the 2019 Shareholder General Meeting, which was livestreamed for the first time and open to global investors and the media. Standing in the spotlight of investors, it recorded a total of 128,000 views.

### High-Quality Operation Increases Returns on Investment

#### Actively Repaying Investors

In 2020, Wuliangye paid 2019 dividends totaling RMB **8.54** billion, and RMB **22** (tax-inclusive) in cash per 10 shares to all shareholders.

On November 5, 2020, Wuliangye's market capitalization reached RMB **1.01** trillion, becoming the **first** public company to exceed a market capitalization of RMB 1 trillion on the Shenzhen Stock Exchange and in Sichuan Province.



#### Recognition of Investment Value

- Obtained awards from the Top 100 Companies listed on Main Board and Top 10 Management Teams of Companies listed on Main Board in the 14th China Listed Company Value Evaluation
- Highest Investment Value Award by Gelonghui
- 2019 Golden Bull of Investment Value by China Securities Journal



## Employee Recruitment and Development

Wuliangye upholds a strategy of empowering itself through talents. Resting on the core value idea of creating happiness for employees, we strictly implemented an "equal pay for equal work" philosophy, and are recruiting more people while keeping existing positions intact. We take employee empowerment and welfare into careful consideration, and try to develop more medium and long-term incentives in order to build a common future for employer and employee to share benefits and risks and to boost the organization's healthy development for coming decades.

### A Working Environment that Features Diversity and Fairness

On the premise of legal hiring practices, Wuliangye presses ahead to ensure stability on six fronts (employment, the financial sector, foreign trade, foreign investment, domestic investment, and expectations) and maintain security in six areas (job security, basic living needs, operation of market entities, food and energy, stable industrial and supply chains, and the normal functioning of primary-level governments). On one hand, it sees all job-seekers equal, regardless of ethnic group, gender, age, or whether they are paralyzed, and offers jobs in accordance with the conditions necessary to them. On the other hand, it keeps the staff size and compensation the same, and more importantly, creates more job vacancies for upstream and downstream companies by leveraging the advantages of a long industrial chain and a whole supply chain, developing in a sound way.



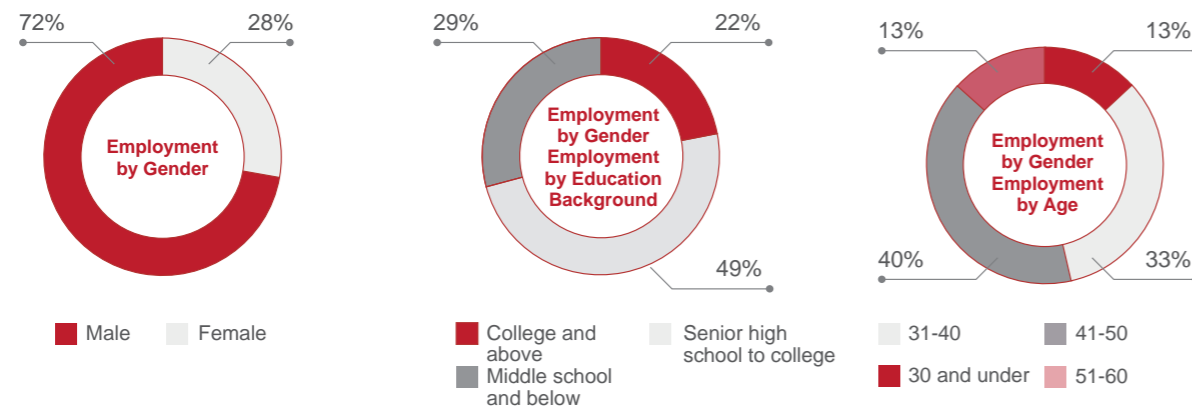
**Recruiting Talents Through Multiple Channels**

**Professionals and University Graduates:** Wuliangye hires graduates of elite universities at home and abroad, mainly through campus recruitment events and participating in college-based job fairs organized by related provincial and municipal departments. In 2020, it enrolled 92 recent university graduates through campus recruiting.

**Elementary Management Talents and Technicians:** The company hired 127 talents for production and management positions mainly through job postings.

**Employee Diversity**

By the end of 2020, Wuliangye had a total of 25,882 employees, more than 800 of whom were handicapped.



**Training Supports Employee Development**

Wuliangye supports employee development through a wide range of orientation programs and training sessions for new employees.

**Employee Training System**

**New Employee Training**

**Career Leader Model:** We enhanced the professional and comprehensive skill sets of 92 new college graduates through internships at workshops and subsidiaries.

**Job Rotation System:** In a uniform scheme, 26 management trainees received experiential training while working in departments for six months. By evaluating talents for different job aptitudes, we ensure proper matches between jobs and talents.

**Vocational Skill Training**

**Implementing Craftsmen Incubator Program for Enhancing Skill Sets:** With their number increasing to 14, incubators were set up in all major workshops and the three-subject-themed training system delivered with stronger effect.

**New-Type Apprenticeship:** We provided training programs for verification of professional wine making and tasting skills. 204 participants passed the test.

**Skill Competitions:** Wuliangye held over 170 vocational skill competitions of multiple levels, which enrolled over 10,000 employees.

**Training Programs for Elections of Provincial and National Baijiu Evaluators:** In 2020, 51 employees were elected to take part in the Sichuan Baijiu Evaluator and recorded a pass rate of 89%. Among them were 15 national Baijiu evaluators of China Alcoholic Drinks Association who had a pass rate of 100%.

**Sichuan Provincial Highly-Skilled Technician Training Center Application:** Wuliangye had three specialties approved, including Baijiu production, Baijiu tasting, and machinery processing.

**Cases Wuliangye Craftsmen Incubator 2019 Awards Ceremony and 2020 Badge-Pinning Ceremony**

On May 1st International Workers' Day, Wuliangye held the Craftsmen Incubator 2019 Awards Ceremony and 2020 Badge-Pinning Ceremony, where 4four leading technicians and 20 outstanding trainees from the incubator were awarded. Meanwhile, tributes and good wishes were extended to all staff.



Wuliangye Craftsmen Incubator 2019 Awards Ceremony and 2020 Badge-Pinning Ceremony

**Cases 2020 Baijiu Fermentation Technician Evaluation and Training Program**

Wuliangye held the 2020 Baijiu fermentation technician evaluation and training program together with the Industry Association for the Golden Triangle of Chinese Liquor, which was participated in by over 200 employees of liquor production workshops.



Opening ceremony of 2020 Baijiu fermentation technician evaluation and training program



## Taking Care of Employees to Build a Happy Company

In 2020, Wuliangye implemented its core value idea of creating happiness for employees through a variety of measures, such as actively addressing their difficulties, increasing compensation and welfare, advocating work-life balance, and responding to their feedback.



Corporate leaders expressed their greetings and distributed allowances to frontline workers in person.

### Care Measures

#### Responding to Employee Feedback

- In 2020, Wuliangye collected 585 suggestions from employees of the Wuliangye Family's Digital Labor Union, all of which were well-addressed.
- The reception team comprising the Wuliangye Staff Management Center, Human Resource Department, Party-community Work Department and Labor Union received visits by employees for 152 man-times in 2020, and dealt with 20 petitions.

#### Work-Life Balance

- Wuliangye held over 40 various kinds of cultural and sports events, like the employee sports season and book-reading promotion.
- Wuliangye's Employee Family supports employee wellness with a gym and self-service café.
- Wuliangye set up the Wuliangye Employee Hobby Society, which includes groups on costume design and Hanfu (a typical traditional costume of China).



#### Improving Compensation and Benefits Systems

- Increase the average annual revenue per capita enormously by enhancing compensation and benefits in parallel with business growth.
- Offer stronger incentives for employees by adopting the ESOP and sharing benefits generated through reform.
- Enable employees to enjoy high-quality social services at a discount, saving them over RMB 4 million.
- Offer a wide range of welfare including free shuttles, meal allowances, and gifts on holidays.

#### Address Employee Difficulties

- Wuliangye approved internal retirement for 107 severely-ill employees who can have enough time for recovery.
- Wuliangye delivered salvage funds and cash and in-kind contributions to employees, totaling over RMB 8.2 million.



Closing ceremony of the employee sports season



Aerobics Competition



Tug-of-War Competition



Table Tennis Competition



Employee sports season



## Industrial Progress

Wuliangye performs its responsibilities as an industrial leader, and is committed to set landmarks in terms of industrial scaling, quality building, digital transformation, sustainable development, and corporate culture. It navigates the development of peer companies by assisting local liquor producers, participating in events held by industrial associations, and having its scientific achievements and good experiences accepted as industry standards.

### Formulate Regulations to Standardize Industrial Development

- Wuliangye participated in the drafting of the national standard Guidance For Enterprise Brand Cultivation (GB/T 38372-2020) and the industrial standard Regulation on Baijiu Quality Safety Traceability System.
- The national standard Strong Flavor Chinese Spirits (GB/T10781.1-2006) (awaiting approval) whose revision was led by Wuliangye, has entered the approval and release phase.
- There are 13 local standards with Wuliangye as the major formulator coming into effect, such as Grain Exclusively for Liquor Fermentation at Yibin-Yibin's Procurement and Inspection Procedure on Red Sorghum (DB5115/T 29-2020), Technical Specification for Green-design Product Assessment-Multi-Grain Strong-Flavor Chinese Spirits (DB5115/T 33-2020), and Technical Specification for Constructed Eco-wetland Treatment of Wastewater in Liquor Fermentation (DB 5115/T 34—2020).

### Promote Industrial Development with Cooperation and Exchanges

Some Major Industrial Associations Joined by Wuliangye

| Name  | Role                     |
|---|--------------------------|
| China Alcoholic Drinks Association  | Vice President           |
| China National Association for Liquor and Spirit Circulation  | Vice President           |
| China Association for Quality   | Vice President           |
| China Association for Public Companies  | Vice President           |
| Chinese Society for Environmental Sciences  | Council member           |
| China Ecological and Environmental Protection Facilitation Alliance   | Executive Council Member |
| Committee of Traditionally Fermented Foods, Chinese Institute of Food Science and Technology  | Vice President           |
| China Trade Association for Anti-Counterfeiting   | Council member           |
| China Association for Standardization (CAS)   | Council member           |
| National Technical Committee 532 on Brand Evaluation of the Standardization Administration of China (SAC/TC 532)  | Council member           |
| National Technical Committee 417 on Brewing of the Standardization Administration of China (SAC/TC471)  | Member                   |
| Subcommittee 7 on Winy Reference Materials of National Technical Committee 118 on Reference Materials of the Standardization Administration of China (TC118/SC7)                  | Council member           |
| Subcommittee 2 on Strong-Flavor Chinese Spirits of National Technical Committee 358 on Chinese Spirits of the Standardization Administration of China (TC358/SC2)                 | Council member           |
| Subcommittee 2 on Wine & Beverage Production Machinery of National Technical Committee 101 on Light Industry Machinery of the Standardization Administration of China (TC101/SC2) | Member                   |

#### Cases The 9th Chinese Baijiu T9 Summit

The 9th Chinese Baijiu T9 Summit was held by China Alcoholic Drinks Association with the theme "Structure, System and Direction—The New Journey for China's Baijiu Industry in the Post-Epidemic Era. Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, delivered a speech on the four characteristics of the Baijiu industry's new normal, three major trends to be tapped, and four core fields to be focused on in the post-epidemic era at the conference.



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, attended the 9th Chinese Baijiu T9 Summit



**Cases** Chinese Enterprise Reform 50 Forum.

On September 25, Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, was invited to attend the Chinese Enterprise Reform 50 Forum and Conference on Building a Creative Qingdao, and delivered a keynote speech in the private session themed, "Deepening Reform to Create New Opportunities and Energize Industry for New Landscapes."



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, was invited to attend the Chinese Enterprise Reform 50 Forum and Conference on Building a Creative Qingdao

**Cases** High-quality Development Forum for Traditional Fermented Food Industry

On September 6, Wuliangye inaugurated the High-quality Development Forum for Traditional Fermented Food Industry. A total of 13 academicians from the Chinese Academy of Engineering delivered themed speeches and shared insights on state-of-the-art research in quality development for the Chinese Baijiu industry, making their visit reflective of the industry's considerable strengths.



Wuliangye held the High-quality Development Forum for Traditional Fermented Food Industry

**Cases** 2020 China's Baijiu Capital (Suqian) Culture and Tourism Festival and Guyu Forum

The Guyu Forum promoted cultural and business exchanges with focuses on stimulating consumption potential and facilitating integrated culture-tourism development and the building of Suqian, China's Baijiu capital. Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, was invited to attend the opening ceremony of the festival and gave a keynote speech at the forum themed, "Focusing on Principles, not Tools to Create a Better Future."



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, attended the 2020 China's Baijiu Capital (Suqian) Culture and Tourism Festival and Guyu Forum

**Cases** Academics from the Chinese Academy of Sciences visited Wuliangye for a field investigation.

On October 26, Gao Hongjun, Vice President of the Chinese Academy of Sciences, led a 16-person delegation, which included academics Qin Dahe and Zheng Lansun to visit Wuliangye. The delegation visited the Wuliangye Museum on Liquor Culture, National Quality Supervision and Inspection Center of Liquor Products and liquor production workshop 523, and acknowledged our work in preserving microorganisms for liquor fermentation and quality management systems construction.

