



安德利
ANDRE

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
2020**



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About This Report

The Environmental, Social and Governance Report (the “Report”) is the annual independent ESG report published by Yantai North Andre Juice Co., Ltd.* (the “Company”) and its subsidiaries (together, the “Group”). This Report focuses on the environmental, social and governance performance and progress which the stakeholders of the Group concern about. This Report should be read in conjunction with the sections headed “Corporate Governance”/“Corporate Governance Report” in the 2020 annual report of Yantai North Andre Juice Co., Ltd.* (the “2020 Annual Report”) published on the websites of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited in order to gain a more comprehensive understanding of the Group’s environmental, social and corporate governance performance.

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 is the 2020 annual report and 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 2020 (the “Year”).

Standards of Preparing the Report

This Report has been prepared in accordance with the Notice of the Shanghai Stock Exchange on Strengthening the Social Responsibility of Listed Companies and Issuing the Guide on Environmental Information Disclosure for Listed Companies on the Shanghai Stock Exchange, the Guide on Environmental Information Disclosure for Listed Companies on the Shanghai Stock Exchange, the Guide on the Preparation of Reports on the Fulfillment of Social Responsibility by Companies, and the Guide on Environmental, Social and Governance Reporting set out in Appendix 27 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”), with reference to the How to Prepare Environmental, Social and Governance Report – Environmental, Social and Governance Reporting Guide. This Report has complied with the “comply or explain” provisions as set out in the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange and is prepared on the basis of its reporting principles, namely “Materiality”, “Quantitative”, “Balance” and “Consistency”.

Description of the Report Data

All data in this Report has been obtained from internal statistical reports, company documents and audited documents, etc.

Approval and Publication of this Report

All contents and data disclosed in this Report have been considered and approved by the Board of Directors and the Supervisory Committee of the Company.

This Report is available as an electronic document on:

Websites of the Shanghai Stock Exchange (www.sse.com.cn)

Websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk)

Websites of the Company (www.andre.com.cn)

Feedback

Your valuable feedback is immensely important to the Group's continuous improvement in environmental and social performance. For any advice or suggestion on the Report, please feel free to contact us by the following means:

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About the Company

Company Profile

The Company, which was established on 30 March 1996 and is mainly engaged in processing, production and sales of juice concentrate, is one of the enterprises in the PRC first involving in the processing and production of juice concentrate and fructose, one of the enterprises processing juice concentrate and fructose in larger production scale in the world, one of the main producers and providers of juice concentrate in the world, a key leading agricultural industrialized enterprise at the national level, a national export demonstration enterprise in the processing industry of agricultural products and one of Top 100 export enterprises in the food industry in the PRC. The Company has built 8 juice concentrate processing bases around the raw material fruit production areas in such provinces as Shandong Province, Shaanxi Province, Shanxi Province, Liaoning Province, Jiangsu Province and Sichuan Province with 16 juice concentrate production lines. Its processing ability and production scale of juice concentrate rank among the best in the same industry in the PRC.

The Company's products mainly include apple juice concentrate and pear juice concentrate, with apple juice concentrate as the primary products. The products of the Company cover the PRC, USA, Russia, Japan, South Africa and other places around the world, and has high market share. The Company has built up business relationships with various internationally renowned food and beverage enterprises, with its export volume ranking among the best in the same industry in the PRC for consecutive years. As for the domestic sales of its products, the Company has built up long-term and stable cooperation relationships with various domestic and overseas famous enterprises. Committed to promoting the rural revitalization and increasing the wealth of the local farmers, the Company has paid taxes of RMB2.2 billion accumulatively and over RMB10 billion for raw materials to fruit growers.

The Company invested over RMB40 million in the construction of research and development center at the international advanced level integrating the juice technique development, product application research, product safety analysis and other functions in 2003, covering 2,200 square meters, and having a team of professional talents engaging in deep processing technology research, development and test of juice, whose scientific research level and members' business quality have been recognized by the juice industry in the PRC. The Company has successively won 7 national patents for invention, made 14 scientific and technological achievements authenticated at the provincial level, and participated in the drafting of 3 national standards and 1 industrial standards which have been issued and implemented. The Company has 4 registered trademarks in PRC, Hong Kong and USA, and is assessed as a famous trademark in Shandong Province, with the clear apple juice concentrate produced by it praised as a "Chinese Famous-brand Product". The research and development center is identified as a national apple processing technology research and development branch center, a technological innovative institution of national agricultural product processing enterprise, Shandong Province apple juice processing engineering technology research center, Shandong Province apple deep-processing technology key laboratory and Shandong Province enterprise technology center successively. The technological achievements researched and developed by the Company independently have won the "Second Award of National Award for Science and Technology Progress", "China Patent Gold Award", "Shandong Science and Technology Award", the "First Prize of Chinese Agricultural Science and Technology Award", etc. successively.

