



Eastroc Beverage (Group) Co.,Ltd.

Stock Code 605499



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Sustainability Report 2021  
Prepared by the Board Office of Eastroc Beverage

Sustainability Report 2021

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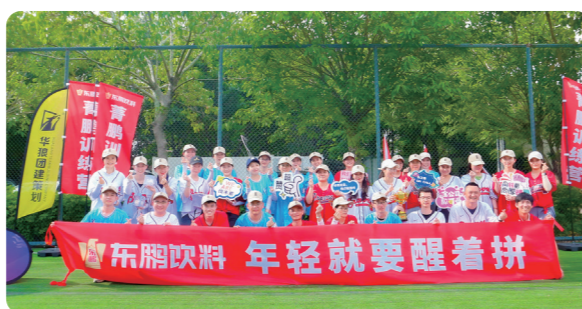
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# About the Report



**Overview**


The present report is the first Sustainability Report released by Eastroc Beverage (Group)-Co., Ltd. (hereinafter referred to as “Eastroc Beverage”, “The Company”, or “We”). It gives an objective introduction of the Company’s management, commitment, and implementation in sustainable development, highlighting the practices and achievements in five key areas: operation integrity, quality innovation, employee empowerment, response to the double-carbon strategy as well as dedication to public welfare.



**Scope of Report**


**Time frame:** From January 1, 2021 to December 31, 2021, with proper forward and backward extensions of time for the completeness of content.

**Organization boundaries:** Unless otherwise specified, the report covers Eastroc Beverage (Group) Co., Ltd. and its subsidiaries (see the 2021 Annual Report for details).




**Reporting Period**

This report is a sustainability report released annually.




**Compilation Basis**

The report is prepared in accordance with Sustainable Development Reporting Guidelines issued by the Global Sustainable Standards Council (GSSB) and Guidelines on Corporate Social Responsibility Reporting in China by Chinese Academy of Social Sciences (CASS-CSR 4.0). Meanwhile, based on the industry backgrounds, the report highlights the enterprise characteristics.




**Information Source**

All information, data and cases cited in this report are from internal statistics reports or public documents, as well as the environmental, social and governance information counted, summarized, and reviewed by the Company.



**Data Description**

Amounts in the currencies mentioned in this report are denominated in CNY, unless otherwise stated.



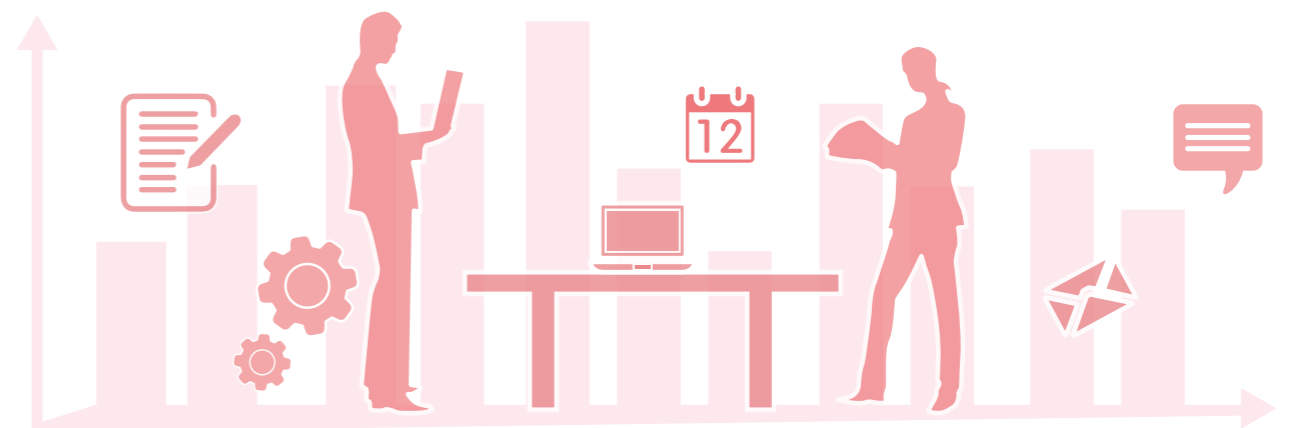
**Access to the Report**

The report is available in Chinese and English in both electronic and printed versions. In the event of discrepancies, the Chinese version shall prevail. The electronic version can be viewed and downloaded from the website of Shanghai Stock Exchange (<http://www.sse.com.cn>), and the Company’s website (<https://www.szeastroc.com>).

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**For any report-related comments or suggestions, please feel free to contact:**

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# Message from the Chairman

## Create a More Valuable and Acceptable National Brand

— Eastroc Beverage encourages more people to be passionate about Energy drinks of China

With the prosperity of the country and the ignition of cultural self-confidence, Chinese people are becoming more confident in national brands. The popularity of domestic brands and products stems from the unremitting efforts made by national enterprises in the pursuit of higher product quality and better brand image. We will see strong future for domestic Chinese brands, and we are happy to grow in this new era. As a benchmark of Energy drinks industry of China, we are looking forward to building Eastroc Beverage into a bigger and stronger enterprise, a national brand popular with people.

### Making Concerted Efforts to Enhance the Competitiveness of Chinese Domestic Brands

The year of 2021 has witnessed a breakthrough Eastroc Beverage has made. We have got listed on the A-share Main Board of Shanghai Stock Exchange, ushering in the rapid development of business and expanding the growing influence of brand image.

In 2021, we have accelerated the expansion of production bases and have implemented the nationwide development strategy.

The Chongqing base was put into production smoothly and the Changsha base started operation as scheduled. The new production lines in the Anhui base, the South China base and Nanning base will be put into operation soon. We have made huge progress in nationwide marketing and sales, with outstanding performance of a year-on-year growth at 79.07% in East China, which had the potential to be comparable with the Guangdong market. At the same time, we expanded the point-of-sale terminal network. As of December 31, 2021, the number reached 2.09 million.

In 2021, we saw revenue growth and net profit increase, developing rapidly in such promising market as Energy Drinks Industry. Thanks to internal and external feel-good factors, we have taken a vantage point in this fast-growing golden track, achieving a year-on-year growth of 40.72% in revenue and 46.90% in net profit. In terms of the sales volume of China's energy drinks, Eastroc Beverage accounted for 31.70%, the highest throughout the whole country. In 2021, Eastroc Beverage's market share in China amounted to 23.40%, ranking second throughout the whole country<sup>[1]</sup>.

In 2021, we promoted the coordinated development of industrial chains and pursued win-win cooperation. The launch of Eastroc Zero-Sugar Super Drink, Eastroc "DA KA" Ready-to-Drink Coffee, "She CAN" Energy Drink and other new products of Eastroc Energy+ Line was an immediate success in several selling pilots. These remarkable achievements carried not only consumers' trust and choice, but hard work and sincere cooperation of all employees, suppliers, distributors, dealers, and other stakeholders.