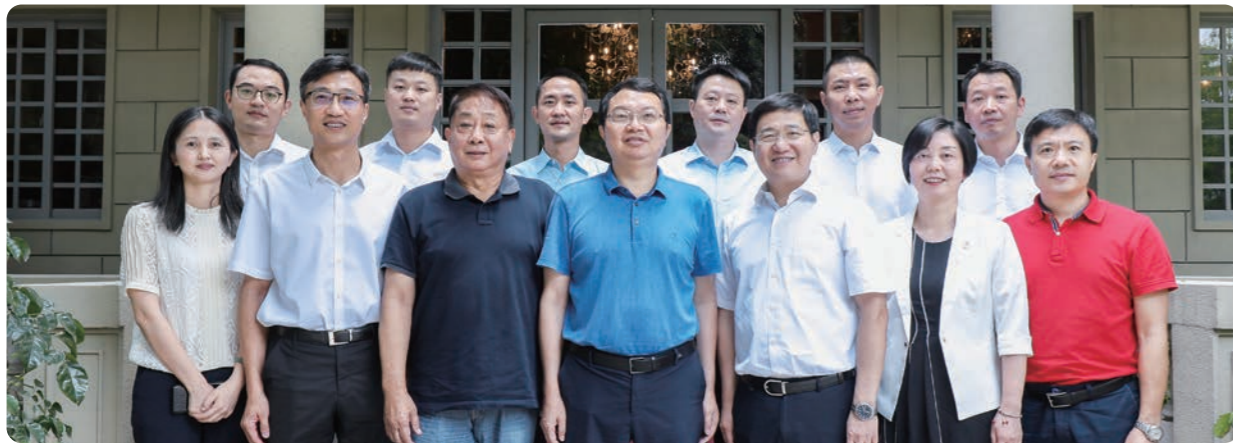


Academics from the Chinese Academy of Sciences visited Wuliangye for a field investigation.



**Cases** Holding In-Depth Communications with Liquor Companies

On June 21st, Zeng Congqin, Chairman of Yibin Wuliangye, led a delegation to visit C&D Liquor and exchanged ideas in all areas on in-depth cooperations. In the future, Wuliangye hoped to join hands with C&D Liquor to seek high-quality growth while ensuring stability and expanding market channels in order to allow more consumers to have access to Wuliangye products, and to become closer to partners through a wider range of projects.



Zeng Congqin, Chairman of Yibin Wuliangye, led a delegation to visit C&D Liquor

**Cases** The 10th China (Guizhou) International Alcoholic Beverages Expo

On September 9th, the opening ceremony for online events at the 10th China (Guizhou) International Alcoholic Beverages Expo and Guizhou Alcoholic Beverages Expo was held in Guiyang city. Wuliangye, invited by the hosts, demonstrated its main brand products and its four national strategic products to the wide acclaim of guests and visitors.



Tang Shengyun, Deputy General Manager of Yibin Wuliangye, was present at the 10th China (Guizhou) International Alcoholic Beverages Expo

**Cases** Participating in the 2020 Sichuan Baijiu National Promotion Tour as An Industrial Leader

On December 8, the 2020 Sichuan Baijiu National Promotion Tour was rolled out in Guangzhou, as was organized by the Industry Association for the Golden Triangle of Chinese Liquor under the guidance of the Sichuan Provincial Economic and Information Department. Wuliangye, the spokesman of Sichuan Liquor, and other "six major producers" and "10 rising producers" promoted the culture, brands, and quality of Sichuan liquor in Guangdong Province, contributing to its high-quality development.



Zhu Zhongyu, Deputy General Manager of Yibin Wuliangye, attended the 2020 Sichuan Baijiu National Promotion Tour

**Cases** The 15th China International Alcoholic Drinks Expo

The China International Alcoholic Drinks Expo is committed to promoting mutual learning and win-win cooperations between liquor enterprises and to promoting Chinese liquor industry to be better integrated with the international liquor landscape. Wuliangye exhibited multiple products including the 501 Wuliangye, Classic Wuliangye and the 8th-generation Wuliangye. Industrial leaders and provincial and municipal officials visited our booth, learned about our products, techniques and production, and spoke highly of the liquor's taste, quality, and the aspirations embedded in its taste.



Wuliangye participated in the 15th China International Alcoholic Drinks Expo



**Cases** China Alcoholic Drinks Association Chief Spirits Tasters Annual Meeting 2020

The Chief Spirits Tasters Annual Meeting, hosted by the China Alcoholic Drinks Association and organized by Wuliangye, entered its fourth consecutive year in 2020, and served as an important platform for exchanges among chief tasters. In total, 28 chief spirit tasters came to attend the 2020 meeting from different regions, sharing insights on spirit quality, flavor, style, culture, and experience, providing intellectual support for the high-quality development of Chinese Baijiu industry.



Wuliangye organized the China Alcoholic Drinks Association Chief Spirits Tasters Annual Meeting 2020

## Assist Local Liquor Producers

Wuliangye provided technical support to liquor producers Xiaojiailou and Jiangkouchun in Pingchang County to promote the joint development of the whole industry, and performed responsibilities as a leading player.

### Improving Baijiu Production Techniques

Wuliangye held seminars on assisting liquor producers to make targeted plans on improving their production techniques.

### Facilitate infrastructure construction for fermentation pits

Wuliangye helped Xiaojiailou build 148 new pits, 18 of which began operation, and assisted Jiangkouchun in restoring 97 of those pits, 80 of which were for liquor production workshops and all of which can work properly.

### Giving Guidance on Enhancing Product Quality Management

Wuliangye helped the two companies in revising technical standards and systems as well as a procedure for base liquor production and new product development to build a product quality management structure.

### Enhancing Employee Skillsets

Wuliangye organized nine training sessions on key issues for the two companies, which covered 283 people.



Xiaojiailou's new pits in operation



Guidance on liquor production



Employee training



# 03

## Wuliangye's quality - high standards across all areas

Pursuing premium quality, Wuliangye develops outstanding fermentation techniques in areas of water, grain, liquor yeast, the fermentation pit, and with techniques. Wuliangye stays true to its original aspirations, seeing quality as its priority. It achieves consistent, high-quality development thanks to new product development and technology upgrading. Upholding craftsmanship, it enhances its brand image and quality label "China's best strong-aroma liquor."

- ❖ Production Techniques
- ❖ Quality Management
- ❖ Scientific and Technological Innovation
- ❖ New Products
- ❖ Digitalization





## Production Techniques

Wuliangye has spared no effort in keeping its commitments, regardless of labor or time costs. Following a nature-oriented fermentation philosophy and traditional pure-grain solid fermentation method, we keep refining the production techniques by applying best practices selected through rigorous evaluation, which are driven by our dedication to excellence and high requirements for accuracy.

### Building a Time-Tested Chinese Brand

Based on the multi-grain solid fermentation method that came into being over 1,000 years ago, Wuliangye has developed a unique set of fermentation techniques: one supremacy, three advantages, six innovations, and six intricate production steps, giving a living example of Chinese traditional distillation techniques and giving birth to Wuliangye's exclusive style of "long-lasting aroma, rich flavor, and well-balanced and clear taste."

#### One Supremacy and Three Advantages

##### One Supremacy-Extreme and Complex Techniques

Wuliangye's solid fermentation is complex with very stringent requirements that guarantee excellent liquor quality.

Wuliangye holds fast to the traditional pure-grain solid fermentation method and its advantages in using five kinds of grains. Our quality comes from applying best practices that are selected through rigorous evaluations.

##### Three Advantages—Environment, Craftsmanship and Old Fermentation Pits

###### Advantages in the Environment

Wuliangye's plant sits in a region that boasts the most favorable natural conditions for distillation among all regions across the circle of the same latitude. Wuliangye uses only Yibin yellow clay to build and spray on pits for its weakly acidic, strongly adhesive, and water retaining qualities, as well as because it is rich in minerals like nickel and cobalt, which are rarely found in the clay of other regions.

###### Advantages in Craftsmanship

Each and every Wuliangye employee performs craftsmanship in his/her work. Generation by generation, Wuliangye's people have carried on a legacy defined by commitment, honesty, dedication, and perfection, making "traditional Baijiu-making techniques of Wuliangye" a National Intangible Cultural Heritage.

###### Advantages in Old Fermentation Pits

Wuliangye's old fermentation pit group can be dated back to 1368, during the start of the Ming Dynasty (1368-1644), with a history of 653 years. These crypt-type fermentation pits have been in continuously operation from the fourteenth century until the present day. Good liquor requires old fermentation pits and yeasts. The older the pits are, the better the microflorae that grow, which is good for liquor fermentation. Wuliangye's unique aroma has been shaped in this way.

#### Six Innovations

##### Five-Grain Formula

Wuliangye has created a science-based formula that precisely blends the characteristic flavors of spirits made from the 5 types of grains respectively: sorghum's clear taste, rice's richness, glutinous rice's sweetness, wheat's long-lasting taste, and corn's strong taste.

##### Baobaoqu

Wuliangye has prepared Baobaoqu, a fermentation starter, with good quality wheat under medium to high temperature. Baobaoqu is seen as a remarkable achievement in artificial cultivation due to its bulge-shaped appearance, and has played a unparalleled role in creating Wuliangye's strong aroma and flavor.

##### Circular Fermentation

Vinasse is taken out of one pit and put into the pit next to it where it continues to ferment. This kind of circular fermentation technique balances and enhances the fermentation levels of all operating pits.

##### Boiling Added Water

Wuliangye adjusts the temperature of added water from 80-85 degrees centigrade to nearly 100 degrees, the boiling point of water, because it is easier for grains to be absorbed by water at this temperature, which is conducive to fermentation.

##### Double Round Fermentation

Wuliangye allows vinasse at the pit bottom to ferment for two rounds because it produces and accumulates a vast number of aromatic substances, making the flavor stronger.

##### Manual and Computer-Based Blending

Wuliangye was honored with the Major Scientific Achievement Award and Scientific Advancement Award by the former Ministry of Commercial Businesses (now Ministry of Commerce) thanks to its blending method, which integrates manual blending and computer-based blending and which had never before been seen in Chinese Baijiu history.

#### Six Intricate Production Steps

##### Level-Based Vinasse Input

Wuliangye puts vinasse into different levels of the same pit in accordance with the methods of vinasse-based ingredient making.

##### Level-Based Vinasse Removal

Vinasse is removed from different levels, including top, upper, medium, lower and bottom, based on their sensorial characteristics, to ensure that vinasse of different fermentation features will not be homogenized unexpectedly.

##### Level-Based Distillation

The level-based distillation technique can gelatinize newly-added grains, as well as separate and condense alcohol and flavor substances contained in fermented vinasse to preserve their identical properties.

##### Quality-Based Liquor Selection

The spirits maker distinguishes subtle color, aroma, and flavor differences of liquor in different parts inside the pit by observing, smelling, and tasting, and selecting liquor based on their quality and location. Liquor on the very top and bottom will be discarded.

##### Quality-Based Blending

As per principles "like dissolves like" and harmony principles, Wuliangye calculates how to mix unblended liquor in order to create a good taste and typical style that almost or already reaches quality standards.

##### Grade-Based Storage

Unblended liquor is separately stored in line with its grade determined, making it easier for blending and selection.

## Acknowledgement of Wuliangye's Traditional Techniques and Fermentation Pits

- 1998** Changfasheng, one of Wuliangye's old pits, was identified as a provincial cultural relic by the Sichuan Provincial People's Government.
- 2005** The mud taken from Wuliangye's ancient fermentation pit became a permanent collection of the National Museum of China, where it is the only "living relic" preserved by the museum as of today.
- 2008** The "Traditional Baijiu-Making Techniques of Wuliangye" was listed as a National Intangible Cultural Heritage by the State Council.
- 2012** "Wuliangye's Ancient Baijiu Workshops" was included in the Chinese Tentative List of World Cultural Heritage.
- 2013** The "Wuliangye's Ancient Pit" site was put under national-level protection with the approval of the State Council.
- 2018** "Wuliangye's Ancient Pit Group and Liquor Workshops" were incorporated into the list of National Industrial Heritage by the Ministry of Industry and Information Technology.

## Upholding Craftsmanship by Keeping Skills Alive

Following an apprenticeship model, Wuliangye's employees have kept old skills alive and stuck to the values of honesty, dedication, and pursuit of excellence which have been honored by craftsmen for generations.

### Master Technicians and Passing on Skills

#### Master Technicians

At Wuliangye, there are 25 experts entitled to special government allowance from the State Council, 6 National Technical Experts, 5 China Liquor Production Masters, 3 China Baijiu Masters, 6 China Chief Spirits Tasters, 25 national Baijiu evaluators, 9 Sichuan Provincial Technical Experts, and 51 Sichuan Provincial Baijiu Evaluators.

