



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

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



A Professional Concentrated
Juice Manufacturer

Environmental,
Social and
Governance Report
2018

Environmental, Social and Governance Report

About This Report

The Environmental, Social and Governance Report (the “Report”) is prepared by Yantai North Andre Juice Co., Ltd.* (the “Company”) in accordance with Appendix 27 “Environmental, Social and Governance Reporting Guide” to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The Report provides the environmental performance and social performance of the Company and its subsidiaries (the “Group” or “we”) in 2018. The Group’s environmental, natural resources and social management policies and measures will be disclosed in various sections of the Report.

Scope of the Report

This Report covers the measures in respect of environment, society and governance adopted by the Group and the progress thereof during the period from 1 January to 31 December 2018 (the “Year”).

Engagement of Stakeholders

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

Confirmation and Approval of the Report

The board of directors of the Company is responsible for the Company’s environmental, social and governance strategies and reports, including assessing and determining environmental, social and governance risks. It conducts comprehensive risk assessment and key control point monitoring every six months through the Company’s internal control department to ensure appropriate and effective environmental, social and governance risk management and internal control systems are in place for each business aspect, including the procurement, production, quality control and sales of raw and auxiliary materials. The supervisory committee is accountable to the shareholders’ general meeting, and is committed to the ongoing monitoring, report and improvement of related responsibilities and effective review or supervision of the Company’s lawful operation, financial position and internal control. The management is responsible for the implementation of the resolutions of shareholders’ general meeting and the board of directors and the daily operation and management of the Company, ensuring that the operation of each business aspect complies with the requirements of the Company’s various regulations and meets the requirements of sustainable development of the social economy and environmental protection.

Environmental, Social and Governance Report

All departments of the Company contributed to the preparation of the Report, which helps us better understand the Company's environmental and social achievements. The board of directors of the Company would like to express its sincere appreciation to all the persons who contribute to the Report and the Company's outstanding performance in environment, society and governance.

Contact Information

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

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Corporate Culture

As a leading enterprise in the apple juice concentrate market in China, the Company upholds its product philosophy of “**From Nature to Concentrate**”, adheres to its corporate culture, attaches great importance to environmental and social responsibilities, and actively cooperates with industry associations and the government to enable the Company to spearhead industry development. Numerous prizes and honors obtained by the Company reflect the market recognition of the Company’s performance in corporate governance, investor relation as well as social and environmental responsibilities.

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

Corporate Culture and Honor

Honors received:

In 2018, the Company won a total of 5 awards, among which, “A Low-temperature Aseptic Storage Method for Clear Apple Juice Concentrate in Large-Capacity Tanks” won the “Chinese Patent Gold Award”;

“Efficient Processing Technology Integration and Industrialization Demonstration of Clear Apple Juice Concentrate” won the first prize of Yantai City Outstanding Technical Innovation Achievements by Employees.



Environmental Protection Responsibility

The Company's sustainable development is highly dependent on environmental protection, which explains why the Company attaches great importance to environmental protection and sustainable development, and takes environmental protection, energy conservation and emission reduction as the significant integral part of its target to build a green Andre with hundred years of reputation (綠色安德利·百年安德利). In addition to reinforcing safety as well as production and operation management, the Company has been advocating the idea of environmental protection, endeavored to improve the utilization rate of various energies, water and materials, reduced utilization of natural resources in compliance with relevant environment laws and regulations and proactively propelled clean production, energy conservation and emission reduction, with a view to make itself a resource-conserving and environmental friendly enterprise.

Use of Resources

Major Energy Consumption and Density

In 2018, the Group consumed approximately 28,676,569 kwh of electricity, 78,789 tons of steam, 790,801 tons of water, 24,200 tons of coal, 2,238.258 m³ of natural gas, approximately 23,723 L of gasoline, and approximately 126,519 L of diesel, with total energy consumption of 277,843,840 kwh, and an average consumption of approximately 3,750 kwh per ton of product.