### Focusing on Value Co-Creation to Keep Up the Momentum for Sustainability

With steady business growth, we grasped the opportunities to develop together with stakeholders and we adhered to the corporate mission of "providing customers with healthy functional drinks", "building a career platform for employees", and "offering reasonable returns to shareholders". We stick to our responsibility as enterprise and citizen to enhance sustainable development management and achieve coordination between economy, environment, and society, so as to create long-term value for all parties concerned.

Improve corporate governance and implement code of ethics and business conduct. In 2021, we continually improved company management, streamlined business processes, and refined our operation and management system. Amid rapid development, we strengthened risk management and control, and upgraded internal supervision mechanism and integrity system construction. We continued to improve operation integrity to ensure stable and healthy development of the enterprise, thus creating sustainable economic benefits.

Adhere to the "Quality First" mindset and drive technological transformation. In 2021, imbedding the "Quality First" mindset into the foundation of our business, we improved quality management system and provided high-quality products and services to enhance the Company's competitiveness. In addition, through technological transformation and digital innovation, we promoted the coordination of upstream and downstream industrial chains. We are precisely aligned with consumer needs and we are committed to achieving responsible consumer communication, so as to boost branding and increase sales, or further drive digitalization in FMCG industry.

Optimize talent development system and provide career platforms for employees. In 2021, Eastroc Management School was established with 5 academics, carrying out 17 talent training programs. Training was provided to management personnel and ordinary employees at over 3,000 person-times and more than 48,000 person-times respectively. We care for our employees' personal growth, physical and mental health. Through a comprehensive talent training system and diversified employee welfare and activities, we instilled the core values

of "simplicity, integrity, cooperation and diligence" into every employee's principle. We hope that our employees can enjoy their personal life and realize their own values while developing with the Company.

Uphold low-carbon development philosophy and draw a new blueprint for green development. The color of Green is the lifeline for the Company's sustainable development. In 2021, we actively responded to the government's goals of achieving emission peak and carbon neutrality. For the pursuit of green and sustainable development, we set scientific emission reduction targets and developed feasible action plans. By way of condensate recovery, the Company reduced the annual consumption of natural gas by 330,000 cubic meters in a single production base. In terms of daily management, for the benefit of green and low-carbon development, we strictly abided by laws and regulations related to environmental management; and improved internal environmental protection system to strengthen the management and monitoring of water intake, water use and greenhouse gas emissions.

Devote to the cause of poverty alleviation and create a caring national brand. In 2021, under the guidance of corporate philosophy featuring "securing people's livelihood", "taking up social responsibility" and "sharing development dividends", we took an active part in medical aid, emergency relief, donations for education, and poverty relief to meet the urgent needs of people and society. In the face of epidemic around the country and flood disasters in Henan and Shanxi, the Company donated to the front lines more than 640,000 bottles of drinks and 1 million CNY worth of drug supplies. Meanwhile, we worked hand in hand with Han Hong Love Charity Foundation and donated 3 eyesight recovery centers and 20 ambulances to Shaanxi province in order to support medical and healthcare development in Western China. We will be committed to public welfare and innovate poverty alleviation methods to help secure a decisive victory in the fight against poverty and build a thriving community.

### Looking to the Future to Strengthen Cooperation for Sustainable Development

With the improvement of brand reputation and brand influence, Eastroc Beverage is widely recognized by the consumers and the organizations and is listed in the 2021 Hurun China 500 Most Valuable Private Companies and the 2021 Hurun China Food Industry Top 100.

Looking forward to 2022, we will further enhance the management of our sustainable development. We will secure higher standards of efforts in the aspect of corporate governance, quality and innovation, employee management, low-carbon development, and public welfare. We are ready and willing to work with partners such as suppliers, distributors, dealers, employees, and other stakeholders, and to launch beverages featuring health, diversity, and emotion appeal to lead the development in Energy Drinks Industry. We will elevate our sustainability work while comprehensively answering our stakeholders' needs in a responsible manner. We remain committed to cooperating with the parties concerned in a more trustworthy, open, and resilient manner and we will make positive contributions to drive sustainable development for the Company and the community.

All the dedications and efforts at present pave the way for the common sustainable development in the future. Committed to the corporate vision of "Invigorating strivers with energy boost" and the strategic objective of "Becoming the Best energy drink brand in China", Eastroc Beverage has embarked on a path of sustainable and trustworthy development through creating a more valuable and acceptable national brand with Eastroc Energy, so as to encourage more people to be passionate about Chinese domestic brands.

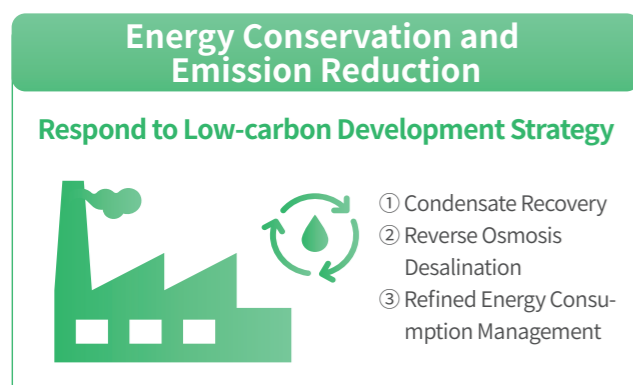
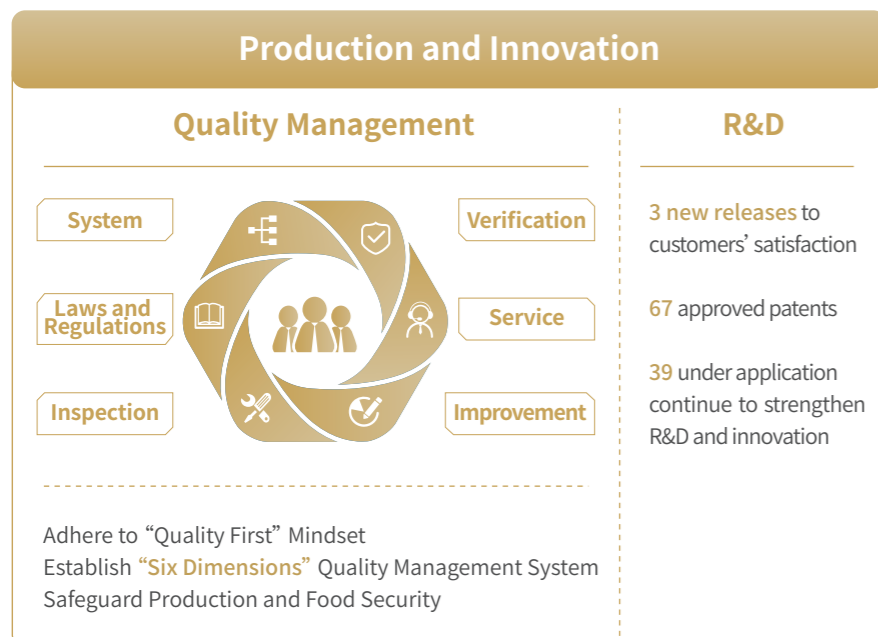
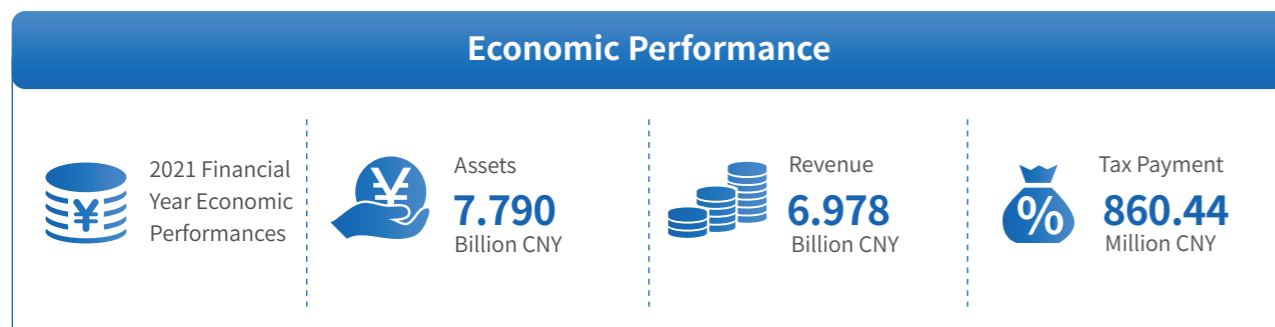