About the Company

The H shares of the Company were listed on the Hong Kong Stock Exchange in April 2003; and its A Shares were listed on the Shanghai Stock Exchange in September 2020, becoming the first “A+H” share dual-listed enterprise engaged in juice beverage in the PRC.

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 government authorities 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 spirits: integrity, unity, pioneering and efficiency	Marketing philosophy: to cultivate global footprints with customer-oriented services
Business philosophy: to uphold integrity and quality during daily operations	Management philosophy: to unite people with distinguished corporate culture and to manage people with well-established rules
Corporate vision: to cultivate a brand of the century with global reputation	R&D philosophy: to pioneer the innovation in the industry and realize scientific development
Corporate mission: to manufacture green products and promote healthy lifestyles	Human resources philosophy: to establish a systematic and people-oriented development track for talents, with an emphasis on virtue
Core value: pursuing enterprise growth, delighting staff and repaying the society	Working attitude: to deliver work in a dependable and down-to-earth manner
Development philosophy: to align business growths with environmental goals and commit itself to circular economy	Execution: to accomplish assignments with satisfactory performance within the prescribed time
Product philosophy: From Nature to Concentrate	Personal cultivation: virtue comes first

Sound Corporate Governance

Corporate Governance

The Company has always attached great importance to compliance with applicable laws and regulations, and has always been committed to maintaining a high level of corporate governance as well as promoting management innovation continuously. The Company strictly follows the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies and the relevant regulations of domestic and foreign securities regulatory authorities, and the Company has established a sound and complete corporate governance structure comprising the Shareholders' Meeting, the Board of Directors and the Supervisory Committee, forming a complete corporate governance system of deliberation, decision-making, authorisation and execution with clear powers and responsibilities and standardised operations among the authority body, decision-making body, supervisory body and management layer, and ensuring that the various bodies and members of the Company can exercise their rights and perform their duties in accordance with the rules of the system through a governance structure with scientific division of labour, respective duties and effective checks and balances.

About Controlling Shareholders and Listed Company

The Board of Directors, the Supervisory Committee and various internal bodies of the Company operate independently and the controlling shareholder does not interfere with the ordinary operations of the Company. The controlling shareholders of the Company have strictly complied with the undertakings made to the Company to avoid competing with each other in the same field. During the reporting period, there was no act of the Company's controlling shareholder taking advantage of its special position to encroach on and damage the interests of the listed company and other shareholders.

About the Directors and the Board

The Board of the Company consists of seven directors, including three independent non-executive directors, and the number and composition of the Board are in compliance with the relevant laws and regulations. The Board has a reasonable professional structure and its members possess the necessary knowledge, skills and qualities to perform their duties. The directors of the Company are able to attend Shareholders' Meeting and board meetings on time, perform their duties conscientiously and diligently, actively participate in business training, are familiar with relevant laws and regulations, and are clear about the rights, obligations and responsibilities of the directors. The Board of the Company has set up four special committees, namely the Audit and Review Committee, the Nomination Committee, the Remuneration and Review Committee and the Strategic Committee, to further improve the decision-making mechanism of the Board of the Company.

Sound Corporate Governance

About the Supervisors and the Supervisory Committee

The Supervisory Committee of the Company consists of three supervisors, including one employee representative supervisor, and the number of members and composition of the Supervisory Committee are in compliance with the requirements of the relevant laws and regulations. The Supervisory Committee performs its duties conscientiously in accordance with the powers and functions conferred by the Articles of Association and in a responsible manner to the shareholders, supervises the performance of duties of the Directors and senior management, supervises and inspects the legal compliance of the Company's finances and fully safeguards the legitimate rights and interests of the Company and its shareholders.

More information on corporate governance can be found in the Company's 2020 Annual Report which was published alongside this Report.