#### Passing on Skills

Wuliangye has been training technicians for various skills, such as pit maintenance, distillation of grains in retorts, vinasse-based ingredient making, liquor selection, blending through various methods like competitions, on-site training, and training sessions designed for after an employee resumes his/her position. Special attention is paid to team heads and leaders of higher levels in terms of their competence in liquor identification, selection and usage. In addition, the development of "Craftsmen Incubator" is promoted by setting up 11 incubators for Baobaoqu making and liquor production.



### Liquor Production

Qu Wancong, Senior Technician and Head of Workshop 501. Qu has been pursuing excellence in both liquor production theory and techniques since beginning work in Wuliangye's Workshop 501 in 1995. After being selected as a leading technician for the Craftsmen Incubator program in 2019, he unselfishly instructed trainees on his expertise, later gradually becoming known as part of the backbone of the company. In 2020, he was recognized as a National Model Worker.

"My achievements are credit to elder masters' detailed teachings. Now, I am handing the 'shovel' passed on to me to younger workers. In this way, the manual skills that have been used for over 1,000 years can go on to live forever."

——Qu Wancong, National Model Worker



### Blending

Cao Hongying, a senior spirit taster, is Party Secretary of Workshop 506, and has outstanding blending and tasting skills owing to her over 39 years of commitment to developing new Wuliangye products, series of liquor, and production processes including testing of unblended liquor, aging, blending, and combination. She enjoys the State Council's special government allowance and has been awarded many titles, including China Chief Spirits Taster, National Model Worker, and National Technical Expert, making her an implementer and inheritor of Wuliangye craftsmanship for the new era.

To pass on her invaluable expertise and experiences, Fan Yuping, the pathfinder of liquor blending, has throughout her life introduces new training models and methods with reference to what has been concluded from previous training sessions, helping many employees grow into leading technicians at national and provincial levels.

"My work is to find balance between taste, aroma, and color." Behind my 30 years of work is a history of over 4,000 years. "

——Cao Hongying, National Model Worker



## Quality Management

Wuliangye follows the quality-first principle that allows only the best grains to be used, upholds century-old craftsmanship, and pursues optimal liquor production. By implementing the new quality concept that quality is life and every drop of liquor must be made out of dedication, Wuliangye forges a life-cycle quality management system for the whole journey, from grain to drop of Baijiu.

### Quality Management

Wuliangye has kept improving its quality management system, Hazard Analysis Critical Control Point (HACCP) management system, and measurement management system to ensure product quality can be safeguarded with institutional tools.

#### Life-Cycle Quality Management System

##### Quality Management Regulations

Food safety management: Formulation of 13 prerequisite plans for the food safety management structure and eight sets of sanitation standard operating procedures (SSOP).

Measurement management system: Improvement of manuals and procedures.

Management systems: Amendment of Regulations on Qualifications of Quality Inspectors for Raw Materials, Packaging Materials and Finished Liquor.

##### Certified by Food Safety Inspection Food Safety

Wuliangye obtained quality and food safety management system certificate and manufacturer's certificate from the China Quality Mark Certification Group Sichuan Co., Ltd. Wuliangye passed the measurement management system annual inspection conducted by the Sichuan Office of China Certificate Center for Metrology and Measurement.

##### High Measurement Standards by Enterprise

Wuliangye has the 27 highest measurement standards by enterprise, such as a calibrating apparatus for quantitative liquid filling machines and standard first-grade alcohol meters. Wuliangye conducted 56 metrological verification or calibration projects.

##### Critical Food Safety Knowledge

All of the 615 middle-level managers and food safety management staff (full-time and part-time) acquired the requisite knowledge in the area, and passed the test organized by the State Administration for Market Regulation.

##### Implementation of Life-Cycle Quality Monitoring

Wuliangye monitored casual inspections on the quality of grains stored, Daqu, water quality, liquor to be packaged, packaging materials, and finished liquor, all of which were performed as scheduled in a timely manner without any incorrect data.

#### Cases A Multi-Layer System for Raw Material Traceability Management and Food Safety Management

##### Supplier Qualification Management

Wuliangye examines and reviews the certificates of new and qualified suppliers and tracks their expiration dates. Wuliangye adamantly requires suppliers to submit qualifications for the raw materials provided and keeps collecting grain (quality, hygiene, heavy metal etc.) inspection reports and information on how pesticides are used locally, all of which is verified via the HACCP.

Wuliangye collected over 860 inspection reports and HACCP verifications in 2020, the latter featuring a coverage of 100%.

##### Grain Traceability Management

Wuliangye reviews where grains are harvested by suppliers and manages the process from grain acquisition, transportation and storage in Yibin-based transfer warehouse to ensure that every batch is traceable.

From 2018 to 2020, Wuliangye performed on-site examinations on about 400 warehouses located in other regions, and 450 cross-checks between raw materials taken from frontend warehouses and those submitted for inspection to ensure quality consistency.

##### Patrol Inspections on Major Types of Grains

Wuliangye tracks and traces backwardly of raw materials stored in Yibin-based transfer warehouses timely in respond to feedbacks from workshops' inspection. From 2018 to 2020, Wuliangye checked about 1,000 samples in patrol inspections.

Wuliangye implements regular patrol inspections of the quality of stored grain and heavy metal. Wuliangye checked 197 samples randomly chosen from 23 batches.

#### Quality Management Honors

- ARE-QE Award
- 2020 Sichuan Tianfu Quality Award
- The Control on Baijiu Liquor Exposed to Hazardous Substances of Process Material project obtained the first prize of the 2020 Science and Technology Award by China National Food Industry Association.
- Wuliangye obtained first prize in Yibin's first "Quality Volunteer Cup" Quality Knowledge Competition.
- Wuliangye's report Use Measurement Tools to Reduce Energy Consumption and Increase Efficiency at Work was rated an exemplary case of the "Industrial Measurement Benchmark" program launched by the State Administration for Market Regulation which was aimed at helping enterprises improve efficiency through measurement methods.
- In 2020, Wuliangye registered **56** QC achievements with nearly **3000** employees engaged in quality team activities. Wuliangye won **1** grand prize, **2** first prizes and **7** second prizes for Yibin Excellent QC Achievement with **6** accomplishments rated as provincial-level outstanding achievements.

#### Product Quality Ensures Advantages

##### Supervision of every step of grain inspection

Stricter than national standards  
Occasional random inspections  
+  
Monitoring in fixed sites

##### Packing materials Procurement management

Selection of suppliers  
+  
Education and implementation of quality assurance information

##### Prerequisite management of new products

Reviews on label, tag, and interspace ratio  
+  
Quality safety Prerequisite evaluation

##### Liquor quality inspection management

Liquor quality inspection  
Product assembly quality inspection  
+  
Quality Test Center Technological support

##### Closed-loop management on brand protection

Enhanced anti-counterfeiting measures  
+  
Closed-loop quality assurance

## Lead Quality Development by Employee Empowerment in All Areas

Wuliangye trained food safety management staff, quality inspectors, and related employees in accordance with 2020 Quality-related Staff Training Schedule and Employee Evaluation Data.

### Training Quality Management Staff

#### Food safety management staff

Wuliangye organized professional training classes on an enterprise level to over 800 HACCP team members and food safety management staff (full and part-time) on food safety laws, regulations, know-how, quality and food HACCP system standards, and formulation and revision of the above mentioned plans.

#### Food Safety Inspector

Wuliangye conducted theory and practice tests for inspectors on grains, grain daqu, chaff, packaging materials, and finished liquor, in which 425 inspectors participated to obtain qualifications.

#### Measurement Staff

Wuliangye organized training lessons for platform scale management staff and weighers, all of whom passed the test. It also arranged measurement training programs for measurement managers, measurement confirmation staff, and internal reviewers, and metrological verification/calibration staff, which were participated in for over 200 man-times.



### Cases Quality Month



In September of 2020, Wuliangye promoted quality management information, laws, regulations, and standards through the internal network and via LED screens. The theme of the event was "Building China's Quality Capabilities and Striving to Build a Moderately Prosperous Society." Meanwhile, it enhanced employee awareness and quality skills through competitions, making quality control a central topic for the company.

## Scientific and Technological Innovation

Wuliangye adheres to pragmatic, efficient, innovative, open and inclusive work ethics. It sees transferring basic application research and scientific achievements into actual innovations fundamental for its development, and endeavors to develop a much-needed high-level young talent pool that specializes in research and innovation.

### Supporting Innovation by Improving Regulations

Wuliangye keeps empowering innovation management and support systems to better incentivize researchers to increase the rate of and improve on innovation.

#### Supporting a Scientific Innovation System

##### Formulating Scientific Innovation Management Regulations

Wuliangye formulated Regulations on Scientific and Technological Research Management to clarify the whole management process for projects under this category.

Wuliangye formulated Regulations on Research Expenditure to standardize how to use and run statistics on research funding.

Wuliangye formulate Regulations on Management and Disposal of Test (Experimental) Devices for Scientific Projects (Trial) to regulate how these facilities are handled.

##### Award Commercialization of Scientific and Technological Achievements

Wuliangye revised Implementation Rules on Awarding Scientific and Technological Achievements to honor major achievements that boost the business growth.

Wuliangye formulated Implementation Rules on Awarding Minor Innovations and Progresses to inspire all frontline employees to make improvements based on their positions.

##### Enhance Intellectual Property Protection

Wuliangye formulated a number of regulations to address IP, such as the Implementation Rules on Trademark Management, Implementation Rules on Patent Management, and Implementation Rules on Copyright Management.

Wuliangye has set up 14 innovation platforms: five national, seven provincial and ministerial, and two municipal.

Wuliangye is pressing ahead with the application of a provincial Baijiu industrial innovation center and provincial Baijiu Manufacturing innovation center.



Wuliangye set up the International Joint Quality Research Center and Alcoholic Beverage Safety together with the China National Research Institute of Food and Fermentation Industries, which is the only national-level joint international center of China's alcoholic drinks sector.



## Drive Business Growth as A Patent Leader

Wuliangye places equal importance on innovation and intellectual property protection, which it endorses by its leading position among peers in terms of the number of patents applied and authorized.

### Patents Applied

|                       | New Applied Patents | New Authorized Patents | Cumulative Valid Patents |
|-----------------------|---------------------|------------------------|--------------------------|
| Invention Patents     | 21                  | 2                      | 48                       |
| Utility Model Patents | 13                  | 15                     | 93                       |
| Design Patents        | 188                 | 158                    | 1,377                    |

Two Projects Passing Provincial Achievement Evaluation

|   |  |
|---|--|
| <p><b>World-Leading Research Project</b></p> <p>Transmission Mechanisms and Applications of Multi-Grain Strong-Flavor Baijiu's Key Microorganisms and Flavor Substances</p> | <p><b>China-Leading Research Project</b></p> <p>Research and Application of Methods on Evaluating Exogenous Food Safety Risks in Liquor Production</p> |
|---|--|

## Boost Win-Wins in Enterprise-University Cooperation

Wuliangye set up a technological innovation system that integrates the three aspects of enterprise, market, and research, and which forms five enterprise-university collaboration models, including technological cooperation and joint study of bottleneck problems. Wuliangye has partnered with Jiangnan University and Sichuan University of Science & Engineering to deliver on talent cultivation and technological progress.



The project co-conducted by Wuliangye and Jiangnan University won second prize at the 2019 Science and Technology Progress Award, China Alcoholic Drinks Association.

### Achievements by Enterprise-University Cooperations

By the end of 2020, Wuliangye had inked **33** cooperation agreements with universities on related projects, which paid out **13.166** million yuan in total for research.



## New Products

Wuliangye has upgraded its product portfolio in line with its customer-centric value proposition. Wuliangye has shortened the product development cycle through management bulletins, backward scheduling, and regular reporting to ensure the quality of new products meet the various needs of customers.

## Diversify Product Matrix through Brand Upgrading

### "1+3" Strategy for Main Brand

"1" refers to: The 52% (Vol) 8th-generation Wuliangye core product.

"3" refers to:

- (1) The ultra high-end 501 Wuliangye product, which represents a strategic move in reshaping Wuliangye's high-end product value structure, moving it towards the upper-scale market.
- (2) The high-end product series represented by Classic Wuliangye, which forms a major part of the portfolio.
- (3) The improved and updated 39% (Vol) Wuliangye that meets consumer need for quality liquor with lower alcohol content and which takes the lead in making Chinese Baijiu less alcoholic and more globalized.





Series liquor strategy:  
Develop the four strategic products and target them in concerted efforts at the national market: Wuliang Chun (Spring), Wuliang Chun (Rich Flavor), Wuliang Tequ, and Jianzhuang.

**New Products**

Wuliangye developed **402** new product samples, of which **259** were for series liquor companies, **119** were for export and import and **24** were for Wuliangye.  
The newly-launched Wuliang Renjia won the 2019 Annual Qingzhuo Award.

**Meeting Demand for Scenario-Based Needs by Improving Products**



**Classic Wuliangye— Paying Tribute to a Classic with a Plum-Vase-Shaped Bottle**  
**Package Design:** While paying tribute to the classic, Wuliangye introduces more sophisticated details to the plum-vase-shaped bottle, evoking the ambitions and courage shared by multiple generations.  
**Liquor Quality:** Wuliangye highlights three major advantages: the best grains, grade-based selection, and 10-year aging. Wuliangye uses its traditional production technologies and selects the best from the best. The base liquor is stored in old pottery containers for over 10 years, contributing to its special and lasting flavors.