Chairman, Eastroc Beverage (Group) Co., Ltd.



# About Eastroc Beverage

## Eastroc Beverage in 2021



## Company Profile

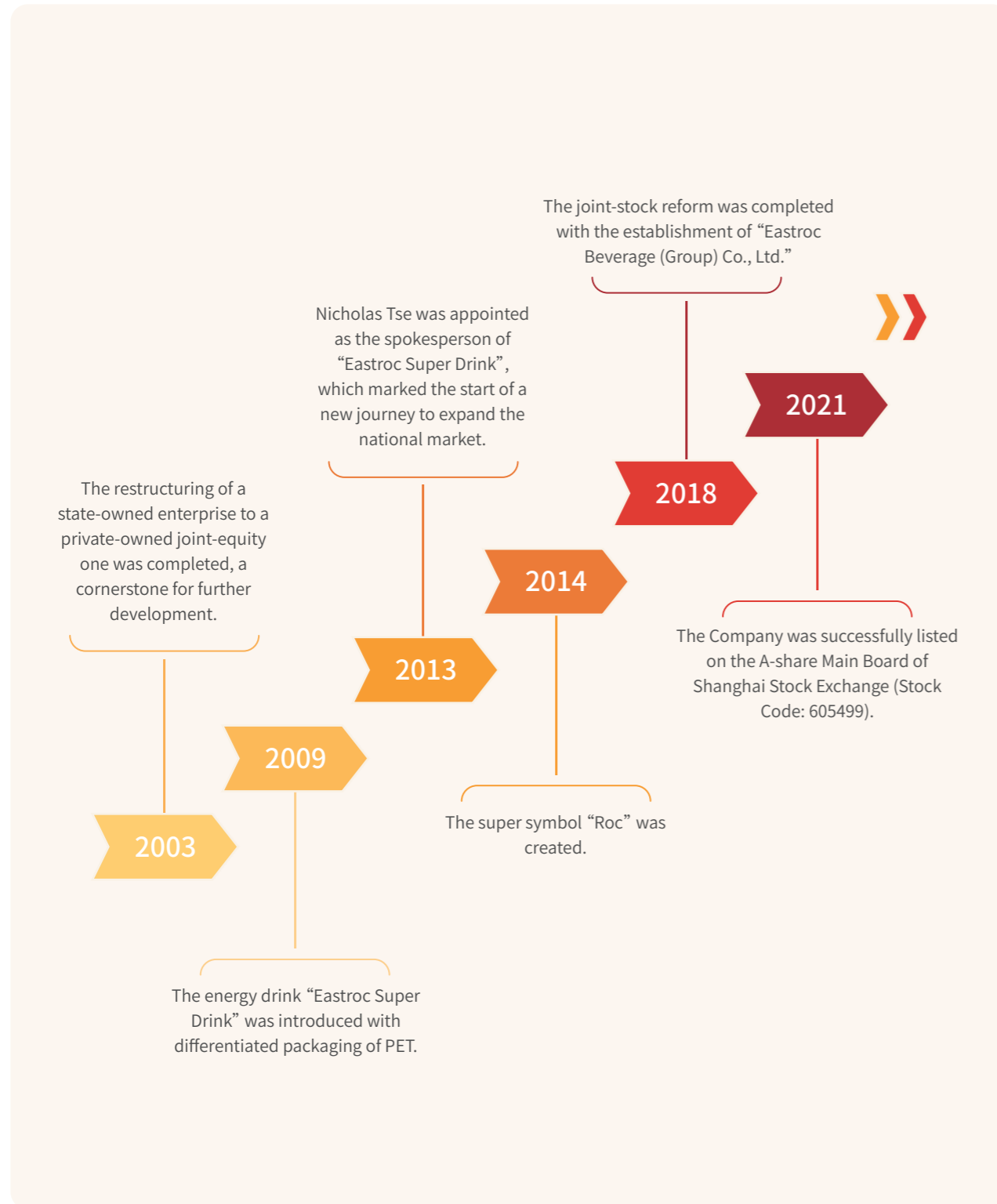
### Introduction

Eastroc Beverage is a time-honored brand committing to beverage R&D, production, and sales. We offer Eastroc Super Drink, Yougan Lemon Tea, Eastroc Carbonated Energy Drink, Eastroc Zero-Sugar Super Drink, Eastroc "DA KA" Ready-To-Drink Coffee, Eastroc Chenpi Special Drink, and bottled water. Being a trailblazer in the industry, we devote ourselves to the development of energy drinks. After years of efforts, our brand "Eastroc Super Drink", the advertising slogan "Drink Eastroc if you feel tired or drowsy", and the spirit of "Awake to Fight, Youngsters!" are well recognized by consumers. Currently, Eastroc Super Drink holds the second largest share in China's energy drink market<sup>[2]</sup>.