Social Responsibilities Management Structure

To further implement the environmental, social and governance work of the Group and promote the implementation of sustainable development strategies, the Group has reviewed the current mechanism for enhancing social responsibility management during the Year. Taking into account the Group's operational condition and the relevant requirements of the Hong Kong Stock Exchange in respect of the environment, social and governance aspects, it improved the structure of social responsibilities management to form a structure consisting of the board of directors, the audit and review committee, the senior management, the leading department for environment, social and governance work, and all departments and subsidiaries to implement a hierarchical management system, which can further enhance the systemic and professional level of its social responsibility management.

The board of directors is responsible for the Group's environmental, social and governance strategies and reports, and the audit and review committee is responsible for assessing and determining environmental, social and governance risks. The committee conducts comprehensive risk assessment and key control points monitoring every six months through the Company's internal control department to ensure appropriate and effective risk management associated with environmental, social and governance 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 senior management of the Company is responsible for tracking the implementation progress of strategic policies and goals in relation to environment, social and governance, ensuring that the operation of each business aspect complies with the requirements of the Company's various rules and promoting the integration of the philosophy of corporate social responsibility, the development strategies and the operating management of the Company. As the leading department, the securities department of the Company is responsible for organizing and coordinating the social responsibility work among the relevant departments, while all departments and subsidiaries are accountable for implementing their respective work.

Sound Corporate Governance

Social Responsibilities Management Structure of the Group



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 to strike a balance between interests of the Company and stakeholders to enable us to create more common values. During the Year, the Group's stakeholder engagement is as follows:

Stakeholders	Expectations	Methods of communication	Frequency of communication	Group actions
Government and regulatory authorities	Compliance with law and regulations; lawful operations; tax payment in accordance with laws; safe production; energy conservation and emission reduction; environment protection	Policies formulations; work reports; information delivery; meetings with senior management	Regular/ Irregular	Strictly complied with national laws and regulations; actively cooperated with regulatory authorities; actively responded to national strategies to enhance self-discipline in ecological and environmental protection

Sound Corporate Governance

Stakeholders	Expectations	Methods of communication	Frequency of communication	Group actions
Shareholders	Sales revenue; profit of the Company; corporate governance; regular communication	Shareholders meeting; Company's announcement; periodic reports	Annual/ Semi-annual/ Irregular	Improved quality and efficiency, and improved economic efficiency; continuously enhanced risk management and internal control systems; strengthened information disclosure and improved information transparency; communicated regularly
Employees	Employees' rights; occupational health; training and development; diversified life	Work meetings; employee communication; labor contract; employees' activities	Regular/ Irregular	Improved human resources management system to ensure employees' rights; focused on intrinsic safety work and implemented occupational health and safety work for employees; improved personnel training mechanism and enhanced employees' knowledge and technical skill sets
Customers	Stable supply; quality assurance	Contracts and agreements; customer services; Company website; communications meetings	Annual/ Irregular	Conducted strict quality control to ensure product quality; improved production management system
Suppliers and other business partners	Fairness and impartiality; cooperation to achieve mutual benefits	Contracts and agreements; product services	Regular/ Irregular	Maintained the fairness and transparency of tendering and procurement processes; persisted in performing contracts and agreements
Community	Community building; targeted poverty alleviation; environmental protection	Community visits; poverty alleviation; caring and dedication activities; environmental protection activities	Regular/ Irregular	Participated in the building of a harmonious community; actively carried out voluntary activities; implemented environmental protection measures

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 vision 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 operating 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 making itself a resource-conserving and environmental friendly enterprise.

Use of Resources

Major Energy Consumption and Density

In 2020, the energy used by the Group's production and operation activities were mainly electricity, steam, water resources, coal, natural gas, biomass pellet fuel, gasoline and diesel, of which biomass pellet fuel is an environmentally friendly biofuel newly introduced by the Group to promote green and clean production. The Group's major energy consumption is as follows.

Energy	2020	2019
Electric energy (kWh)	33,698,210	35,086,915
Steam (t)	69,548	73,051
Water resources (t)	781,574	835,941
Coal (t)	11,706	19,125
Natural gas (m ³)	12,398,601	10,271,538
Biomass pellet fuel (t)	10,008	8,953
Gasoline (L)	31,511	14,850
Diesel (L)	125,926	115,023

Environmental Protection Responsibility

The Group's total energy consumption in 2020 is 340,395,690 kWh, with an average consumption of approximately 2,694 kWh per tonne of product.

The Group has acquired 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 2020, the Group's total water consumption was 781,574 tons, and the average water consumption per ton of product was about 6.19 tons.