The Group has sought and used proper water sources according to related national environmental policies and laws, and no problem in this regard was noted in the Year. In 2018, the Group's total water consumption was 790,801 tons, with a consumption density of approximately 7.40 tons per RMB10,000.

Use of Packaging Materials for Finished Products

The Company primarily engages in manufacturing and sales of apple juice concentrate, pear juice concentrate and related products. The packaging materials for apple juice concentrate and pear juice concentrate are primarily metal buckets and aseptic bags, and the packaging materials for fruit pomace are woven bags. In 2018, the Group consumed a total of approximately 4,594,061 kg of packaging materials, with an average consumption of approximately 62.1 kg per ton of product.

Emissions

The Company has controlled the emissions generated by its production and operating activities in strict compliance with the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention Law, the Integrated Emission Standard of Air Pollutants, the Water Pollution Prevention Law, the Quality Standards for Sewage Discharge into Urban Sewers, and other laws and regulations as well as requirements of local environmental authorities. In addition, the Company regularly engages local environmental authorities to monitor its waste gas and sewage discharges every year. In 2018, the Company was not subject to any notice and punishment from competent environmental authorities concerning illegal discharge.

Environmental Protection Responsibility

Emission Types and Related Discharge Data

The air pollutants discharged during the Group's production and operating activities primarily consist of nitric oxide, sulfur oxide and particulate matters (TSP) from burning of fossil fuels and vehicle exhausts. In 2018, the Group's total emissions of nitric oxide, sulfur oxide and particulate matters were approximately 12,881 kg, 7,981 kg and 2,820 kg, respectively.

Greenhouse Gas Emissions and Density

The Group discharges greenhouse gases (GHG) due to its use of electricity, steam and burning of fossil fuel (including Scope 1: direct GHG emissions; and Scope 2: indirect GHG emissions). In 2018, the Group's GHG emissions were as follows:

GHG Type	Scope 1 (Unit: ton of carbon dioxide)	Scope 2 (Unit: ton of carbon dioxide)
Carbon dioxide (CO ₂)	52,929	36,358
Methane (CH ₄)	3,208	–
Nitrous oxide (N ₂ O)	3,839	4,900
Total	59,976	41,258

In 2018, the Group's total GHG emissions included approximately 101,234 tons of carbon dioxide and the emission density was about 0.95 tons of carbon dioxide per RMB10,000.

Total Hazardous Wastes and Density

The hazardous wastes generated by the Group primarily consist of sludge, waste paint buckets, waste fluorescent tube, and waste batteries. In 2018, the Group generated a total of approximately 10,589 tons of hazardous wastes, with a density of about 0.099 ton per RMB10,000. We have treated hazardous wastes in strict compliance with the Solid Wastes Pollution Prevention Law of the People's Republic of China. The sludge generated by the Group has been treated by professional agencies after being dried. Waste paint buckets have been recycled, and other hazardous wastes have been properly treated according to related national environmental laws and regulations.

Total Non-hazardous Wastes and Density

The non-hazardous wastes generated by the Group primarily consist of fruit pomace, waste paper and other domestic waste. In 2018, the Group generated a total of approximately 9,714,050 kg of non-hazardous wastes, with a density of about 91 kg per RMB10,000. The domestic waste was not included in calculation of the non-hazardous wastes as it was collected by local sanitation authorities and its volume was not measured. The Company has strictly classified and stored the non-hazardous wastes. The fruit pomace is sold after being dried for extraction of pectin or production of fodder, and waste paper is recycled by specialized departments.