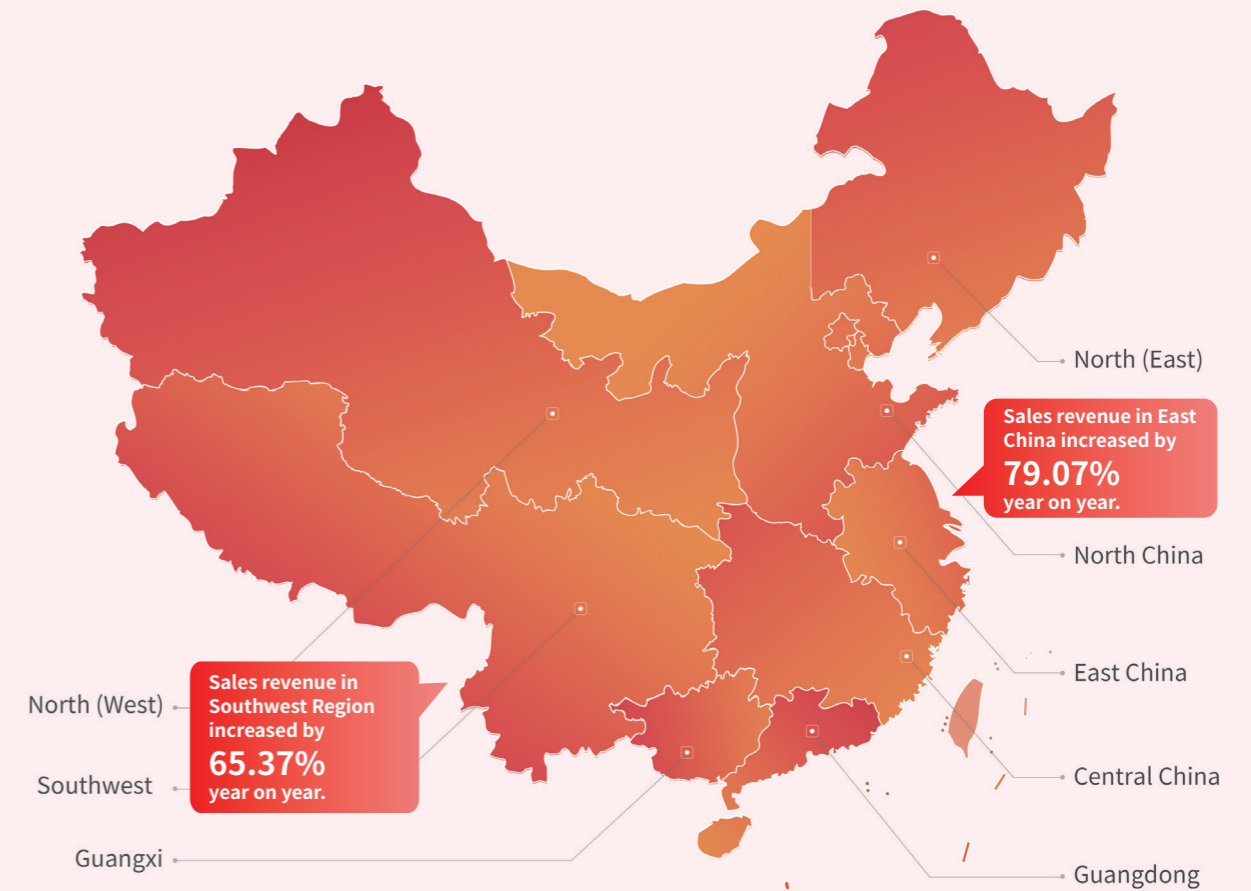
In May 2021, Eastroc Beverage was listed on the A-share Main Board of Shanghai Stock Exchange. Developing at top speed with over 8,000 employees and production bases in Guangdong, Anhui, Guangxi and Chongqing, we operate a marketing network across the nation, cooperate with more than 2,000 distributors and dealers, and sell products at more than 2 million point-of-sale terminals.



## Development History

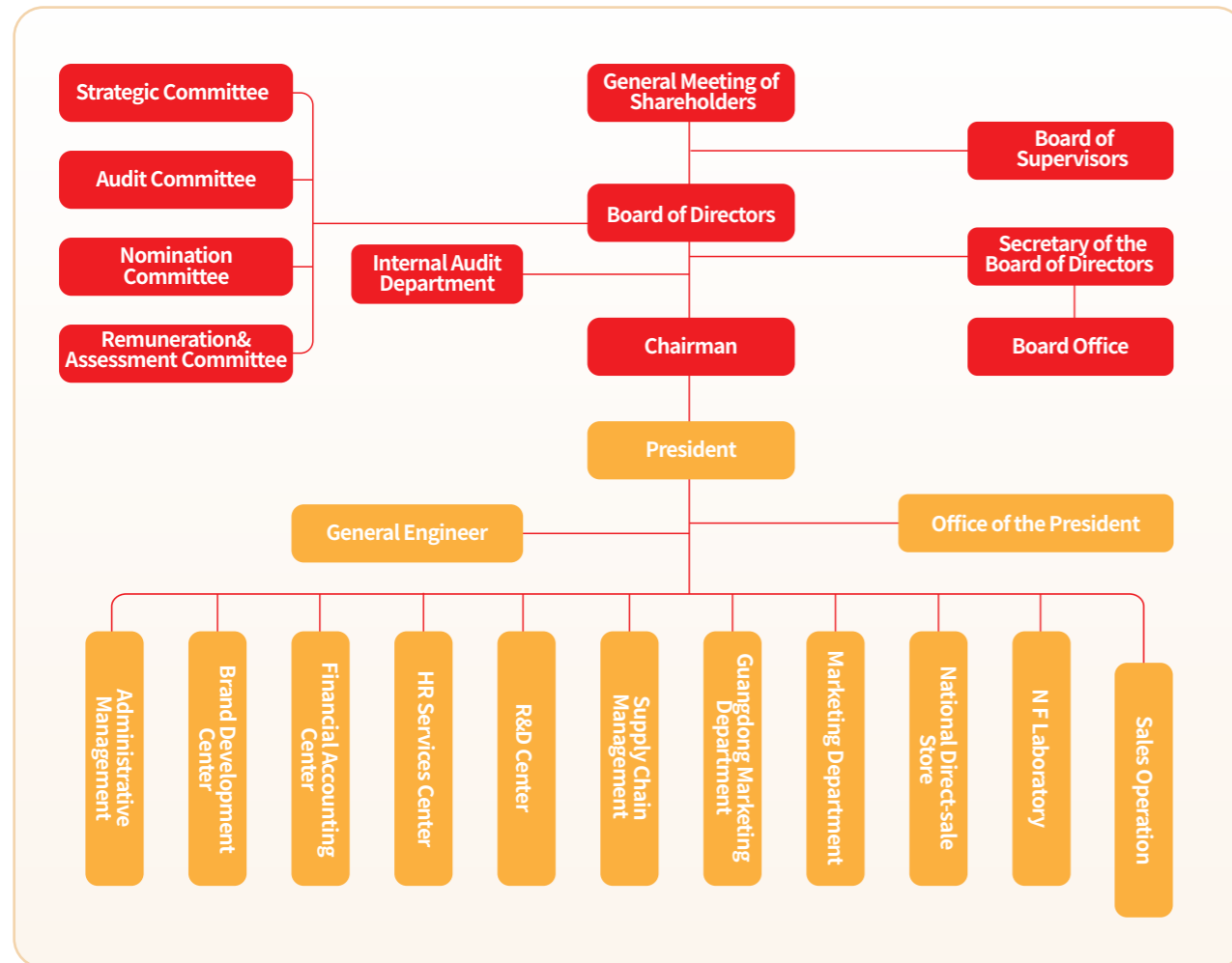


## Promotion of Nationwide Development Strategy

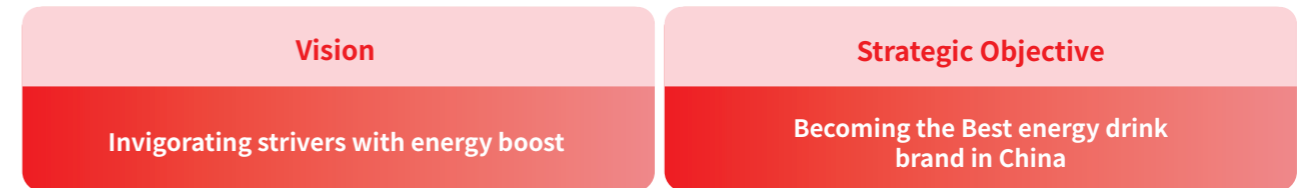


With the promotion of the Company's nationwide development strategy, the proportion of revenue outside Guangdong region is gradually rising. In 2021, East China and Southwest China saw a significant year-on-year growth in revenue. We continue to optimize our revenue structure and are continually accelerating the process of nationwide development.