**501 Wuliangye Fermented in Ming Dynasty Pits – Most Expensive Limited-Edition Strong-Aroma Baijiu with Flowing, 653-Year Flavors**  
**Fermentation Conditions:** The 501 Wuliangye is only made in designated workshop pits by specific craftsmen. Every drop comes from the Ming Dynasty pits of Workshop 501.  
**Package Design:** The initial version was released in early 2020. According to feedback from targeted consumers, Wuliangye thoroughly optimized its packaging design, from its outer package, bottle cap, and how to open the bottle to the inner bag and the liquor itself. The final version came in October, 2020.

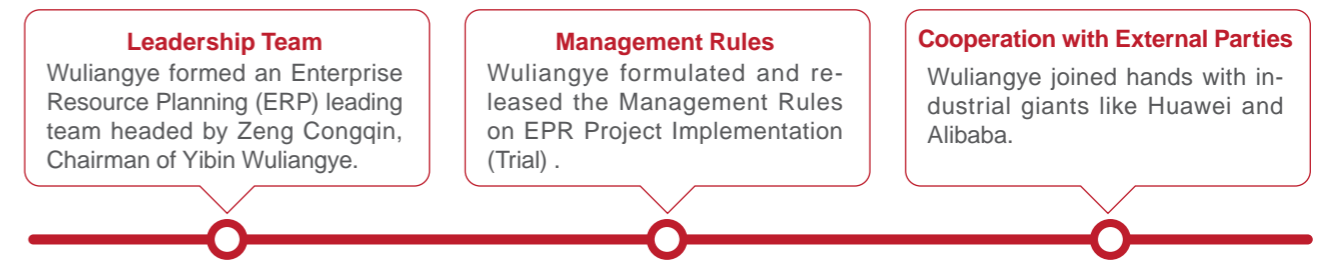
**Digitalization**

Wuliangye has implemented a strategy of developing into an industrial leader in digitalization. In 2020, Wuliangye adopted new models combining digital tools and current business models in all areas, making the digital platform more important for supporting the whole picture. In effect, Wuliangye went from getting business digitalized to ascending to the level of a true digital business.

**Promoting Digital Transformation by Optimizing Systems**

In 2020, Wuliangye kept pressing ahead with digital transformation and promoted quality development by setting up digital management systems that provided support in terms of criteria and platform. At the same time, digitalized marketing has been rapidly developing with digital factors playing a greater role in decision-making in marketing, which ensuring the marketing department's ability to rapidly respond to the market.

**Digital Management System**



**Leadership Team**

Wuliangye formed an Enterprise Resource Planning (ERP) leading team headed by Zeng Congqin, Chairman of Yibin Wuliangye.

**Management Rules**

Wuliangye formulated and re-leased the Management Rules on EPR Project Implementation (Trial).

**Cooperation with External Parties**

Wuliangye joined hands with industrial giants like Huawei and Alibaba.

**Driving Quality Development by Improving Strategy**

By adopting new practices enabled by the digital transformation strategy, Wuliangye pressed ahead a number of priorities in fields of production management, brand building, marketing systems, project construction, and structural reforms, strongly propelling the company's high-quality development.

**Boosting Quality Development through Digitalization**

**Driving New Models to be Adopted in Operation and Management**

Wuliangye explores data values in professional research areas of the liquor industry, in marketing, and production, as well as forms the big-data-based credibility evaluation system and entity accreditation system for the liquor industry. In addition to giving data support to liquor manufacturers and dealers, Wuliangye combines rhizoma no-topterygii, liquor production and big data to increase output and improve quality, allowing more liquor producers, dealers, and institutes to benefit from big data.

**Promoting Product Quality Lifecycle Management**

Wuliangye has set up a leading product quality lifecycle management system through a data traceability system and control analysis on the quality of key procedures, which has promoted transformation from quality checking to quality control and problem prevention.

**Promoting Digital Marketing**

In 2020, the digital transformation program was carried out in areas of optimizing marketing channels, improving models, enhancing management, and coordinating business sectors. By strengthening digital operation of the marketing system, getting business digitalized is transforming into making data a business, ensuring the agility of the marketing system.

**Promote Sustainable Development**

Wuliangye connects energy and environmental protection data into its platform via the Internet of Things (IoT), and collects, calculates, and analyzes distributed energy data in a concentrated way with the help of 5G and big data technologies. As a consequence, Wuliangye is able to effectively manage energy information, develop proper strategies for energy conservation, provide intellectual support for decision-making, and make the industry greener and stronger.



# 04

## Wuliangye Culture - a care giver and story teller

Liquor, an important messenger, is indispensable in our culture. As an inheritor of Chinese Baijiu history, Wuliangye manifests the charisma of harmony-defined culture and brings lasting and rich aromas to the world, making Baijiu a catalyst for a better life and a token of a harmonious society.

- ❖ Fight against COVID-19
- ❖ Targeted Poverty Alleviation
- ❖ Charities
- ❖ Responsible Drinking
- ❖ Promote Baijiu Culture



## Fight Against COVID-19

Wuliangye played an active role in fighting COVID-19 as a leading SOE. On one hand, it actively and seriously implemented SOE social responsibilities by supporting frontline work and producing materials for epidemic control. On the other hand, it built up effective in-house preventive systems by urging all departments and staff to fulfil their duties and also enhancing process management. Wuliangye resumed production in a well-managed way, introducing new marketing models and supporting both upstream and downstream enterprises by sector.

### Containing COVID-19 through Efficient Management

#### Wuliangye COVID-19 Control Actions

- COVID-19 Control System**
  - A command center-based model: A leading team comprising of one office and seven sub-groups
  - A responsibility fulfilment system: Implementing the dual responsibilities requirement and area-based management
  - Guidance on five major areas: On-site inspection in five areas
- Detailed Prevention Measures**
  - A full-coverage check with special attention paid to five types of people
  - Closed-off management for campuses with control measures carried out in all areas
  - Support for community control efforts through mobilizing employees
- Resume Production as Scheduled**
  - Production: Resume production according to well-designed schedules
  - Marketing: Launch the Baijiu supply digital cooperation program
  - Multiple sectors: Issue the Measures on Supporting Subsidiaries' Production and Operation
- Better Care for Employees**
  - Care for employees through the "One Guarantee + Five Actions" program
  - Make employees more confident through education
  - Make employee life at home more interesting with more new methods
- Support Regions Hit by COVID-19 to Contain the Virus**
  - The first liquor manufacturer to have made donations to Wuhan in cash, besides those based in Hubei Province.
  - Ensure supplies by mobilizing global resources
  - Manufacture medical protective clothing at full stretch

#### Cases Ensure supplies by mobilizing global resources

On January 29, 2020, Wuliangye worked together with Sichuan Airlines to deliver 150,000 masks via the direct flight from St.Petersburg, Russia, to Chengdu, Sichuan Province. As of February 9, the company had procured 1.44 million masks, 550 temperature detectors, and 4,850 bottles of disinfectant originating through various channels from 13 countries and regions, including Russia, France, Japan, Singapore, Chile, the United States and Panama. These supplies were gathered to ensure the basic needs of work and production resumption could be met.

#### Cases Effectively improving political standing and building the COVID-19 control system

When the COVID-19 pandemic broke out, the company's Party Committee immediately set up a leading group for the prevention and control of the pandemic with Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, and Zeng Congqin, Chairman of Yibin Wuliangye, as the group leaders to take full responsibility and give unified command. The leading group comprised of one office and seven sub-groups held several special meetings to study and deploy key prevention and control work. It also formulated and issued documents, including "Urgent Notice on Strengthening COVID-19 Prevention and Control", to subdivide pandemic prevention and control measures. Daily meetings were also held to provide information on the current pandemic situation.



Meetings of the leading group are chaired by Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye

#### Cases Attending the "Tribute to the Power of State-Owned Enterprises - Sichuan State-Owned Assets and State-Owned Enterprises Fighting Against the Pandemic" event

On May 15, Sichuan State-Owned Assets Supervision and Administration Commission and Sichuan Radio and Television hosted the "Tribute to the Power of State-owned Enterprises - Sichuan State-owned Assets and State-owned Enterprises Fighting against the Pandemic" event. Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, was invited to attend the event, where he told the story of Wuliangye's fight against the pandemic and demonstrated Wuliangye's responsible role as a state-owned enterprise.



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, is attending the "Tribute to the Power of State-Owned Enterprises - Sichuan State-Owned Assets and State-Owned Enterprises Fighting against the Pandemic" event



**Cases** Contactless Delivery Service

To meet various consumer demands for Baijiu, Wuliangye launched its collection of cloud-based stores in time to promote the upgrading of store services and became the first in the industry to propose "contactless delivery" service. By guiding customers to cloud-based stores and providing innovative models such as contactless delivery service, Wuliangye has served more than 300,000 consumers nationwide with cloud-based stores, ensuring the resumption of work at franchised stores.

## Adopting Strict Prevention and Control Measures to Safeguard Employee Health

### Pandemic Prevention and Control Measures

- Establishing a sound prevention and control mechanism
- Fully implementing prevention and control guidelines
- Examine "five types" of personnel
- Implement proper environmental controls
- Support joint prevention and control
- Guarantee the supply of prevention and control supplies
- Continue regular prevention and control work

### "1+5" Employee Care Campaign

#### One Guarantee

- Guarantee the employment, salary, and benefits for employees

#### Five Actions

- Action to protect employees against the pandemic as they return to work
- Action to convey greetings at the grass-roots level
- Action to gather positive energy to fight the pandemic
- Action to hear employee voices
- Action to provide psychological counseling and guidance for employees



Logistics staff are distributing disinfectant supplies to all departments at the company



Vehicle owners are taking temperature measurements  
Thumbs up to the security guards



Cleaners spray disinfect in the hall and other public areas of the company offices

### Wuliangye Receives Honor For its Fight Against COVID-19

| Organizers   | Honors and Awards   |
|--|---|
| The CPC Sichuan Provincial Committee and Sichuan Provincial People's Government                | Exemplary Group in Fighting COVID-19 in Sichuan   |
| Sichuan Federation of Trade Unions and Sichuan Province In-Need Employee Assistance Foundation | Support unit of the guardianship program for front-line workers fighting against the pandemic |
| China National Brand   | Excellent Cases of Global Combat Against COVID-19   |

## Making Donations and Rushing to the Pandemic Front Lines

Wuliangye actively united manufacturers and joined hands with distributors in major markets to make donations and contribute to the fight against COVID-19.

### Donations Made by Wuliangye and Distributors in the fight Against COVID-19

- Hubei and Jiangxi Market:** Donated nearly RMB 500,000 yuan and medical supplies worth RMB 1.38 million to charities and medical institutions in Hubei.
- Henan Market:** Donated a total of RMB 60.18 million to local Red Cross and collected pandemic prevention supplies worth RMB 1.43 million.
- Liaoning Market:** Donated RMB 4.77 million to Shenyang charities.
- Sichuan Market:** Donated RMB 800,000 and commonly used pandemic prevention supplies to local charities.
- Guangxi, Guizhou, and Yunnan Markets:** Donated RMB 250,000 to the local community, as well as delivered masks, disinfectants, alcohol, and other pandemic prevention supplies to front-line staff.
- Shanxi and Hebei Markets:** Donated RMB 230,000 in pandemic prevention supplies, such as oximeters and protective suits to local medical institutions and public transportation agencies, also contributing RMB 310,000 to charities.
- Zhejiang Market:** Donated a total of RMB 700,000 and delivered masks, protective suits, bottled water, and other supplies.
- Gansu, Ningxia, Inner Mongolian, and Tibetan Markets:** Donated a total of RMB 200,000 in addition to some disinfection supplies.
- Chongqing Market:** Donated RMB 70,000 to local charities and handed out pandemic prevention supplies.

## Targeted Poverty Alleviation

In 2020, Wuliangye created a characteristic targeted poverty alleviation model, helping its designated targets for support in highly impoverished areas, including Litang County of Ganzi Prefecture and Pingshan County of Yibin City at the national level, and the Xingwen County of Yibin City at provincial level. Wuliangye contributed quality efforts to the reduction of poverty as scheduled, and its special grain brewing base, polar fruits, vegetables, and mushrooms industrial base, and the bamboo forest nursery base, have all become models of industry-driven poverty alleviation.

## Specialized Model for Promoting Long-Term Poverty Alleviation

Following the maxim, "invested in by the company, operated by professionals, and shared by the poor," Wuliangye has focused on industrial support, strengthening the building of talent teams for sustainable development in the supported areas, and striving to build a support model characterized by "Wuliangye + distinctive industries + village funded companies + consumer market + farmers."

**Characteristic Long-Term Poverty Alleviation Mechanism**

Wuliangye constructs a long-term market-oriented mechanism for poverty alleviation and promotes the effective connection of poverty alleviation achievements and rural revitalization.