Environmental Protection Responsibility

Other Emissions

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

Energy Conservation and Emission Reduction Measures and the Outcomes

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

1. To upgrade manufacturing process, reduce energy consumption of equipment, and improve energy utilization efficiency. Our R&D department has continued to focus on research and development of the core technologies in relation to energy conservation, elimination of hazardous wastes, consumption reduction and emission control during the further processing of fruits. The Company aims to reduce discharge of pollutants through constant enhancement of energy utilization efficiency of its crafts in further processing fruits.
2. To improve utilization rate of water resources and decrease waste of water. In order to save water in an effective manner, the fruit steam evaporated during the manufacturing procedure has been collected for reuse, reverse osmosis concentrated water has been recycled, sanitary wares highlighted with water and energy conservation are adopted, and prompt repair and maintenance are conducted to bring down leakage rate of the tap water pipelines, all of which enable the Company to achieve efficient use of water.
3. Constant use of energy-saving technology. Lighting in offices and workshops are changed to LED to reduce power consumption.
4. To increase efforts in environmental protection and minimize the impact of emissions on the environment. In 2018, the Company completed such projects as the denitration of coal-fired boilers, upgrading and reconstruction in relation to emission of exhaust gas, reconstruction for upgrade of total phosphorus and total nitrogen emission standards for sewage treatment, thereby greatly reducing the content of harmful substances in emissions. The sewage produced during manufacturing procedure is collected in a special pool to undergo biological contact oxidation. In order to ensure that the discharged water satisfies relevant national and local standards, the Company conducts regular test and monitoring on a daily basis. The Company designated an employee to be responsible for the maintenance and operation of environmental protection equipment, and installed at all factories an online monitoring system connected to the network of environmental protection authorities. Till now, the existing environment equipment of the Company has been running smoothly, reaching the specific emission standards applicable in the places in which the Company is located.

Environmental Protection Responsibility

5. To establish company systems and strengthen daily management. The Company sets detailed requirements on use of lighting and air conditioners based on seasonality and actual weather. Besides, various measures are in place to reduce paper consumption in office.
6. To increase the means of operation and travelling to reduce carbon emission. The Company has introduced video conference system, so as to decrease carbon emission arising from business travelling. Staff are encouraged to choose public traffic tools for business trips, thus to reduce carbon emission arising from separate use of private cars.
7. To enhance clean production and gradual elimination of the use of fossil fuel (a serious pollutant). The Company installed natural gas boilers to replace coal-fired boilers and adopted forklifts fueled with natural gas (a clean energy) or accumulators to replace old-styled ones fueled with fuel oil.

Environment and Natural Resources

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

Staff and Safety Responsibility

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

Working Environment and Employment Standards

Based on the actual needs for production, the Company enters into fixed-term or non-fixed-term employment contracts with the long-term employees in accordance with the law, enters into employment contracts with seasonal employees with the term subject to the completion of the job assignment, and enters into engagement contracts with retired and re-hired long-term employees, subject to the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China and other relevant laws and regulations. The execution rate of the labour contracts or employment contracts reaches 100%.

The Labor Law of the People’s Republic of China is strictly referred to by the Company on determining remuneration and dismissal of employees. Besides, the Company has established a series of internal systems and code of conduct on an open, fair and equal basis. Clear working standards and performance assessment systems are established for each particular position, the performance of which may be accordingly reflected directly in the performance-related bonus of that month, while the year-end bonus of employees is linked to the Company’s economic benefits, product quality, production safety and force of execution. Benefited from implementation of such assessment system, all the members of the Company are inspired to attach great importance to cost management, focus on product quality and reinforce awareness of safety, which in turn enables the Company to consolidate management and ensure harmonious and steady labor relationship. Income of individual staff keeps rising since the benefits of the Company are secured. In 2018, all of our staff received an income that was higher than such minimum levels as required by the respective local governments. Moreover, no labor dispute occurred in 2018.