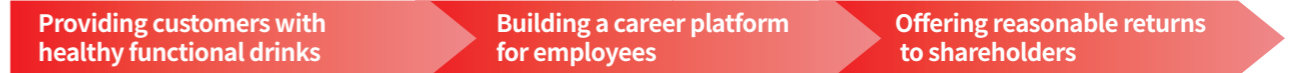
## Governance Structure



## Corporate Culture



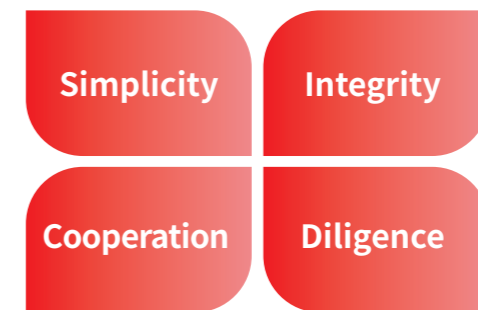
### Mission - Where We Start



### Core values

Simplicity originates from trust  
Efficiency derives from simplicity  
Be at ease with people and be devoted to work

Be cooperative when it is needed  
Be responsible when it is needed



To be the best Company to work for  
To be the most reliable partner to work with  
To empower the most honest employees from within

Endeavour to realize self value  
Strive hard to achieve Eastroc's goals



## Awards and Accolades in 2021

Ranked 207<sup>th</sup> in the Hurun China 500 Most Valuable Private Companies 2021 and 21<sup>st</sup> in the 2021 Hurun China Food Industry Top 100 by Hurun Research Institute

“The Fastest Growing Listed Company in Large Consumer Industries” awarded by *National Business Daily*

“2021 Shenzhen 500 Enterprise” awarded by Shenzhen Entrepreneurs Association

The titles of “Guangdong Water-Saving Enterprise” and “Anhui Water-Saving Enterprise” awarded by the Department of Housing and Urban-Rural Development of Guangdong Province and Anhui Province

“Excellent Energy Efficient Enterprise of Chinese Beverage Industry 2021” awarded by China Beverage Industry Association

Certificates such as “Stable & Qualified Products of National Quality Inspection”, “National Model Enterprise of Integrity and Quality for Product and Service”, and “National Quality Leader for Food and Beverage Industry” awarded by the China Association for Quality Inspection

The donation certificates received from Han Hong Love Charity Foundation, Xinxiang City Charity Association, and other public welfare organizations

The title of “Charitable and caring enterprise” awarded by the Honghaiwan Municipality of Economic Development Zone, Shanwei

Awarded with “2021 Listed Companies of Social Responsibility” at the 11<sup>th</sup> Philanthropy Festival held by Gongyi Daily



## 2021 Highlights

### A-share Listing

On 27 May 2021, Eastroc Beverage was listed on the Main Board of Shanghai Stock Exchange, marking a milestone, and unfolding a new era.



### New Product Releases

In 2021, new releases in Eastroc Energy family substantially enhanced the competitiveness.

In April: Eastroc Zero-Sugar Super Drink was launched.

In September: Eastroc “DA KA” Shake Latte was launched.

In December: Eastroc “She CAN” Energy Drink, a female energy drink, was available on e-commerce platform.





## New Production Bases Construction at Full Speed

On 29 July 2021, Central China Headquarters and Changsha Base were smoothly contracted for.  
 On 13 October 2021, land auction was successfully actualized. On 9 November 2021, construction kicked off.  
 On 24 November 2021, Quzhou Base was smoothly contracted for.  
 On 14 January 2022, land auction was successfully actualized. Currently, the land levelling project is done.



Changsha Base was smoothly contracted for



Changsha Base's construction kicked off



Quzhou Base was smoothly contracted for

## Nationwide Distribution Channel Development

**2,312** distributors and dealers

**2.09 million+** point-of-sale terminals



In 2021, the Company was continually expanding the distributing channels to connect the point-of-sale terminals whether online or offline. Through store image renewal, promotion activities and brand marketing, we stimulate consumers' appetite for buying. Freezers are deployed on the shelf near the customers' line of vision to boost consumption and increase sales.

## Maintain Close Contact with Potential Customers



We sponsored Bilibili's light-theater, Breaking China National Team, E-sports Team RNG, and Alxa Hero Club's Dreamland Electric Music Festival. We ran advertisements on TV series such as Dear Military Uniform and Psychologist to reach young people. Cooperating with Amap, Yun Man Bang, Didi and Hive Box, we conducted innovative online and offline promotion, and we appeared at the World Internet Conference to communicate with potential customers in different scenes.