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 steel barrels, plastic bag and aseptic bags, and the packaging materials for fruit pomace are woven bags. In 2020, the Group consumed a total of approximately 7,103,635 kg of packaging materials, with an average consumption of approximately 56.22 kg per ton of product.

Emissions

The Company has managed and 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 2020, the Company was not subject to any notice or 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 suspended particulates from burning of fossil fuels and vehicle exhausts.

In 2020, the Group's pollutant emissions are as follows:

Emission	2020(kg)	2019(kg)
Nitric oxide	9,451	12,612
Sulfur oxide	2,428	5,047
Suspended particulates	805	2,132

Greenhouse Gas Emissions and Density

The Group discharges greenhouse gases (GHG) generated from its use of electricity, steam and burning of fossil fuel (including Scope 1: direct GHG emissions; and Scope 2: indirect GHG emissions). In 2020, 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)	46,261	53,078
Methane (CH ₄)	2,819	—
Nitrous oxide (N ₂ O)	2,816	6,112
Total	51,896	59,190

In 2020, the Group's total GHG emissions amounted to approximately 111,086 tons of carbon dioxide and the emission density was about 0.88 tons of carbon dioxide per unit of product.

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 2020, the Group generated a total of approximately 11,875 tons of hazardous wastes, with a density of about 0.094 ton per ton of products. The Group 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 was treated by professional agencies after being dried. Waste paint buckets were recycled, and other hazardous wastes were properly treated according to related national environmental laws and regulations.

Environmental Protection Responsibility

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 2020, the Group generated a total of approximately 19,975,624 kg of non-hazardous wastes, and the amount of non-hazardous waste per ton of product was about 158 kg. 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 strictly classified and stored the non-hazardous wastes. The fruit pomace was sold after being dried for extraction of pectin or production of fodder, and waste paper was recycled by specialized departments.

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

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 research and development 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 the 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 condensate water 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.

Environmental Protection Responsibility

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 2020, some subsidiaries completed the recycle of IC methane storage tank and used the recycled methane as natural gas to replace part of the fossil fuel and reduce the methane emission. The Company also improved and upgraded the sewage equipment to further reduce the total phosphorus and total nitrogen content in the sewage during the production process. 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. As of the date of this report, the existing environment equipment of the Company had been running smoothly, reaching the specific emission standards applicable in the places in which the Company is located.
5. To establish company systems and strengthen daily management. The Company sets detailed requirements on use of lighting and air conditioners based on seasonality and actual weather. Besides, various measures are in place to reduce paper consumption in office.
6. To increase the 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 members are encouraged to choose public transportation 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 highly polluting fossil fuel. The Company installed natural gas boilers to replace coal-fired boilers and adopted forklifts fueled with such clean energies as natural gas or accumulators to replace old-styled ones fueled with fuel oil. It also replaced part of fossil fuel with biomass pellet fuel.

Environmental Protection Responsibility

Environment and Natural Resources

The Company has treated emissions and pollutants amid its production and operating activities in strict compliance with related national environmental policies and emission standards. All emissions were tested by local environmental authorities and had to meet certain standards before being discharged, and pollutants had to be treated by professional agencies. All emissions and treatments were acquired to meet the requirements of related national environmental laws and regulations and emission standards, and refrain from exerting 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”. Large-scale events, serving as facilitators, were organized by the Company to cultivate staff’s awareness of team-building, cooperation and competition. Besides, internal and external trainings were provided to encourage staff to acquire multiple expertise in their positions. The Company works hard to create harmonious labor relationship in 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 equal, fair and open 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 2020, all of our staff received an income that was higher than such minimum levels required by the respective local governments. Moreover, no labor dispute occurred in 2020.