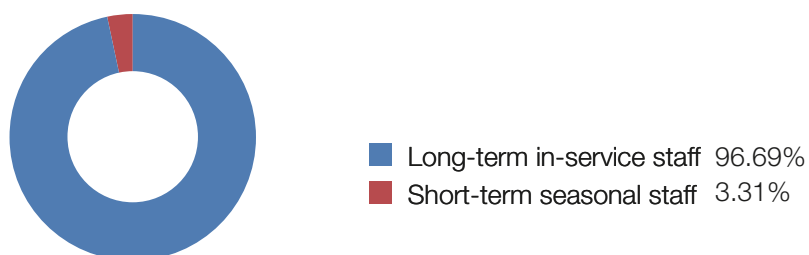
Vigorous efforts are made by the Company for staff to maintain a balance between work and life. Holidays available for staff are subject to the relevant national provisions. There is an obvious division of peak season and off-season in fruit juice manufacturing. When there is no production, the Company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

Staff and Safety Responsibility

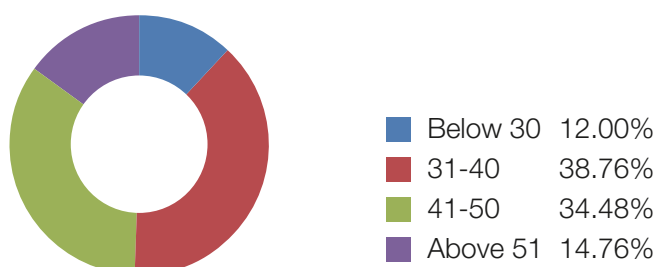
Employment of Staff

As at 31 December 2018, the Group had 726 employees, as categorized below by type of employment contract, age and gender:

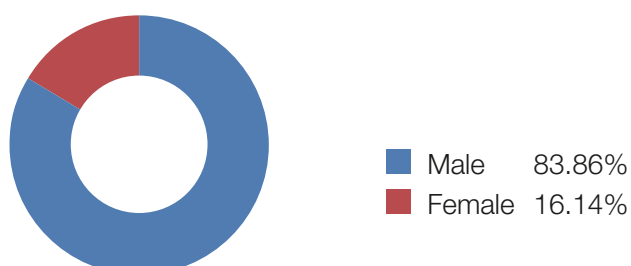
Staff by Type of Employment Contract



Staff by Age Group



Staff by Gender



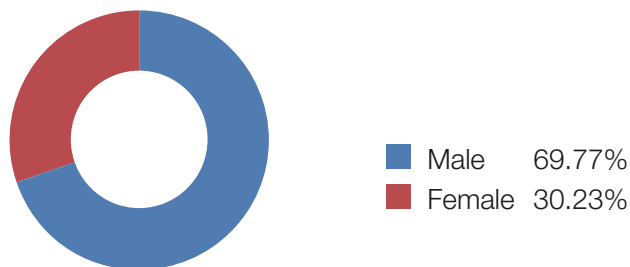
Staff and Safety Responsibility

Staff by Geographical Area

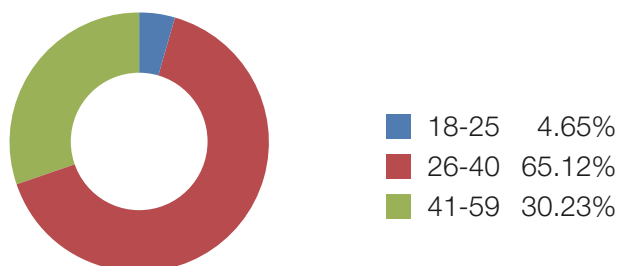


The Company attracted staff to render long-term service by favorable working environment, provision of development platform, emphasis on staff health and security, and other aspects. In 2018, turnover rate of long-term in-service staff was 5.9%.