## Talent Team Construction

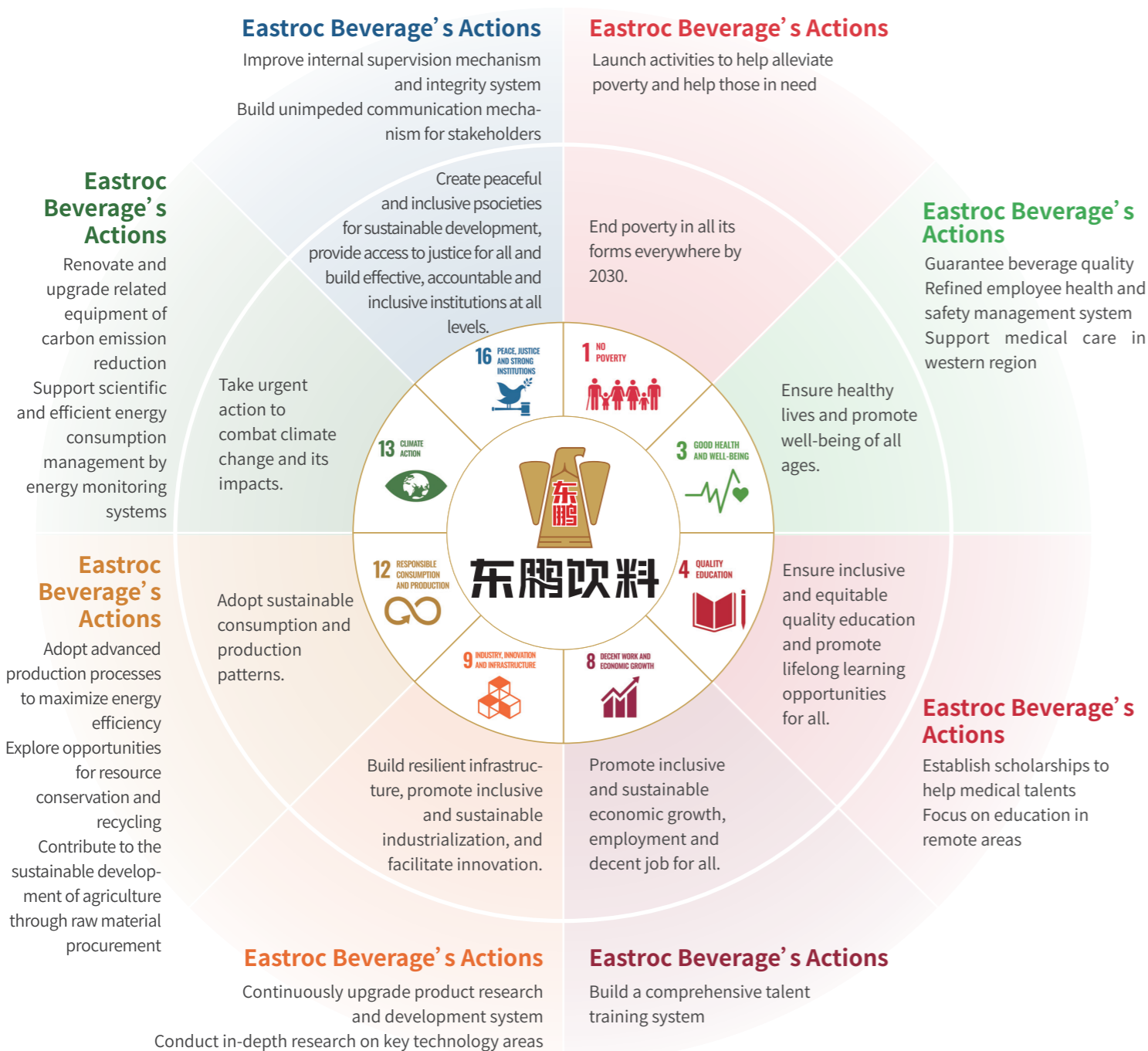


Eastroc Management School was established in 2021, with 5 academics. The school carried out 17 talent training programs and 26 structured classes throughout the year. Over 3,000 management personnel have received training. The management school promotes the talent team construction, improves the employees' competence and drives the company to thrive and prosper.

# Sustainable Development Management

## Eastroc Beverage Sustainability Philosophy

As a national brand of energy drinks, we always regard consumer demands and industrial policy trends as the internal driving force of the company's development. We promote development and common prosperity of the market and the industry through quality and innovation. While expanding our business, we are well aware of the importance of corporate social responsibility and consider it as the cornerstone of sound development in the long run. We examine our current social responsibility management, consider the expectations of stakeholders, and continue to pursue sustainability in accordance with the United Nations Sustainable Development Goals (SDGs).



## Communication with the Stakeholders

The Company's stakeholders play an important role in improving our operation and business. Adhering to the core values of "simplicity, integrity, cooperation and diligence", we actively attend to the expectations and demands of all stakeholders, and constantly improve our corporate culture, strategic planning, and operation decisions, so as to achieve the overall enhancement of sustainable development management and performance.

Stakeholders	Areas of Focus	Practices of Communication
<p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>Safe and healthy products</li> <li>Excellent customer service</li> <li>Intellectual property protection</li> </ul>	<ul style="list-style-type: none"> <li>Quality-oriented strategy</li> <li>Product traceability system</li> <li>Meet the diverse needs of consumers</li> <li>Communicate through multiple channels with consumers</li> </ul>
<p><b>Shareholders and Investors</b></p>	<ul style="list-style-type: none"> <li>Guarantee the investors' interests and return on investment</li> <li>Prevent operational risks</li> <li>Innovation and development</li> <li>Regulated governance</li> <li>Investor protection</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable economic growth, stable operation and healthy development</li> <li>Conduct on-site research meeting with investors</li> <li>Participate in investor communication teleconference</li> </ul>
<p><b>Governments and Regulators</b></p>	<ul style="list-style-type: none"> <li>Lead the development of industry</li> <li>Compliance with laws and regulations</li> <li>Tax payment in accordance with laws</li> </ul>	<ul style="list-style-type: none"> <li>Compliance integrity</li> <li>Pay taxes in full</li> <li>Strict auditing and zero tolerance for corruption</li> <li>Timely disclosure of information in registered website</li> </ul>
<p><b>Suppliers and Partners</b></p>	<ul style="list-style-type: none"> <li>Abide by business ethics and be honest and trustworthy</li> <li>Promote the healthy development of industrial chain</li> <li>Mutual benefit and common development</li> <li>Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>Supplier access system and management system</li> <li>Transparent procurement policy</li> <li>Green procurement</li> <li>"5-Code authentication" and WMS system</li> </ul>
<p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>Welfare and benefits</li> <li>Growth and development</li> <li>Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Sound compensation and benefits</li> <li>Equal pay for equal work and lawful employment</li> <li>Promotion channel and vocational training</li> <li>Talents training in Eastroc Management School</li> <li>Production safety management</li> </ul>
<p><b>Society</b></p>	<ul style="list-style-type: none"> <li>Actively benefit the society</li> <li>Poverty alleviation and social care</li> <li>Public welfare and charity</li> <li>Media communication</li> </ul>	<ul style="list-style-type: none"> <li>Poverty alleviation and social care</li> <li>Cooperate with Han Hong Love Charity</li> <li>Support medical care in western region</li> <li>Disaster relief</li> <li>Donate for education</li> <li>Promote civilized and healthy living</li> <li>Respond positively to public opinion</li> </ul>
<p><b>Environment</b></p>	<ul style="list-style-type: none"> <li>Reduce pollution</li> <li>Ecological environment protection</li> <li>Response to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Improve energy management system</li> <li>Develop green industrial chain</li> <li>Water recycling</li> <li>Introduce photovoltaic generation</li> </ul>

## Operating with Integrity and Creating Commercial Value

Adhering to the core values of “simplicity, integrity, cooperation and diligence”, the Company has always conscientiously upheld the principles of business integrity and lawful operation, and scrupulously abided by business ethics. We have optimized corporate governance, regulated the Board of Directors and consolidated internal control and compliance management. Through these efforts, we devote ourselves to exploring sustainable development in business, thereby creating long-term commercial value for shareholders, investors, and other stakeholders.



# Governance Structure

## Corporate Governance

During the reporting period, the Company strictly complied with relevant laws and regulations such as the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, and *Code of Corporate Governance for Listed Companies*. Based on the practical conditions, we established and improved company management systems to enhance corporate governance and facilitate regulated and orderly development of the Company.

### Governance Structure

In accordance with the responsibilities prescribed by the *Company Law of the People's Republic of China*, the Company's Articles of Association, the Company's Shareholders' General Meeting, the Board of Directors, and the Supervisory Committee exercise their rights and fulfill their obligations and establish a sound corporate governance system with scientific standards, effective checks and balances, and efficient operation, so as to ensure the Company's sustainable and robust development.