**Cohesive Power of Party Building to Promote Modern Rural Governance**

- Establish a Party building front to create synergistic relations among people
- Build a strong base and give play to the advantages of the organization
- Promote village-enterprise joint Party building to strengthen interaction and integration

**Build agricultural bases to develop specialized agricultural industry and increase revenue for farmers**

- Build a special grain brewing base (1 million mu) for use by the company's main business
- Build a polar fruits and vegetables (shiitake mushroom) agricultural production center with the natural fertile resources of the Tibetan plateau
- Build a bamboo forest (nursery) industry demonstration base in an alpine forest

**Capitalize on investment and optimize mechanisms to unite with farmers, promote agriculture, and share benefits**

- Capitalize on investment and share dividends
- Use capital to exploit resources and adopt large-scale production for revenue increases

**Commercialize products and open up the consumer market to the poverty alleviation industry**

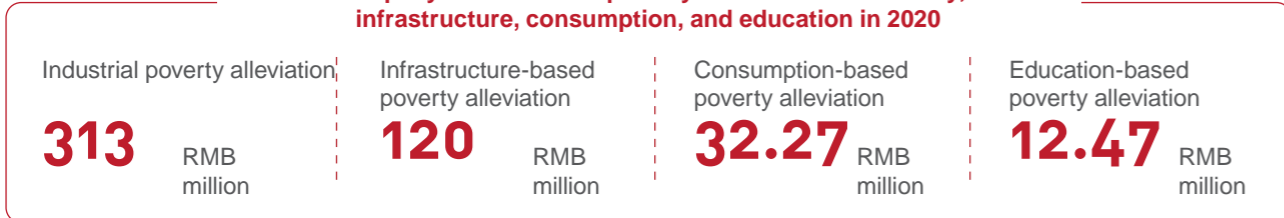
- Strengthen the branding of specialized products
- Expand the marketing network
- Consolidate channel building

**Train and expand a layered rural talent team**

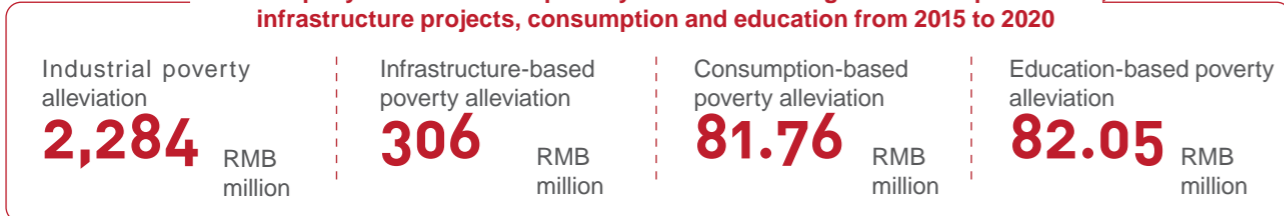
- Offer financial aid to poverty-stricken students and nurture reserve talents
- Train professional farmers and industrial workers with technical knowledge
- Cultivate management talents with practical training
- Strengthen endogenous power by alleviating poverty through culture

**Fulfilling Corporate Responsibility with Poverty Alleviation Practices**

**Company investment in poverty alleviation via industry, infrastructure, consumption, and education in 2020**



**The company's investment in poverty alleviation through industrial production, infrastructure projects, consumption and education from 2015 to 2020**



**+ Party building leads the way and the prospects of development look brighter**

The company's Party committee leads a team which regularly visits areas of support, goes to villages and households to carry out targeted assistance, communicates with locals, boosts their morale and discusses development, and solves real difficulties.

- In the Qingshanyan Village of Xingwen County, we built a Party-community activity center which integrated a "Party building promotion base," "home for locals," and "hometown tree."
- In Litang County, the joint Party branch of the Wuliangye Polar Fruits, Vegetables and Mushrooms Industrial Base was established and divided into a production Party group and a sales Party group.

**Solidifying foundations and tackling development problems**

We continue to optimize rural production and living facilities and conditions, improving the basic public service system, and solidifying the foundation of local economic development through road construction, farmhouse insurance coverage, and village-level projects.

- Supporting the construction of rural roads: From 2018 to 2020, we earmarked RMB 300 million to plan and build nearly 300 "Wuliangye Rural Revitalization Industrial Roads," totaling 105,402 kilometers. Donated special funds to support poverty alleviation and disaster relief in Ganzi, Liangshan, and Aba Prefectures.
- Promoting the improvement of human living environments: We donated RMB 700,000 to Pingshan County to support the construction of village projects, with a focus on the improvement of village appearance, repair and reinforcement works, and facilities for a "1+6" activity center.
- Promoting farmhouse insurance: We donated RMB 1 million to help farmers and herders in Litang County insure their farmhouses and establish a mechanism to protect 10,000 farmers and herders against damage to their personal property.

**✖ Empowering production and marketing and expanding industrial development**

Developing industries with local characteristics that can benefit people and help them achieve a "multiplier effect" in overall economic and social development.

- Deepening the construction of specialized bases of production: Wuliangye led the village to achieve a collective sales revenue of more than RMB 18 million, with more than RMB 2.1 million of dividends distributed to the villagers.
- Supporting the development of local industries: Wuliangye donated RMB 600,000 to help 3,100 households purchase farming tools and RMB 500,000 to support the construction of cultural tourism projects in Litang County.
- Expanding marketing channels for products: Wuliangye organized poverty alleviation-themed trade fair, launched e-commerce platforms such as "China Poverty Alleviation-themed Products 832" and "Wuliangye Family," and purchased more than RMB 32 million in products from poverty alleviation projects. We effectively drove the collective revenue of the village up by more than RMB 18 million, with the per capita revenue of poor households increasing by RMB 10,000 yuan.

**Breaking down barriers in development**

Making school accessible to and affordable for poverty-stricken students through "education + training," and training poverty-stricken farmers with skills and helping them increase revenue.

- Supporting the development of education: We donated more than RMB 12 million to build a digitally-enabled school in Litang County and set up a fund for education in poor areas to significantly improve the quality of education in supported areas.
- Provide technical skills training: Poverty alleviation cadres stayed on the poverty alleviation front lines for a long time, where they organized more than 40 evening classes for farmers and herders, guiding them to participate in the operation and management of collective village industries, and trained them with practical skills to increase their revenue.

**Targeted Poverty Alleviation Model with Wuliangye Characteristics**





The People's Daily reported Wuliangye's efforts in poverty alleviation and targeted poverty alleviation

### Wuliangye's Donations to Poverty Alleviation Projects

#### Wuliangye Road to Rural Industry Revitalization

By the end of 2020, Wuliangye had granted RMB 235 million in total to supported districts and counties, and built 763 kilometers of roads, boosting the rapid development of rural industries. These measures benefited more than 3,000 households located along the roads and further enhancing the villagers' sense of happiness and satisfaction.

#### Supporting Poverty Alleviation in Yibin

Wuliangye donated RMB 18.58 million to the Aba Prefecture Charity Federation, Yajiang County Red Cross, Xinlong County Red Cross, and Leibo County Red Cross for the purchase of 233 vehicles to be used in poverty alleviation and disaster relief efforts.

#### Helping Liangshan Shake Off Poverty

Wuliangye donated RMB 1 million to support women from registered poor households in poor counties of Liangshan Prefecture to participate in the 2020Yi-themed public welfare campaign, which saw them making Yi embroidery products. It also donated RMB 1 million to establishing the "Wuliangye Leibo Education Development Fund," which is set to be used for the development of education in Leibo County and as incentives for teachers and students in Leibo County.

#### Supporting Pingshan County

Wuliangye donated RMB 600,000 to the construction of a new industrial road for Jieji Village in Pingbian Yi Autonomous Township, which will make more than 3,000 mu of woodland resources available and increase the annual revenue of villagers by a total of RMB 2.4 million. It also donated RMB 1 million to supporting the construction of public facilities and industrial plantation areas in two townships, which are expected to directly benefit more than 1,500 people, including more than 620 villagers living below the poverty line.

#### Supporting Gongxian County

Wuliangye donated RMB 100,000 to helping Zhongxin Village in Gongquan Township, Gongxian County build a "Village Police Office" to oversee security management in Zhongxin Village. It covers a radius of 26.8 square kilometers, including 15 villager groups, 1,553 households, and 5,496 people.

#### Supporting Litang County

Wuliangye donated RMB 2.6 million to fund farmhouse insurance for farmers, construction of science museums in modern industrial parks, procurement of farming tools for farmers and school uniforms for students in Litang County, donated RMB 2.19 million to help Litang Middle School build digitally-enabled classrooms, and donated RMB 100,000 to fund poverty-stricken college students in Litang County.

### Performance of the Poverty Alleviation Project


#### Investment in the Wuliangye Poverty Alleviation Project

In 2020, Wuliangye invested and integrated RMB 478 million as assistance funds. From 2015 to 2020, the invested and integrated assistance funds totaled RMB 2.778 billion, and benefited more than 150,000 poverty-stricken people.

#### Industrial Poverty Alleviation Model

Bases for special grain brewing, polar fruits and vegetables, and a bamboo nursery.

#### Awards:

-  Excellence in Poverty Alleviation in China by People's Daily
-  Top 50 Cases of Enterprise Poverty Alleviation by the State Council Leading Group of Poverty Alleviation and Development
-  2019 Advanced Targeted Poverty Alleviation Provincial-Level Unit of Sichuan Province
-  2020 Golden Bull Award for Targeted Poverty Alleviation by China Social Responsibility 100 Forum





**Cases** The "purchase in lieu of donation" distribution ceremony dividend and scholarship for poverty-stricken college students in Litang County held by Wuliangye

On December 3, Wuliangye held the "purchase in lieu of donation" distribution ceremony dividend and scholarship for poverty-stricken college students in Litang County at the polar fruits and vegetables (Shiitake) base in Litang, which it itself funded. A total of RMB 500,000 in dividends was distributed to 30 households in Shangmayan Village, Mula Township, and RMB 100,000 in scholarship money was distributed to 20 poverty-stricken college students in Litang County. The poverty alleviation project team also sent 500 sets of brand-new school uniforms to students of local elementary schools in the town.



Yang Yunxia, chairman of the board of supervisors of the company, distributed scholarships to poverty-stricken college students in Litang County



and dividends to 30 households in Shangmayan Village, Mula Township

**Cases** Digitally-enabled classrooms in Litang Middle School funded by Wuliangye

In September, construction was completed on the digitally-enabled classrooms in Litang Middle School donated by Wuliangye (RMB 2.19 million), effectively helping students build a modern learning and communication platform so that they have access to the same educational resources as those in more developed areas.



The digitally-enabled classrooms in Litang Middle School were put into use

**Cases** Wuliangye Qingshanyan Bamboo Nursery Industry Demonstration Base Forestry Industry Stock Dividend Distribution Conference held

On April 13, Wuliangye Qingshanyan Bamboo Nursery Industry Demonstration Base Forestry Industry held a stock dividend distribution conference. Qingshanyan Village withdrew nearly RMB 100,000 of revenue, and distributed them among 89 poverty-stricken households with each household receiving RMB 1,000-2,000 in dividends based on their respective stock holdings.



Distributing stock dividends among 89 poverty-stricken households in Qingshanyan Village



**Cases** Chinese New Year Trade Fair was held, focusing on poverty alleviation

From December 8 to 9, the company held a two-day poverty alleviation-themed trade fair, in which more than 80 kinds of products within the poverty alleviation project, such as the red matsutake mushroom, bamboo fungus, and shiitake mushroom were presented from five counties under the company's assistance, including Xingwen and Litang, with total sales amounting to RMB 410,000.



Chinese New Year Trade Fair focusing on poverty alleviation

## Charities

### Volunteering and building a harmonious community

Wuliangye continues to support community construction, actively participates in charities, and devotes itself to demonstrating the social responsibility of a leading enterprise in the liquor industry through exemplary actions.

**Establishing Volunteer Service Stations**

Wuliangye established volunteer service stations at the visitor center and alcohol culture exhibition center.

**Community Volunteer Service Activities**

It performed volunteer services such as promoting knowledge of building a civilized city and of protecting the environment, contributing a total of more than 3,000 service hours.

**Scenic Area Volunteer Service Activities**

It has organized more than 2,500 volunteers to give guidance on civilized behavior, care for the elderly and children, and other volunteer services, contributing a total of more than 4,400 service hours.

### "Learn from Comrade Lei Feng" Campaign

The company's Youth League Committee carried out a series of youth volunteer service activities that focused on learning from Comrade Lei Feng, serving the community, and caring for outdoor workers.

- The company organized youth volunteers to assist community workers in conducting pandemic prevention and control services, such as pandemic hazard identification, personnel registration, and distribution of pandemic prevention brochures to more than 1,300 households.
- Wuliangye launched the "Wuliangye Volunteer Service in the Community" campaign: Providing services such as health consultation, blood pressure measurement, body temperature measurement, height and weight measurement, and small household appliance repairing for community residents.
- Caring for the elderly and children, guiding tourists, encouraging civilized behavior, reminding people of traffic safety, environmental protection, and other "Learn from Comrade Lei Feng" volunteer services.
- Blood donation: During the pandemic, 311 people in the company donated blood. In 2020, the company again won the 2018-2019 National Blood Donation Promotion Award, and 33 people won gold, silver and bronze medals for the 2018-2019 National Blood Donation Devotion Award.
- Organizing examination support initiatives: Nearly 300 franchisees nationwide responded to the company's call to provide off-site services for candidates and their parents during national entrance examinations, including providing rest areas, free bottled water, psychological counseling, and other services in over 100 cities in 15 provinces nationwide.