Staff Turnover Rate by Gender



Staff Turnover Rate by Age Group



Staff and Safety Responsibility

Staff Turnover Rate by Geographical Area



The Company strictly follows the Labor Law of the People’s Republic of China and the Provisions on the Prohibition of Using Child Labor promulgated by the State Council as well as other laws and regulations, and stands firmly against employment of child labor and forced labor. The Company sets out Management Procedures on Prohibiting Employment of Child Labor and Juvenile Workers (《禁止使用童工及未成年工管理程序》), clarifying that child labor is prohibited from taking any position in the Company and that recruitment procedures must be executed word to word, with strict verification on information of candidates. Candidates will be admitted into registration and on-boarding procedures only when verification on ID cards (and check on residence registration as necessary) has not discovered any issues. Candidates who cannot provide valid certificates of identity will not be qualified for employment. Once the Company realizes that it has hired child labor by mistake, it shall make rectification immediately. The Company shall report the case to relevant labor authorities for review and verification, keep such staff from working and send the staff to hospital for health check. If the case is verified, the Company will pay salaries in full to the staff and send notice to families for returning the staff to the care of families in a timely manner. The Company will also provide financial support if the family is a seriously impoverished one. In addition, the Company will properly maintain the copy of age document of the staff for filing. In 2018, the Company did not have any position taken by staff under 18 or by forced labor.

The Company also sets up Management Procedures on Prohibition of Discrimination (《禁止歧視管理程序》), Management Procedures on Protection of Female Staff (《女工保護管理程序》), and other rules and systems, seeking diversified development and abidance of fairness. In employment, management, remuneration adjustment, promotion, training, resignation and retirement, it prohibits discrimination on the grounds of gender, nationality, age and religion, and strictly complies with local and state laws and regulations, so as to effectively protect legitimate rights and interests of its staff.

Staff and Safety Responsibility

Development and Training

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

Grading of trainee	Average training hours of each employee
Senior management = 3%	Senior management = 32 hours
Mid-level management = 15.5%	Mid-level management = 46 hours
Junior management = 8%	Junior management = 5 hours
Specialists and other management = 14.6%	Specialists and other management = 16 hours
Factory staff = 59.3%	Factory staff = 20 hours

Gender of trainee	Average training hours of each employee
Male = 63.4%	Male = 23 hours
Female = 36.6%	Female = 23 hours

To help its staff develop and grow, the Company adopts the pattern that highlights internal trainings with external trainings as a supplement. External trainings are carried out in two forms: bringing in trainers and sending trainees to third parties. The Company invited professors from Beijing University of Aeronautics and Astronautics for special trainings. It also collaborated with professional training institutions, and arranged for its staff to participate in courses of Shenzhen Jucheng (深圳聚成), VMTA Qingdao (青島健峰), Qimingxing Yantai (烟台啟明星) and Qingdao Centre Testing (青島華測).

Staff and Safety Responsibility

Health and Safety

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

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

The Company invited firefighters in the first and second half of 2018 respectively to train its staff in how to escape from danger, which enhanced staff's ability to take proper response in case of emergency.



Staff and Safety Responsibility

In addition, the Company also invited professionals of Yantai Red Cross Society for training on cardiopulmonary resuscitation and common first-aid measures, and arranged for each work group with staff holding life rescue certification. All of these are aimed to protect the life, health and safety of front-line staff.

Every year, the Company engages professional inspection agencies to periodically inspect hazardous factors at work place that may lead to occupational diseases. Professional health checks are provided for employees at production lines that are exposed to noise, liquid ammonia and other occupational hazards. Noise-canceling earplugs are provided for workers at production workshops. We also perform stringent monitoring and checking on all operation personnel to ensure that they correctly wear labor protection articles, so as to minimize the damage of occupational hazards. The Company organizes health checks on a regular basis each year for all front-line employees and issues health certificates. In 2018, the Company recorded no work-related fatality and recorded 879.5 lost days in total due to work injury.