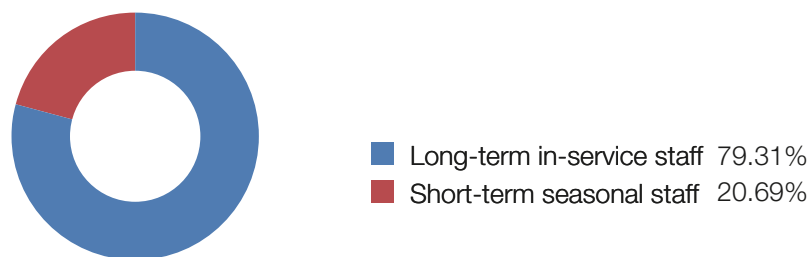
Staff and Safety Responsibility

Vigorous efforts were made by the Company for staff to maintain a balance between work and life and ensure that the number of their working hours do not exceed the statutory working hours. In addition to statutory holidays, we also provide paid leaves to staff, including annual leave, sick leave, maternity leave, marriage leave and bereavement leave, as well as subsidies for working over-time, night shift and in high temperature, which further protect the legitimate rights and interests and work-life balance of staff, improve work efficiency and raise the standard of employee benefits and satisfaction level of staff. The fruit juice manufacturing has distinct seasonal characteristics. 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, chances 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.

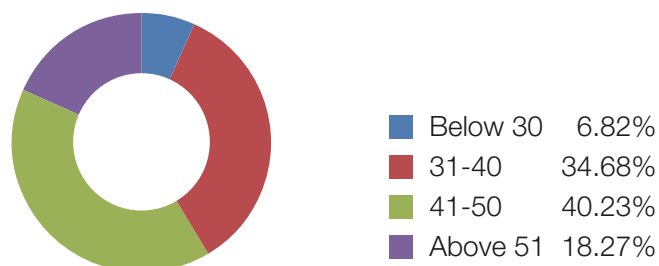
Employment of Staff

The Company strictly follows the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, and has formulated comprehensive rules and regulations on the employment of staff. It has also implemented the principle of voluntary and equal employment of both parties. As of 31 December 2020, the Group had 865 employees, as categorized below by type of employment contract, age and gender:

Staff by Type of Employment Contract

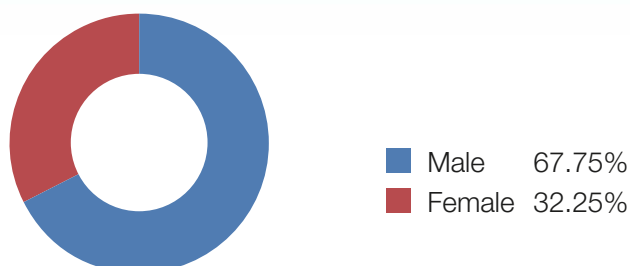


Staff by Age Group



Staff and Safety Responsibility

Staff by Gender



Staff by Geographical Area



The Company attracts staff to render long-term service by improving working environment, providing development platform, emphasizing staff health and security, and other aspects. In 2020, the total number of long-term in-service employees lost was 19, accounting for 2.2% of the total number of long-term in-service employees. Among them, there were 18 male employees, 1 female employee, 13 of them under 40 years old and 6 of them over 40 years old.

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 are admitted into registration and on-boarding procedures only after verification on ID cards (Hukou as well to the extent necessary). 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 2020, the Company did not have any position taken by staff under 18 or by forced labor.

Staff and Safety Responsibility

The Company has also set up Management Procedures on Prohibition of Discrimination (《禁止歧視管理程序》), Management Procedures on Protection of Female Staff (《女工保護管理程序》), and other rules and systems, in pursuit of 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.

Development and Training

The Company attaches great importance to staff training. In order to improve staff's job skills and professional competence, the comprehensive management 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 were offered to staff at different positions, which cover national laws and regulations, corporate rules and systems, production safety, operation skills, and quality and food safety management 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 = 3.5%	Senior management = 20 hours
Mid-level management = 21%	Mid-level management = 26 hours
Junior management = 17.2%	Junior management = 6 hours
Specialists and other management = 14.8%	Specialists and other management = 12 hours
Factory staff = 43.5%	Factory staff = 36 hours

Gender of trainee	Average training hours of each employee
Male = 64.5%	Male = 65 hours
Female = 35.5%	Female = 35 hours

To help its staff develop and grow, the Company adopts the pattern that highlights internal trainings with external trainings as a supplement. The A shares of the Company were successfully listed on the Shanghai Stock Exchange in 2020. The Company invited Beijing Dentons Law Offices, LLP. and Huaying Securities Co., Ltd. to hold special trainings in the Company and actively recommended its employees to participate in several onsite and remote trainings organized by China Securities Regulatory Commission Shandong Regulatory Bureau and the Shanghai Stock Exchange to help its employees better understand and adapt to the post-IPO information disclosure and securities transaction regulatory environment as well as the latest regulatory policies.