Yang Yunxia, Chairman of board of supervisors of the group, has been distributing summer supplies to young volunteers offering outdoor services.

### Supporting the development of civilized cities

Wuliangye selected outstanding volunteers to visit 737 households, distributed 891 copies of publicity materials, and conducted 1,189 questionnaire surveys in target communities for the promotion of civilized urban development and allocated special funds to communities for pavement renovation and community appearance improvement. In doing so, Wuliangye aimed at deepening the "a hundred things to build a civilized city" campaign and helping Yibin City win the "National Civilized City" title.



Promoting community knowledge of building a national civilized city



Organizing volunteer services to upgrade public environments



## Supporting the military and promoting civil-military integration

Wuliangye thoroughly implements the guidelines of the 19th CPC National Congress and General Secretary Xi Jinping's argument on "double support" work in the new era, fulfills its social responsibility to support national defense and army building, vigorously promotes the development of civil-military integration, carries out concrete work to support the army and give preferential treatment for families of servicemen, attaches great importance to veterans, protects the legitimate rights and interests of servicemen and their families, implements the idea of a strong military in the new era, and opens up new dimension in militia building.

### Wuliangye's key work of double support and collaborative construction

#### Visiting and Conveying Greetings

- According to the arrangement for the dual support work of municipal and district governments, Wuliangye visits and conveys greetings to troops in Yibin during the Spring Festival, the Army Day, and other major festivals.

#### Sincere Greetings

- Through issuing greeting letters, greeting money gifts, and symposiums and other forms, Wuliangye vigorously carries out activities to greet veterans and the families of servicemen. Wuliangye advocates the idea that "servicemen should be respected by the society" and promotes military-enterprise construction and civil-military integration in current times and under new norms.

#### Building Service Stations

- In accordance with the "Yibin City's Work Plan for the Inspection of National Model City of Five Create and Double Support Program" notice, the company has created an atmosphere of support for the army in major attractions and along the roads, promoting the building of Wuliangye service stations for veterans.



Wuliangye was awarded the "Advanced Unit for Supporting the Army and Giving Preferential Treatment to the Families of Servicemen"

### Cases Visiting and conveying greetings to troops in Yibin and launching paired greetings

Wuliangye carried out military-enterprise integration and collaborative development activities under the new norms, donating air conditioners, groceries, and other supplies in total worth over RMB 335,000 yuan. Wuliangye carried out paired collaborative development and mutual learning exchange activities to support the construction of grass-roots cultural and sports facilities for the troops, and donated greeting supplies worth RMB 12,000 yuan.



Tang Bochao, Deputy General Manager of Yibin Wuliangye, is attending a military-enterprise integration and collaborative development activity

### Cases Visiting veterans, families of active servicemen, and other subjects enjoying preferential treatment

Wuliangye conducted symposiums and greeting activities for veterans and families of military martyrs to convey care and holiday greetings. During the reporting period, Wuliangye paid visits to 3,341 active servicemen and veterans, 365 retired officers, and 233 families of active servicemen, issuing greeting products, greeting money, and greeting letters totaling RMB 2.3634 million.



Tang Bochao, Deputy General Manager of Yibin Wuliangye, is visiting veterans and families of the martyrs



**Cases** Strengthening the services for and the management of the company's veterans

Wuliangye put forward and implemented the slogan of "making veterans the pillar of corporate development" and set up a veterans' service station that follows the requirements of being "organized, institutionalized, staffed, funded, and supported." It became the first state-owned enterprise in the province to set up a service station for veterans.



Wuliangye Veterans' Service Station

**Cases** Improving the level of militia building

Wuliangye has comprehensively improved the level of militia building and the militia brigade has participated in several emergency tasks such as earthquake relief, flood control, and rescue, firefighting and rescue, and emergency response to the enthusiastic praise of military and local communities. During the reporting period, Wuliangye invested a total of RMB 1.2904 million in armaments and training equipment for backbone militia.



Wuliangye backbone militia team building

## Caring for children and promoting equal access to education

In 2020, Wuliangye Charity Foundation actively contributed to poverty alleviation through education, boosting the development of educational causes and caring for the next generation.

### Promoting Equal Access to Education

**Wuliangye Education Fund Program:** In 2020, Wuliangye Education Fund donated RMB 2 million to reward and fund outstanding local students and educators in Yibin with financial difficulties.

**Wuliangye Education Rewards Program:** Wuliangye Charity Foundation donated RMB 7 million in 2020 to reward outstanding teachers and students at Sichuan University of Science & Engineering.

**Caring for the Next Generation:** Wuliangye Charity Foundation and the Yibin Care for the Next Generation Foundation carried out a cooperative funding program that donated RMB 1.5 million over three years exclusively to supporting the implementation of the Yibin Care for the Next Generation Foundation's public welfare and charity programs.

## Responsible Drinking

Wuliangye cares about the health of consumers, cultivating habits of appropriate, moderate drinking, advocating new concepts of civilized and responsible drinking, and encouraging the real spiritual enjoyment of drinking.

**Cases** Participating in the 2020 National Responsible Drinking Awareness Week press conference

On October 15, the annual meeting of the Alcohol and Social Responsibility Promotion Committee & the 2020 National Responsible Drinking Awareness Week press conference, hosted by China Alcoholic Drinks Association and co-organized by Wuliangye, was held in Chengdu.

As the 2020 Chairman of the Alcohol and Social Responsibility Promotion Committee under China Alcoholic Drinks Association, Li Shuguang, Chairman of Wuliangye Group Company and Party Secretary of Yibin Wuliangye, delivered a speech on "Moderate Drinking for a Happy Life" and promoted new trends of responsible and healthy alcohol consumption.



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, is attending the annual meeting of the Alcohol and Social Responsibility Promotion Committee under the China Alcoholic Drinks Association & the 2020 National Responsible Drinking Awareness Week press conference



**Cases** Co-organized the Sichuan Session of the 2020 National Responsible Drinking Awareness Week

On November 26, the Sichuan Session of the "2020 National Responsible Drinking Awareness Week" was held in Chengdu, and Tang Bochao, Deputy General Manager of Yibin Wuliangye, attended the event and delivered a speech.



Tang Bochao, Deputy General Manager of Yibin Wuliangye, is attending the Sichuan Session of the 2020 National Responsible Drinking Awareness Week

## Promote Baijiu Culture

Wuliangye has always been dedicated to inheriting and promoting excellent traditional culture, supporting the exploration and development of culture, creating new knowledge communication and application scenarios, inheriting history, cultural relics, and craftsmanship, carrying out in-depth research on Chinese alcohol culture, and promoting the modern transformation and international communication of Chinese Baijiu culture.

**Cases** Actively inheriting and promoting vintage Baijiu culture

On December 16, Wuliangye Vintage Baijiu Collectors Club of the Famous Baijiu Collection Committee under China Alcoholic Drinks Association was established. The club will dig deep into Wuliangye's vintage Baijiu culture and history, exploring its history and showing the charm of Wuliangye's long-standing vintage Baijiu.



The Wuliangye Vintage Baijiu Collectors Club of the Famous Baijiu Collection Committee under China Alcoholic Drinks Association was established

**Cases** The 2020 China International Famous Liquor Expo & Wuliangye 24th Liquor Sage Ceremony held by Wuliangye

"Wuliangye inherits a thousand years of heritage and brews ten thousand years of abundance!" - Wuliangye held the grand 2020 China International Famous Liquor Expo & Wuliangye 24th Liquor Sage Ceremony on December 17, 2020. As a representative of traditional liquor rituals and cultural events in the liquor industry, the Liquor Sage Ceremony is focused on "celebrating the artisan spirit," "celebrating the successors throughout generations," and "celebrating the history of brewing." It aims to pay tribute to the history, inherit the artisan spirit, and promote Baijiu culture.



Wuliangye held the 2020 China International Famous Liquor Expo & Wuliangye 24th Liquor Sage Ceremony



**Cases** Overseas Delegation of the National Committee of the Chinese People's Political Consultative Conference visited Wuliangye

On September 10, an overseas delegation of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) visited Wuliangye spreading Chinese Baijiu culture all over the world.



Zeng Congqin, Chairman of Yibin Wuliangye, is receiving a delegation of the National Committee of the Chinese People's Political Consultative Conference

**Cases** Wuliangye joined hands with "Forbidden City New Arrivals" to promote traditional Chinese culture

As the exclusive sponsor of the third season "Forbidden City New Arrivals," Classic Wuliangye joined hands with the Forbidden City to promote the transmission of and innovations in traditional Chinese culture. Wuliangye, with its 653-year old early Ming Dynasty cellar, is highly comparable to the 600-year old Forbidden City in terms of their respective profiles, statuses, history, inclusiveness, artisanship, cultural heritage, and contributions to innovation. Building on six hundred years of history, Wuliangye and the Forbidden City have together witnessed the continuity of legends and revitalization traditional Chinese culture!



Classic Wuliangye sponsoring season three of "Forbidden City New Arrivals"

**Cases** Wuliangye made a powerful appearance at the 2020 AFBC, showcasing "Aroma of a Great Country"

From December 6 to 8, the "2020 5th AFBC and the 4th H.T. Agriculture & Food Business Conference" was held in Zhengzhou. Wuliangye, with the 8th generation Wuliangye, Classic Wuliangye, and Wuliangye Crystal series, won first prize of the 2020 China Food Industry Science and Technology Award competition and also received the "Ten Years of High-Quality Development in Chinese Liquor Industry Award," demonstrating the value of its "Aroma of a Great Country" philosophy.



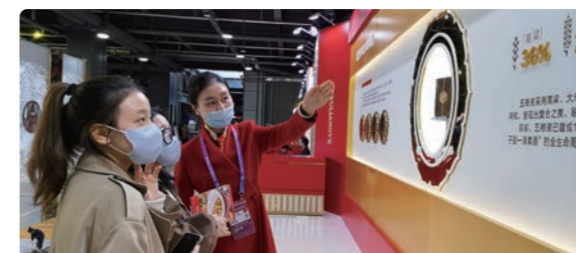
Zhao Dong, Deputy General Manager and Deputy Chief Engineer of Yibin Wuliangye, was attending the 2020 5th AFBC and 4th H.T. Agriculture & Food Business Conference

**Cases** The 4th Chengdu International Poetry Week held by Wuliangye

On December 9, 2020, the 4th Chengdu International Poetry Week was hosted by the Chengdu Literary Federation and Wuliangye in Chengdu under the guidance of the Sichuan Writers Association and the Poetry Committee of the China Writers Association. Wuliangye participated intensely in the activities of Poetry Week, using Baijiu as a medium and fusing it with poetry to promote poetry and Baijiu culture at the same time and convey the beautiful vision of building a shared human destiny community in the new era.



**Cases** Deeply participating in the 3rd CIIE to enhance international imports with Chinese Baijiu



The 3rd China International Import Expo (CIIE) was held at Shanghai from November 4 to 11. As a core support enterprise for CIIE, Wuliangye actively participated in CIIE sessions and presented the intangible cultural heritage of traditional Wuliangye production techniques and major Wuliangye products, showing the unique charm and rich culture of Chinese Baijiu to international visitors.

# 05

## Five qualities reflect the essence of nature

Good Baijiu needs a unique ecological environment. Wuliangye takes to heart the natural laws of five elements "gold, wood, water, fire and earth," integrating the essence of nature into production, following a green development strategy, integrating ecological conservation with the social responsibility system, and pioneering the development of circular economy in the Baijiu industry. In doing so, Wuliangye has made Baijiu a bridge between man and nature and is writing a new chapter of the history of harmonious co-existence of man and nature.

- ❖ Environmental Management
- ❖ Sustainable Production
- ❖ Eco Park
- ❖ Top-Quality Warehouses
- ❖ Health and Safety





## Environmental Management

With the "low-carbon, circular and ecological development" policy, Wuliangye is the first in the industry to propose the goal of building a "zero-carbon liquor enterprise" and actively promote the development of such a strategy. In addition, the company continues to improve its system support and environmental protection system, actively carrying out training, emergency drills, daily inspections, and other environmental protection practices to ensure that environmental protection management is carried out in an orderly and efficient manner.

### Environmental Protection Systems and Regulations

#### Environmental Protection Systems

- Energy management system
- Environmental management system
- Greenhouse gas management system



#### Environmental Protection Regulations

- According to national laws, regulations, and requirements of local government and the industry, and taking into account the company's actual situation, Wuliangye formulated "Environmental Protection Management System", "Energy Management System", "Contingency Plan for Environmental Emergencies", "Management Measures for Environmental Monitoring Information Disclosure", "Steam Management System (Trial)", "Energy and Environmental Protection Management Regulations for Construction Projects", and other documents.