Product Quality and Safety Responsibilities

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

ISO9001 Quality Management System

HACCP Food Safety Management System

BRC Certification of Global Standard for Food Safety

KOSHER Kosher Certification

SGF International Fruit Juice Industry Protection Association

HALAL Halal Food Certification



Supply Chain Management

The Company employs comprehensive control and supervision for supply chain management to avoid various social risks in the supply chain management environment. The procurement business is divided into procurement of raw fruits and procurement of other assets. The Company has specified the responsibilities, budget management, supplier access system, price management, procurement application, contract management, process monitoring and acceptance management, payment settlement, return management, information management, and procurement inspection of the management institution for different types of procurement activities pursuant to a series of internal systems such as the “Corporate Internal Control Process – Procurement Business”, “Production Management System – Processes of Weighing Inspection at Weight House and Purchase of Raw Fruits”, “Raw Fruits Quality Monitoring and Management System”, “Integrated Management System – Regulations on the Approval of Procurement and Disposal of Tangible Assets and Service Expenses”, “Integrated Management System – Regulations on Centralized Procurement Management” and “Regulations on Bidding and Tendering Management”.

1. Management of Raw Fruit Bases

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

Product Quality and Safety Responsibilities

During the growing period of fruit trees, the Company engages agricultural experts to provide fruit growers with trainings regarding apple tree planting, pest control and self-protection, and offer guidance on various links such as soil quality testing, water quality testing, fertilizer utilization, farm chemical selection, pest control and apple picking in the bases, so as to ensure the safety and quality of the raw fruits of the base wherever possible while reducing the adverse impact on the surrounding environment



caused by the use of pesticides and fertilizers. The Company sends guidelines for farm chemical utilization to fruit growers, recommends high efficiency and low toxicity farm chemicals that leave few residues or no residues, and requires fruit growers to keep records of farm chemical usage. The farm chemical investigation group of the Company conducts monthly supervision on all fruit growers during the period of the farm chemical utilization on the fruit trees (April – August), with a view to grasp the detailed information on the farm chemical utilization by the fruit growers, forming records with the fruit growers' signatures thereon. It also maintains unified identifiers for fruit growers from raw fruit bases, and issues Certificate of Fruit Growers in Raw Fruit Bases (《基地果農證明》) to them.

2. Acceptance of Raw Fruit

In procurement of raw fruits, the Company recommends that fruit growers at the base pick and deliver the fruits in a centralized manner to minimize the carbon footprint caused by transportation and reduce logistics costs. The Company checks the software and hardware of large scales at a fixed time every day, and inspects the equipment of raw material vehicles entering the factory to eliminate hidden dangers. Prior to delivery to the factory, the Quality Control Department of the Company conducts spot checks on fruit delivering trucks in a certain proportion in advance, and takes 2 or 3 raw fruits each from upper, middle and lower layers of fruit delivering trucks for inspection to conduct tests on farm chemical residues. If results show that farm chemical residues stand higher than the required levels, weighing operators will reject such fruit delivery according to Raw Fruit Rejection Notice issued by the Quality Control Department. Before weighing for fruit delivering trucks, the weighing operators shall check the Certificate of Qualified Fruit Grower in Raw Fruit Bases and Pass Notice (the absence of either one would be rejected), and fill in CCP1 record for qualified ones. After the raw fruits enter the factory, the weighing operator weighs the raw fruits on the scale and the grade rater will perform quality acceptance. In view of the large amount of purchasing data, the Company designates dedicated personnel to back up and store raw fruits purchase data in different media. During the acceptance of raw fruits, the Company minimizes the risks by breaking down each key risk point.

Product Quality and Safety Responsibilities

3. Auxiliary Materials Quality Management

The procurement of auxiliary materials and packaging materials are handled by the Supply Division and the Procurement Center of the Company. To control the product safety risks arising from auxiliary materials and packaging materials, the Company carries out strict eligibility verification procedures on suppliers of auxiliary materials and packaging materials, including the relevant qualifications, product delivery capabilities, services and reputation. When necessary, the Company may visit suppliers and test their products first. The suppliers who meet the standards of the Company will be listed as qualified suppliers. Each year, the Company reviews suppliers' timeliness of supply, inspection results on goods delivered, service quality, environmental protection and safety behaviors and integrity. Suppliers with poor review results will be required to improve. Otherwise, they will be replaced. There are strict acceptance rules for admitting products into the warehouse. Upon the arrival of the goods, the warehouse manager, the Quality Control Department, and the demand application department will handle the warehousing and acceptance registration procedures for the auxiliary materials, packaging materials and fixed assets. For every batch of products delivered to the Company, it is required, according to the acceptance rule, to produce the product quality certificate, together with quality and safety report, so as to control food safety risk arising from auxiliary materials and packaging materials.