### Shareholders and Shareholders' General Meeting

By strictly complying with the *Company Law of the People's Republic of China*, the Company's Articles of Association, and the Rules of Procedure of Shareholders' General Meetings, etc., the Company regulates the procedures for convening, holding, and voting of Shareholders' General Meetings, thereby ensuring the shareholders enjoy and fully exercise the rights conferred by the laws and regulations.

In 2021, the Company held **1** annual general meeting and **4** extraordinary general meetings.

### Directors and Board of Directors

The Board of Directors is responsible to Shareholders' General Meeting. The convening and holding procedures of the Board of Directors meet the requirements of relevant regulations. The Board of Directors has four special committees: audit, nomination, remuneration and assessment, and strategic committees.

The Board of Directors and the Special Committees shall perform their duties in strict accordance with the Company's Articles of Association and the Rules of Procedure of the Special Committees. The minutes of all previous board meetings are genuine, accurate, complete and are in safe keeping. The resolutions of the meeting shall be fully, accurately, and timely disclosed.

In 2021, the Company held **12** board meetings, **5** audit committee meetings, **2** nomination committee meetings and **1** remuneration and assessment committee meeting.

### Supervisors and Supervisory Committee

In accordance with the Company's Articles of Association, the Supervisory Committee of the Company is composed of three supervisors, one of whom is the employee representative supervisor. The number and personnel of the Supervisory Committee are in compliance with the relevant laws and regulations. Supervisors are responsible to Shareholders' General Meetings, superintending the Company's financial affairs and the legality of the duty performance of directors and senior management, and safeguarding legitimate interests of the Company and shareholders. The procedures for convening, holding, and voting the meetings of the Supervisory Committee are aligned with the Articles of Association and the Rules of Procedure of the Supervisory Committee.

In 2021, the Company held **12** meetings of the supervisory committee.

### Management

As at the end of 2021, **7** senior management personnel had been in place and were composed of specialists in management, finance, accounting, branding, and marketing. The team has diverse background and rich experience in operational management that can help the Company seize market opportunities and operate efficiently.

## Standard Operation of the Three Meetings

### Shareholders' General Meeting

1 regular  
4 interim

### Supervisory Committee

2 regular  
10 interim

### Board of Directors

2 regular  
10 interim

### Special Committee of the Board of Directors

8 meetings  
in total

## The Company's Dividend Distribution

A resolution was made at the fourth extraordinary shareholders' meeting dated 13 August 2021. Cash dividends totaling CNY 600,015,000, at CNY 1.5 (including tax) per share were distributed based on the total share capital of 400,010,000 shares, prior to the implementation of the plan.

## Operation Management System

In 2021, the Company made a pivotal breakthrough and was listed on the A-share Main Board of Shanghai Stock Exchange. To accommodate the rapid growth of business, the Company has fully upgraded its management system in terms of strategy formulation, organizational performance, process construction and talent teams.



# Investor Relations

## Information Disclosure

By strictly complying with the relevant laws and regulations and the Company's Information Disclosure Management System, the Company discloses relevant information in a genuine, accurate, comprehensive, and timely manner through the designated channels of the China Securities Regulatory Commission (CSRC). The Company constantly bolsters the quality and transparency of information disclosure and ensures that all shareholders have a fair and timely understanding of the company, to help provide reference for their investment decisions.

In 2021, the Company unveiled **2** periodic reports and **65** interim announcements (including announcement number).

## Communication with Investors

The Company provides a variety of communication channels such as telephone, e-mail, interactive platform on investor relations, the "Investor Relations" column on the Company's official website, and performance briefings. Using such channels, the Company establishes and maintains well-functioning relationship with the investors, thus gaining more trust and support from them.

### Communication Channels



Hotline



Media interview



Performance briefing



the "Investor Relations" column on the Company's official website



Interactive platform on investor relations



Email

Around the listing of the Company, we engaged in smooth and efficient communication with domestic and foreign investors through varied channels. During the reporting period, we held a total of approximately **84** communication activities online and offline, covering over **500** investment institutions and over **1,000** investors, which deepened the investors' understanding of our operation, business, development strategy and investment value.

# Compliance Operation

The Company implements all business activities and processes by adopting a compliance management system that meets the needs of business development. The Company boosts supervision and evaluation by establishing an integrated and well-functioning internal control system. The Company actively ameliorates internal inspection mechanism, and conducts training activities such as integrity education, to continuously contribute to an integrity culture and clean enterprise.

## Compliance Governance

### Compliance System

We continue to delve into the establishment of compliance system covering key business processes such as human resources, social responsibility, corporate culture, capital activities, funds raising and using management, procurement, asset management, sales, R&D, engineering projects, financial reporting, information disclosure management and budget management, etc.

### Laws and Regulations

In compliance with the *Company Law of the People's Republic of China*, the *Basic Standard for Enterprise Internal Control*, the *Guidelines on Internal Control of Listed Companies in Shanghai Stock Exchange* and other corresponding guidelines, the Company has constantly refined the relevant regulations, and formulated the Internal Control and Risk Management System and its relative management processes.

### Regulators

Internal Audit Department oversees the Company's annual compliance audit and daily compliance investigation for each base, etc.

## Internal Control System

The Company has established an internal audit department, which exercises its functions and authorities independently under the leadership of the Audit Committee of the Board of Directors. As an agency for day-to-day operations, the internal audit department evaluates the effectiveness of internal control under the risk-oriented principle and provides reasonable guarantee for the realization of the Company's internal control objectives.

In 2021, the Company evaluated the effectiveness of internal control of its **16** subsidiaries. The total assets and revenue of these subsidiaries included in the evaluation accounted for **100%** of the corresponding items in the Company's consolidated financial statements.

# Anti-Corruption and Anti-Fraud

## Integrity Culture Building

The Company attaches great importance to integrity operation. To this end, we establish and refine anti-corruption system, formulate, and conscientiously conduct the Management Measures for Employee Reward and Punishment, having no tolerance to violations such as embezzlement and commercial bribery. The Company's rules and regulations are clearly defined in the Employee Handbook. Employees in key positions are regularly organized to sign the Letter of Commitment, and an integrity declaration of procurement personnel is required, to strengthen employees' code of conduct and sense of honesty. In addition, the Company issued the Notice on Regulating Gift Management to remind employees to reject gifts and cash from partners.

We actively unfold integrity and compliance publicity throughout the Company and regularly organize anti-corruption training and questionnaires. We have in-depth discussions about integrity with employees in key posts such as functional centers, marketing departments and production bases. In this regard, we have enhanced the integrity awareness of all personnel and further promoted the Company's integrity culture.



## Construction of Anti-Fraud System

In pursuit of a sound anti-fraud regime, the Company holds fast to fair competition and integrity, scrupulously abides by proper business ethics, and strives to offer more guidance of moral values. In obedience to the working principle of "Trust, Integrity, and Zero Tolerance to Fraud", we have continuously strengthened our internal monitoring system and formulated a reporting and investigation mechanism, to safeguard the fairness, justice, and transparency of the Company's business.