### Implementation of Wuliangye's Environmental Protection System

|   |  |
|---|--|
| Setting targets                             | Wuliangye implemented the target responsibility system and rewards & punishments system, also signing a target responsibility agreement in early 2020 to implement responsibilities and work tasks at all levels.  |
| Risk identification                         | Wuliangye organized 1,976 daily inspections, covering key environmental risk management points throughout the company, organized six special inspections covering wastewater, environmental protection equipment, and facilities, and subsidiaries, and supervised and rectified all problems.   |
| Environmental protection training           | Wuliangye conducted 8 special trainings on the "Law on the Prevention and Control of Environmental Pollution by Solid Waste," standardized management of hazardous waste, preparation of contingency plans for environmental emergencies, and other issues, which were attended by more than 50,000 participants.                                  |
| Environmental impact assessment             | Wuliangye carried out the Wuliangye Industrial Park planning and environmental impact assessment through new renovation and expansion projects, such as special brewing grain silo and milling automation upgrading.   |
| Environmental emergency response management | Wuliangye established and improved the "Risk Assessment of Environmental Emergencies," "Environmental Emergency Resource Survey Report," and "Comprehensive Response Plan for Environmental Emergencies." In 2020, it carried out 27 emergency rescue drills for liquor cellar leaking, pump station overflow, and waste mineral oil leaking, etc. |

### Cases Deputy Director of the Ministry of Ecology and Environment inspecting Wuliangye's environmental protection work

On October 28, the deputy director of the Department of the Atmospheric Environment of the Ministry of Ecology and Environment, a member of the Party group and the chief engineer of Sichuan Department of Ecology and Environment, visited Wuliangye to inspect air pollution prevention and control work. The inspection group inspected and issued directions to Wuliangye's wastewater one-stop biogas comprehensive utilization power station, natural gas Phase I boiler room, and environmental protection ecological wetland, fully recognizing the value of its environmental protection work.



Tang Shengyun, Deputy General Manager of Yibin Wuliangye, accompanied Deputy Director of the Ministry of Ecology and Environment on an inspection of Wuliangye's environmental protection work.

### Cases Strengthening external strategic cooperation to promote green and harmonious development

Wuliangye concluded strategic cooperation agreements with China Energy Conservation and Environmental Protection Group, Sino Light Group, and Sichuan Energy Investment, according to which they shall give full play to the technical, industrial, and platform advantages of the partners and commit to multi-level and all-round cooperation in energy conservation and environmental protection planning, clean energy development, and utilization, and other areas, adhering to sustainable and green development concepts for high-quality development.



Jiang Wenge, Director of Yibin Wuliangye, attended the signing ceremony of the cooperation agreement with China Energy Conservation and Environmental Protection Group, Sino Light Group, and Sichuan Energy Investment

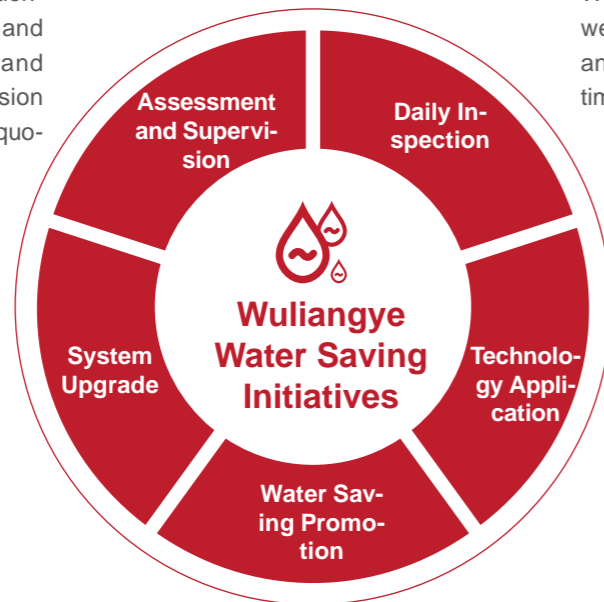
## Sustainable Production

Wuliangye has taken multiple measures to build a sustainable platform for all grain brewed and solid-state fermented Baijiu. The application rate of sustainable manufacturing technology increased by 33.26%, the application rate of sustainable manufacturing process increased by 24.92%, and the impact of sustainable manufacturing on resource and environment decreased by 20.33%.

### Water Saving

The company organized "Golden Idea" campaign to reduce emissions. All employees brainstormed to save energy and reduce emission, and took various measures to reduce waste of water and promote sustainable development.

We strictly followed the national, provincial, municipal, and industrial water quotas and strengthened the supervision and assessment of water quotas for core business.



We identified loopholes and weak links in management and rectified problems in a timely manner.

We have promoted water supply system improvement projects to upgrade water treatment processes and water supply main pipe networks.

We strengthened the promotion and application of advanced water saving technologies for new renovation and expansion projects of core businesses.

We promoted national, provincial, and municipal water saving laws and regulations and raised awareness of water saving at all units.

### Fresh Water Consumption in the Past Three Years



### Energy Conservation and Emission Reduction

We only purchased equipment above grade-two energy efficiency, controlled high-power equipment for off-peak use and reactive power compensation, strengthened the supervision of boiler operation, adjusted heating mode, enhanced training and assessment, and improved the reward and punishment mechanism to effectively reduce energy consumption.

#### Energy Conservation and Emission Reduction Measures

We strengthened training and on-site inspection and assessment, controlled high-power equipment for off-peak use, and reduced maximum power demand.

We purchased 38 electric buses, which can reduce annual CO2 emission by about 1,150 tons in replacing diesel buses. We purchased a total of 15 tankers and dump trucks for dangerous goods that meet "China VI" emission standards to further reduce carbon emissions.

We actively developed and utilized biomass energy, completing the largest biogas power demonstration project with brewing wastewater of a solid Baijiu producer in China. By comprehensively using biogas generated from anaerobic fermentation at Wuliangye wastewater station, we reduced greenhouse gas emissions by about 9,300 tons in 2020.

### Resource Recycling

The company has actively introduced advanced processes for resource recycling, promoting a circular economy, and accelerating the development of conservation-oriented enterprises.

#### Measures for a Circular Economy

##### Water Recycling

We carried out a pilot project to recycle bottle washing water in the production process. During the reporting period, the bottle washing water recycling pilot project was completed with a recycling rate of around 70%.

##### Heat Recovery

We carried out the cooling water heat recovery program demonstration, which uses the cooling water waste heat as supplementary heat for boilers or converts it into high-grade heat energy through heat pump technology to reduce heat loss. We upgraded natural gas boiler condensers to improve the efficiency of using flue gas waste heat.

##### Vinasse Recycling

We built the Wuliangye vinasse biomass heat-electricity cogeneration project. During the reporting period, the project obtained a construction permit and met preliminary conditions for construction.





## Eco Park

In 2020, Wuliangye fulfilled its responsibility of "macro protection" and further improved the planning of a green park. It strengthened the construction of the company's "three wastes" management system, capacity system, and ecological restoration project in accordance with the new emission standards of the Min-Tuo watershed and the new requirements of national water pollution prevention and control, maximally remedying the impact of the company's production and operation on the environment.



### Atmospheric Pollution Prevention and Control

Wuliangye has set up high-efficiency dust removal devices for dust-generating processes. All boilers use low-sulfur natural gas and low-NOx combustion devices and all canteens are set up with high-efficiency fume purifiers with daily exhaust gas monitoring carried out according to regulations.

According to the national emissions permit system and the company's emissions permit, waste gas emissions in 2020 were at 1.9948552 billion cubic meters, with 14.02 tons of sulfur dioxide, 149.1 tons of nitrogen oxides, and 13 tons of particulate matter.



### Water Pollution Prevention and Control

All sewage is collected into the sewage station, where it is treated in a closed manner to meet the "Emission Standards for Water Pollutants in Minjiang River and Tuojiang River Watershed of Sichuan Province" and "Discharge Standard of Water Pollutants for Fermentation Alcohol and Distilled Spirits Industry."

The wastewater emissions included in 2020 reached 3.7962 million tons, with 75 tons of chemical oxygen demand emissions, 1.6 tons of ammonia nitrogen emissions, and 0.8 tons of total phosphorus emissions.



### Solid Waste Management

It signed agreements with local governments to use vinasse as breeding feed, legally and compliantly transferred and disposed of the four major types of hazardous waste generated by the company, and carried out five transfers within the province.

A qualified third-party agency was commissioned to dispose of a total of 34,097.04 tons of dewatered sludge generated from each wastewater station and deep treatment area.

### Cases Yibin Minjiang River Ecological Restoration Project (Anfu-Sipo Section and Hongyan Anfu Section)

The Yibin Minjiang River Ecological Restoration Project is a key supporting project for the ecological wetlands and water conservation areas in the upper reaches of the Minjiang River. With a total investment of about RMB 1.015 billion, the project covered around 3,809 mu of land, including about 1,880 mu of land for greening and walking trails, creating favorable conditions for building a 5A Wuliangye scenic spot and preparing for the long-term development of the company.



Westgate Wetland

## Top-Quality Warehouses

Wuliangye is committed to building a top-quality storage base for raw grains and unblended liquor with the introduction of an intelligent agricultural system which promotes the improvement of planting management efficiency and guarantees the quality of Baijiu from its source.

## Industrial Reciprocity and Building of Dedicated Grain Bases

Wuliangye cooperated strategically with grain enterprises to build its dedicated grain bases and acquired grains meeting standards at prices higher than the market price, which ensures high quality, a stable supply of raw grains, and improved farmer revenues, thus nurturing the local agricultural economy and promoting rural revitalization.

### Core Demonstration

With an area in Sichuan province of nearly 50,000 mu, the "Core Demonstration" base grows sorghum, rice, wheat, and corn.

It provides Wuliangye with high-quality brewing grains and functions as variety research, planting technology improvement, brand atmosphere creation, and agro-tourism integration development, serving as an important model for supporting Wuliangye's rural revitalization.

### Strategic Cooperation

The "Strategic Cooperation" base is made up of bases in northern and southern Sichuan Province which grow more than 700,000 mu of sorghum, rice, wheat, and corn, as well as bases in Anhui, Jiangsu, Xinjiang, Inner Mongolia, and other high-quality domestic production areas, which grow more than 300,000 mu of sorghum, glutinous rice, wheat, and corn.

It was mainly built through cooperation with COF-CO, Sinochem Agriculture, China Resources, and other large state-owned backbone grain production and warehousing enterprises.

### Cases Empowering farmers

The company launched "Learning farming techniques during the pandemic: livestreaming at the Wuliangye wheat production base," "Tracing Wuliangye: Livestreaming at Wuliangye's dedicated rice production base," and other livestreaming events, which offered detailed instructions on crop management, planting techniques, plant protection products and pest control at critical periods, providing guidance for farmer production and achieving a win-win situation where farmers increased production and the quality of raw grains was guaranteed.



"Learning farming techniques during the pandemic: livestreaming at the Wuliangye wheat production base" event held by Wuliangye



## Pottery Jar Aging and Upgrading Baijiu Warehousing

In order to improve Wuliangye's base liquor warehousing capacity and ensure alcohol can be stored for at least three years before bottling, thus further enhancing the competitiveness of the products, Wuliangye is actively upgrading the warehousing capacity of its cellars and striving to build a leading unblended liquor warehouse in China with a capacity of 1 million tons within the 14th Five-Year Plan period.

### Warehousing Project Construction

#### 300,000-Ton Pottery Jar Aging Spirit Room Project

With a total investment of almost RMB 857 million, the project covers a total area of 182 mu, with a total floor area of 255,200 square meters. With the completion of 10 new pottery cellars and 80,000 pottery jars, unblended liquor storage capacity will increase by 80,000 tons.

Aging is an important part of unblended liquor production and plays an important role in stabilizing and ensuring the quality of unblended liquor. After commissioning this project, the quality of Baijiu will be further improved, as will be the core competitiveness of the company's products.

#### 360,000-Ton Blending and Warehousing Project

With a total investment of almost RMB 1.726 billion, the project covers a total area of 251 mu, with floor area amounting to 135,000 square meters. With the completion of 14 semi-open cellars, unblended liquor blending and storage capacity will increase by 360,000 tons.

Based on a traditional process and enhanced by technological upgrading and the introduction of various advanced technologies, this project will further reduce the loss of the body of Baijiu during circulation, leading to an automatic and intelligent transformation of traditional industry.



300,000-Ton Pottery Jar Aging Spirit Room Project (Phase I)

## Health and Safety

Wuliangye actively promotes and practices system improvement around two major responsibility issues—production safety and occupational health, working to ensure employee health and safety.

### Technology Empowers Production Safety

Wuliangye holds fast to the "people and life first" concept for safe development and adheres to a "technology for safety" strategy, promoting in-depth implementation of three-year action plan for special rectification of safe production and the listing system. We continue to carry out safe production practices, striving to prevent and resolve safety risks. In 2020, all production safety indicators in the company were satisfactory, with zero production safety accidents with serious injuries or worse, and zero major or worse equipment safety accidents or fire accidents.