In 2018, the Company had 186 auxiliary materials suppliers, mainly located in Shandong, Jiangsu, Shaanxi, Shanxi, Hebei, Zhejiang, Shanghai, Liaoning and other provinces.

辅料供应商分布图



Product Responsibilities

1. Quality Control

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

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

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

Product Quality and Safety Responsibilities

The Company is committed to establishing a sound product recall system and client feedback channel, and has set up an after-sales and complaint hotline and established product recall taskforce. According to the Food Safety Law of the People's Republic of China, the Product Quality Law of the People's Republic of China, and Law on Protection of the Rights and Interests of Consumers, the Company has established the Identification and Traceability Control Procedures (《標識和可追溯性控制程序》). The Company conducts inspections on products sold according to the Identification and Traceability Control Procedures once client has feedbacks and comments. When the reasons for recall of the Company's products are determined through inspection, the Company launches recall procedures immediately and maintains such inspection records, ensuring that all substandard products are fully recalled in a timely manner. In 2018, the Company recorded no product recalls as a result of quality issues and received no complaints on product quality.

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

2. Respect for and Protection of Intellectual Property

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

3. Protection for Client Information and Privacy Policy

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

4. Policy on Advertising and Labeling

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

Product Quality and Safety Responsibilities

Anti-Corruption

The Company has a clear corporate governance code, and strictly follows the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations. In addition to well-defined responsibilities and powers for each position, the Company has established mailboxes and telephone numbers for receiving reports on commercial bribes, worked out detailed reporting policies and established a rewarding system, encouraging staff and business partners to report and expose any corruption and commercial bribery, and making sure that information of reporters is kept in confidentiality. All purchase contracts in ordinary business activities must include anti-commercial bribery terms. As its business continues to develop, the Company will keep improving its anti-corruption system and tighten supervision in this regard, so as to offer strong support to sustainable development in the future. In the case of blackmail or fraud, the Company's management department will report to the president immediately, and report to relevant government authorities at the soonest. In 2018, the Company did not discover any case of corruption, blackmail or fraud.

Social Responsibilities

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

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

The Company gives strong support to fruit growers in responding to natural disasters. In October 2018, the place where the Company is located was hit by a hailstorm, with nearly all apples to be picked being destroyed, resulting in huge economic loss to fruit growers. To minimize fruit growers' loss, the Company actively coordinated with the government and agricultural bureau to open green channels, making great efforts in aspects such as weighing and unloading of fruits, on-site settlement, extending the time limit each day for purchase of fruits, offering free packaging, and dining for fruit growers and drivers. We also purchased fruits in the affected areas at a higher price than that of other raw fruits. The Company took practical actions to help fruit growers get out of trouble, which demonstrated our commitment to social responsibility.

The Company has been zealously participating in charity and public welfare undertakings and caring about disadvantaged groups. It not only supports and sponsors activities relating to education, environmental protection and other sectors but organizes and encourages its employees to take part in these activities. In 2018, the Company donated funds and materials with a total amount of RMB600,000 to schools in remote mountainous areas, fulfilling corporate social responsibilities through actions and making a contribution to the development of education in remote mountainous areas. The Company also donated a public fund of RMB200,000 to the Chinese Red Cross Foundation – Liao Jingwen Foundation (廖靜文基金), which would be used to support young students who need help to finish school and to fund youth cultural and art activities, so as to push forward the inheritance and development of Chinese culture and art.

Plan and Prospect for 2019

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

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

Yantai North Andre Juice Co., Ltd.*
26 June 2019

* For identification purpose only