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 sites as conspicuous as possible and requires managerial staff at all levels to take part in field visits 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 working group leaders and managerial staff at higher levels to review the proper utilization of such equipment and facilities. The Company conducts comprehensive checks from time to time to identify any risk factors. It also organizes production safety quiz, helping staff raise safety awareness and enhance self-protection abilities.

In 2020, the Company invited firefighters to train its staff on safe living and fire fighting, which enhanced staff's ability to prevent accidents and deal with emergencies.

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 2020, the Company recorded no work-related fatality and recorded 875 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 five international certifications (see below pictures) and committing itself to provision of high-quality, safe and reliable concentrated juice products. It has strict food 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 Certification of Quality Management System

HACCP Certification of Food Safety Management System

BRC Certification of Global Standard for Food Safety

KOSHER Kosher Certification

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”.

Management of Raw Fruit Bases

Food safety control starts with raw material supply. Raw fruits intended for the Company’s production are distributed across 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 grasping 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.



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

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 2020, the Company had 409 auxiliary materials suppliers, mainly located in Shandong, Jiangsu, Shaanxi, Liaoning and other provinces.



Product Responsibilities

Quality Control

Clients' satisfaction with 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 a comprehensive quality management system and a 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 2020, 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.

Respect for and Protection of Intellectual Property

Improvement in competitiveness requires not only technological 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 has set up a comprehensive 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.

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 has drew up rules for managing market-related files and executed 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 safeguard clients' privacy.

Policy on Advertising and Labeling

The Company strictly complies with the Advertising Law of the People's Republic of China. In the event that advertising need arises, the marketing department and the comprehensive management 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 Group strictly prohibits any bribery, blackmail, fraud, money laundering and other corruptive practices. 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 procurement 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 event that serious criminal offenses or non-compliance are found or when the Company becomes a victim 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 2020, the Group did not encounter any litigations or corresponding sanctions as a result of committing corruption, blackmail, fraud or money laundering.

Social Responsibilities

Without support and trust from the society, the Company would not have succeeded in the past two decades. Therefore, it feels obligated to repay the society and bring 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 boost their confidence in fruit growing, offers more job opportunities to local people, and fuels development of local storage, transportation, and packaging industries.

In 2020, the Company contributed to the fight against the COVID-19 pandemic, continued to implement targeted poverty alleviation work and expressed sympathy and solicitude for frontline firefighters, practising its mission of social responsibility as a corporate citizen with practical actions.

Public Donation:



In 2020, in the face of the spread of the COVID-19 pandemic and the severe situation of prevention and control, the Company responded positively and acted swiftly by making donations. Six wholly-owned subsidiaries of the Company located in Shandong, Shaanxi, Jiangsu, Liaoning, Shanxi and Sichuan donated a total amount of RMB1.1 million to the local Red Cross Society, of which the personal donation amounted to RMB24,500, contributing to the fight against the COVID-19 pandemic and making active efforts to win the battle against the COVID-19 pandemic prevention and control with practical actions.

Targeted Poverty Alleviation

Baishui County, Shaanxi Province, where Baishui Andre Juice Co., Ltd. (“Baishui Company”), the Company's wholly-owned subsidiary, is located, belongs to a national poverty-stricken county. Baishui Company has implemented a six-year targeted poverty alleviation programme for 46 poor households with a total of 161 people, and has paid out RMB270,000 in poverty alleviation funds from 2018 to 2020, in addition to guiding poor households to manage their orchards in a refined manner to enhance their ability to become rich. By guiding farmers and carrying out targeted poverty alleviation, it has strongly boosted the motivation of poor households to get rid of poverty and become rich through planting.

Expressed Sympathy and Solicitude for Frontline Firefighters



On the occasion of the “August 1” Army’s Day 2020, the staff of Baishui Company came to Baishui County Fire Brigade No. 1 to express sympathy and solicitude for frontline firefighters who are fighting on the front line, and sent them daily necessities. The firefighters expressed their warm welcome and gratitude to the staff of Baishui Company for their visit.

Future Prospects

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 to “uphold integrity and quality during daily operations” (“誠信為本、品質求存”) and its marketing philosophy to “cultivate global footprints with customer-oriented services” (“客戶至上、服務全球”), and realize its mission to “manufacture green products and promote healthy lifestyles” (“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 better safeguard the interests of and provide 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 sustainable corporate development.

Yantai North Andre Juice Co., Ltd.*
30 March 2021

* For identification purpose only