#### Safety Management System and Strategic Guidelines

##### "Technology for Safety" Strategy

Wuliangye accelerated the adoption of an "Internet + safety supervision" model, establishing safety risk grading control and hazard identification and management system, production safety management information system, and hazardous operation approval system. In 2020, the company approved 27 "technology for safety" projects.

##### Production Safety Management System

It formulated more than 30 production safety management rules and regulations, forming a safety management system led by the "Production Safety Management System," supported by "Fire Safety Management Regulations" and "Production Safety Accident Emergency Management Regulations," and guaranteed by "Production Safety Management Performance Assessment Measures."

##### Safety Management Organization Structure

It built a three-level production safety management network. The first level was the Production Safety Committee, consisting of the company's senior management and the person responsible for production safety in each unit. The committee is responsible for the planning and organization of the company's safety management system and the formulation of the company's production policy and performance goals. The second level is the production safety management departments at all levels, which consists of safety management departments and safety officers, and which strictly performs the company's overall safety management functions, providing organization, coordination, and guidance. The third level is the grassroots team of full-time and part-time safety management staff, which manages and supervises work safety at the grassroots level.

#### Safety Work Meetings

The company organizes production safety committee meetings and production safety review meetings to study and define the focus of safety work and make specific arrangements in a timely manner.



**Safety Inspection**

Wuliangye implements "24/7/365" safety supervision, ensuring all-round, all time, all-process supervision throughout production and operation. Its main measures include carpet inspection, grid supervision, and daily inspections combined with special inspections, and other activities to implement full-area, full-coverage safety controls at all production sites. In 2020, the company carried out 3,266 safety inspections.



Li Shuguang, Chairman of Wuliangye Group and Party Secretary of Yibin Wuliangye, is leading a safety inspection team

**Production Safety Training**

Wuliangye provides "preventive education" safety training and has built a 360-degree safety training and education mechanism. In 2020, the Company provided safety training courses to all its 45,221 employees, and 60 sessions to 4,378 managing personnel from related companies on safety and hazardous chemicals.



Production safety training

**Emergency Management System**

Wuliangye has set up a full-time fire department consisting of 117 firefighters and has built 36 micro fire stations. Through ideological and political education, post training, equipment construction, and combat and command capability building, the company imposed strict rules on the fire brigade and promoted standardization in its ranks.



Wuliangye Full-Time Fire Brigade

**Production Safety Activities**

The company carried out a series of campaigns such as "Production Safety Month" and "119" Fire Fighting Awareness Month, organized a "Safety Publicity" tour, held safety knowledge contests for all employees, and sponsored first-aid knowledge training and drills, enhancing employee safety awareness and skills through multiple channels.



"119" Fire Fighting Awareness Month event held by Wuliangye

**Health Management to Protect Employee Health**

Wuliangye conducted occupational health examinations, created occupational health monitoring files for employees, passed external audits of the occupational health and safety system, and actively carried out occupational disease prevention and control promotion and training in order to create an environment where the whole company pays attention to occupational disease prevention and control.

**Occupational Health Management**

| Examination   | Health File  | External Audit  | Training  |
|---|--|---|---|
| <p><b>Occupational health examination</b></p> <p>Wuliangye carries out occupational health examinations for employees to detect occupational contraindications and suspected occupational-related illnesses, taking measures to prevent ill effects to employees' health in as early a stage as possible.</p> | <p><b>Establishment of occupational health monitoring files for employees</b></p> <p>Each employee has his or her own health file under occupational health guardianship. We analyzed the results of medical examinations in the past years and have taken targeted countermeasures.</p> | <p><b>External audit of occupational health and safety system</b></p> <p>According to the external audit for the occupational health and safety system, the information of the occupational health system is complete and contains no non-conformities.</p> | <p><b>Promotion and training of occupational disease prevention and control</b></p> <p>We make full use of bulletin boards, WeChat, QQ, OA system, RTX, radio, LED, and other media to conduct all-round, multi-angle promotions.</p> |

In 2020, the Company spent RMB 16.48 million on physical examinations received by 21,032 employees. The occupational health examination rate was 98%. All employees were on record for the occupational health examination, and no occupational diseases were found. The health examination rate of on-the-job employees in contact with food was 100%, with health examination files are created for food workers.

In 2020, the company passed the occupational health and safety management system audit, which was stable, effective, met the GB/T28001-2011 requirements and had good performance.



## Future Outlook

Looking back at 2020, in the face of severe challenges and major ordeals, Wuliangye upheld Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, conscientiously implemented the decisions and plans of provincial and municipal governments, acted in solidarity, strove to succeed in pandemic prevention, control, and corporate development, and maintained steady growth.

In the new era, Wuliangye will adhere to the general idea of seeking progress in a stable manner, build on the new development stage, implement new development concept, and integrate itself into a new development pattern. It will focus on promoting high-quality development and deepening structural reform on the supply side, with reform and innovation as the fundamental driving force, to meet the growing needs of the people for a better life. Wuliangye will open up new opportunities and situations and write a new chapter of corporate development.

|                                      |                               |   |
|--------------------------------------|-------------------------------|---|
| Implementing responsibility strategy | Zero-carbon liquor enterprise | <ul style="list-style-type: none"> <li>On the energy supply side, we fully launched green energy supply, including biomass power generation, vinasse recycling, and realized electricity, heat, and fuel recycling.</li> <li>On the energy consumption side, we comprehensively promoted electric energy replacement and energy efficiency improvement projects, and our comprehensive energy consumption index reached an industry-leading level.</li> <li>On the energy management side, we fully realized digitalization and created an "integrated intelligent energy + carbon neutral + blockchain" digital application scenario.</li> </ul>   |
|                                      | Rural revitalization          | <ul style="list-style-type: none"> <li>Promote the continuous development and growth of industries in poverty alleviation projects in counties and villages that have been lifted out of poverty, and help expand sales channels for products in poverty alleviation projects.</li> <li>Strengthen the construction of infrastructure for industrial development and the development of education and culture in areas that have been lifted out of poverty.</li> <li>Enhance the ability of regions to consolidate the achievements of poverty alleviation and endogenous development, and promote the organic connection between consolidating and expanding the achievements of poverty alleviation and rural revitalization.</li> </ul> |
| Promoting sound governance           | Party leadership              | <ul style="list-style-type: none"> <li>Run the Party with discipline across the board and build an integrated anti-corruption system.</li> <li>Continuously implement the "five projects" of solidifying foundation, forging soul, gathering wisdom, nurturing spirit, and correcting style, and deepening the Party building activities characterized by "good prioritization, great climate, and shared development."</li> </ul>  |
|                                      | Internal governance           | <ul style="list-style-type: none"> <li>Accelerate the improvement of corporate governance structures, clarify authority and responsibility, and strictly follow the procedures and scope of "three boards and one management."</li> <li>Accelerate the formation of a governance mechanism with clear roles and effective checks and balances, and promote the modernization of the company's governance systems and capacity.</li> <li>Adhere to strict compliance management, carry out in-depth risk prevention, control, and elimination, improve management efficiency, and activate corporate vitality.</li> </ul>  |
|                                      | Investor Relations            | <ul style="list-style-type: none"> <li>Continue to standardize information disclosure and further improve the company's information disclosure quality.</li> <li>Continue to carry out proper investor relations management.</li> </ul>   |

|                                   |                      |  |
|-----------------------------------|----------------------|--|
| Share the benefits of development | New Products         | <ul style="list-style-type: none"> <li>Accelerate the construction of an industry-leading science and technology research and development platform and actively reach the high grounds in three major industry innovations—Key National Baijiu Brewing Laboratory, the National Engineering and Technology Center for Special Brewing Grains, and the National Baijiu Industry Innovation Center.</li> <li>Continue to promote process innovation and technological innovation, intensify research into Wuliangye's health mechanisms, and promote intelligent brewing in a scientific and orderly manner.</li> <li>Deepen digital transformations, build an effective mechanism for linking research, production, supply, and marketing, and continuously improve market resilience.</li> </ul> |
|                                   | Brand Marketing      | <ul style="list-style-type: none"> <li>Reinforce the innovation and breakthroughs in brand culture building.</li> <li>Strengthen the upgrading and construction of strategic markets and key markets.</li> <li>Underpin the recreation of the marketing process based on digitalization.</li> </ul>  |
|                                   | Channel construction | <ul style="list-style-type: none"> <li>Further consolidate traditional channels, develop group purchase channels, innovate new channels for cross-border cooperation, and continuously improve channel profits and merchant profitability.</li> </ul>  |
|                                   | Industrial Progress  | <ul style="list-style-type: none"> <li>Leverage the company's influence, industry associations and exchange activities to promote green development, quality improvement, and cultural inheritance in the global alcohol industry.</li> </ul>  |
| Building a harmonious society     | Safe production      | <ul style="list-style-type: none"> <li>Continue to highlight production safety, carry out a new rounds of overall rectification actions for production safety risks and hazards, and resolutely avoid production safety-related accidents.</li> </ul>  |
|                                   | Employee Care        | <ul style="list-style-type: none"> <li>Promote the transformation of human resources from amount advantage to structural advantage and from affair handling function to empowerment function.</li> <li>Fulfill the four basic tasks of selecting, nurturing, using, and retaining talent, and continuously deepen reforms of the selection and employment, management, and incentive mechanisms.</li> </ul>  |
|                                   | Food safety          | <ul style="list-style-type: none"> <li>Establish a sound food safety responsibility system, systematically sort out food quality and safety management systems, improve food safety risk management capabilities, and build a firm food quality and safety defense line with "four strictest" principles.</li> </ul>   |
|                                   | Consumer Services    | <ul style="list-style-type: none"> <li>Continue to create a healthy, orderly, and high-quality market environment for consumers.</li> <li>Accelerate the construction of after-sales service centers and continuously improve service quality and consumer satisfaction.</li> </ul>  |
|                                   | Charities            | <ul style="list-style-type: none"> <li>Continue to mobilize volunteers in the company for community services and continue to support local communities and groups in need.</li> <li>Strengthen efforts to promote responsible drinking.</li> <li>Actively participate in cultural exchange activities and explore and promote traditional culture.</li> </ul>  |

## Performance

### Economic Performance

| Index                               | Unit        | Year 2020 |
|-------------------------------------|-------------|-----------|
| Operating revenue                   | RMB billion | 57.321    |
| Total profit                        | RMB billion | 27.678    |
| Total pre-tax profit                | RMB billion | 42.038    |
| Paying tax                          | RMB billion | 23.520    |
| Earnings per share                  | RMB         | 5.141     |
| Total assets                        | RMB billion | 113.893   |
| Total cash dividends for 2019       | RMB billion | 8.540     |
| Research and development investment | RMB million | 131       |

### Social Performance

| Index                                       | Unit        | Year 2020 |
|---|-------------|-----------|
| Investment for targeted poverty alleviation | RMB million | 478       |
| Total donations                             | RMB million | 161       |
| Volunteer services                          | Person-time | 2,796     |

### Employee Performance

| Index                                     | Unit        | Year 2020 |
|---|-------------|-----------|
| Total employees                           | Person      | 25,882    |
| Employment contract signing rate          | %           | 100       |
| Social insurance coverage rate            | %           | 100       |
| Medical examination coverage rate         | %           | 100       |
| Investment in employee training           | RMB million | 6.91      |
| Investment in assisting employees in need | RMB million | 1.83      |

### Environmental Performance

| Index                            | Unit                   | Year 2020 |
|----------------------------------|------------------------|-----------|
| Exhaust gas emissions            | billion m <sup>3</sup> | 1.9948552 |
| Sulfur dioxide emissions         | Ton                    | 14.02     |
| Nitrogen oxide emissions         | Ton                    | 149.1     |
| Particulate matter emissions     | Ton                    | 13        |
| Wastewater discharges            | million tons           | 3.7962    |
| Chemical oxygen demand emissions | Ton                    | 75        |
| Ammonia nitrogen emissions       | Ton                    | 1.6       |
| Total phosphorus emissions       | Ton                    | 0.8       |



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| Content of the Report   |  | CASS-CSR 4.0   |
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| Five excellent characters are the foundation of our development | Party Building                             | M1.2   |
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## Feedback

Dear readers:

Thank you for reading Wuliangye's 2020 Annual Social Responsibility Report. To provide you and other stakeholders with more professional and valuable CSR information, we hope you can complete relevant questions in the feedback form. With your help, we can further improve our social responsibility and sustainable development management in the future.

**Please rate the following questions on a scale of 1 to 5 (1 being the lowest and 5 being the highest)**

1. Your overall rating of this report

1     2     3     4     5

2. Do you think this report reflects Wuliangye's significant impact on the economy?

1     2     3     4     5

3. Do you think this report reflects Wuliangye's significant impact on the environment?

1     2     3     4     5

4. Do you think this report reflects Wuliangye's significant impact on society?

1     2     3     4     5

5. Do you think this report accurately reflects Wuliangye's corporate governance?

1     2     3     4     5

6. Your overall rating of the information disclosed in this report.

1     2     3     4     5

7. Your overall rating of the quality of the writing used in this report.

1     2     3     4     5

8. Your overall rating of the style of design used in this report.

1     2     3     4     5

9. Which issues in this report interest you the most?

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10. Do you have any other comments or suggestions about the report?

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