The Company has established a dedicated reporting channel to embolden internal and external stakeholders to report any suspected illegal, non-compliant or improper behavior. The Internal Audit Department is responsible for auditing all compliance affairs and investigates and handles the reported incidents with relevant functional departments. Public reporting channels include email and telephone. Internal employees and partners can also report violations against integrity, self-discipline, and fraud through our WeChat Official Account.

## Anti-Fraud Due Diligence

In accordance with the Company's risk management system, the Internal Audit Department manages the risks of marketing channels to optimize the anti-fraud compliance management. In 2021, we rolled out comprehensive due diligence on suppliers, distributors, and dealers, and we put forward in-time rectification suggestions on existing problems and risks. We carried out on-site visits to key distributors and we spared no effort to control business risks in the approval process of marketing expenses. The Company enters contracts containing integrity clauses with external suppliers and signs the Commitment Letter of Integrity in Business Cooperation to safeguard the legitimate rights and interests of both parties in transactions and oppose any commercial fraud. We continue to promulgate the anti-fraud concept at the annual supplier conference, thereby raising suppliers' compliance awareness, and building a cooperative relationship of integrity.

# Information Security

With respect to cybersecurity in 2021, the Company regarded the compliance management as the foundation, data protection as the core and layered defense as the solution. In line with laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and ISO27001 Information Security Management System, the Company embarked on the road of information security protection, including:

### ① Building Information Security System

The requirements of information security management and technology are specified, and relevant confidentiality agreements are formulated.

### ② Terminal Security Management

Through the management and control, operation and maintenance, and audit of the point-of-sale terminals, the Company established a sound host control and behavior audit system to realize multi-level management and audit of terminals' external devices, mobile storage devices, system behavior, network behavior, application process, etc.

### ③ Information Security Audit

All operations are recorded, reviewed and re-inspected. We provide highly efficient retrieval of audit records through big data partition search technology, thereby enhancing monitoring and auditing for network behavior of internal and external database.

### ④ Cybersecurity Management

Network architecture and security domain divisions have been reconstructed to narrow down the reach of cyber-attacks. We also apply defensive technologies, software, and preventive equipment for protecting against internal and external network hazards.



## Pursuing Quality Innovation and Promoting Industry Development

In 2021, we consider “quality first” as the cornerstone of the Company’s development and we stick to the mission of “providing consumers with healthy functional drinks”. We strictly abide by the laws and regulations including the *Food Safety Law of the People’s Republic of China*, *Implementing Regulation for the Food Safety Law of the People’s Republic of China* and *Administrative Measures for the Registration and Filing of Healthcare Food* as well as relevant product standards. We also actively responded to the Plan of the Healthy China 2030. On the premise of quality assurance, we made continued efforts to innovate and build a more diversified product matrix. At the same time, we accelerated the national production capacity layout, thereby providing consumers with healthy functional drinks.



# Craftsmanship

## Quality Assurance System

## Ensure that the products are 100% qualified



### Quality is the lifeline of Eastroc Beverage.

We adopt “Quality First” as the priority and core driving force for development. We strengthen quality awareness, improve quality assurance system, and enhance the core competitiveness of the Company with high-quality products and services. The Company strives for innovation and excellence and upgrades digital production and marketing capabilities with the help of information-based management. We stick to the mindset of “Quality First” to ensure a positive cycle of secure supply, production and sales coordination, and cost reduction and efficiency enhancement.

### Quality System

Each production base has formulated the food safety management system centering on risk analysis and prevention and obtained the ISO22000 and HACCP certification. The quality control rules are set out in line with product characteristics and relevant regulatory requirements across the entire process from the verification and acceptance of raw materials, process control to the delivery of finished products.

### Quality Verification

At each production base, there is a robust product quality verification mechanism to rigidly control the quality verification activities when the production lines, parameters, or environment change. Each batch of products shall accept verification, to ensure the consistency of our quality characteristics despite changes in internal and external environment, so as to provide sustained, stable, safe and clean products for consumers.

### Laws, Regulations, and Standards

The Company established a quality compliance evaluation mechanism. Through regular identification and analysis, product quality and service quality are ensured to meet the requirements of laws and regulations and protect the interests of the Company.

### Quality Service

The Company established the supplier management system to help suppliers improve product quality. We streamlined customer complaint process to collect opinions from customers regularly with the aim of relieving their pain points and meeting their expectations. The Company cooperated with the government to carry out various quality activities with good results, such as building a civilized city, implementing pilot raw materials, and raising suggestions on regulations and standards.

### Inspection Management

We are equipped with advanced detecting instruments, such as high-performance liquid chromatography, gas chromatography, microcomputer compression tester, aseptic bench, microbiological testing lab and digital refractometer, to conduct batch inspection, fixed-point detection, and regular self-inspection on physical, chemical, microbial, and functional compositions of raw materials, semi-finished products, and finished products. In addition, all instruments are calibrated and confirmed as per national metrological verification regulations.

### Quality Improvement

To ensure that our quality control requirements keep pace with the rapid development, we have promulgated quality improvement normative documents to carry out related work in strict accordance with various quality improvement processes and communicated the standardized normative documents based on output data of quality improvement to factories for implementation.

# Innovation

## Innovative Product R&D

### Continuous Optimization of Product Structure



In 2021, we successively released new products such as Eastroc Zero-Sugar Super Drink, Eastroc “DA KA” Shake Latte and Eastroc “She CAN” Energy Drink. We continuously optimize product packaging and improve beverage flavor to expand consumption scenarios and meet diversified consumption needs.

### Eastroc Energy+ New Healthy Options



#### Sugar-free energy drinks, refreshing and healthier

Different from traditional energy drinks, white sugar is replaced by natural ingredients, i.e., erythritol and sativaside, meeting healthy consumption needs of consumers.

#### Low-sugar latte free of trans fatty acids

A low-sugar latte made with 100% Arabica coffee beans and milk directly imported from New Zealand. It is free of trans fatty acids and it tastes smooth and fresh. Moreover, as the first of its kind at home to use half-wrap labels, it creates a unique packaging, “snow-shaped bottle”, that is environmentally friendly and artistic.



#### Eastroc Carbonated Energy Drink with vitamins

A carbonated energy drink targeting young people. The cranberry flavor goes with bubbles to tickle the taste buds impressively. In 2021, the drink won the Science and Technology Award of the Guangdong Food Industry Association and was named “Excellent New Products in the Guangdong Food Industry”.

#### Low-calorie drink containing fish collagen peptide

To meet the needs of “She economy”, we have developed the energy drink for females to boost energy and supplement nutrition. It has not only low calorie and good taste, but also active ingredients such as fish collagen peptide, which makes women look better when they stay up late. The drink increases what energy drink industry can offer.



### To be On Sale Soon

We continually innovate and upgrade our products to introduce the new version of 250ml Eastroc Super Drink (China Golden Can), 335ml Eastroc Super Drink (Slim Can), Eastroc Sports Super Drink and Eastroc Soda Super Drink to the Eastroc Energy family. We plan to launch new nutritional products such as fermented juice to meet the diverse demands of consumers.



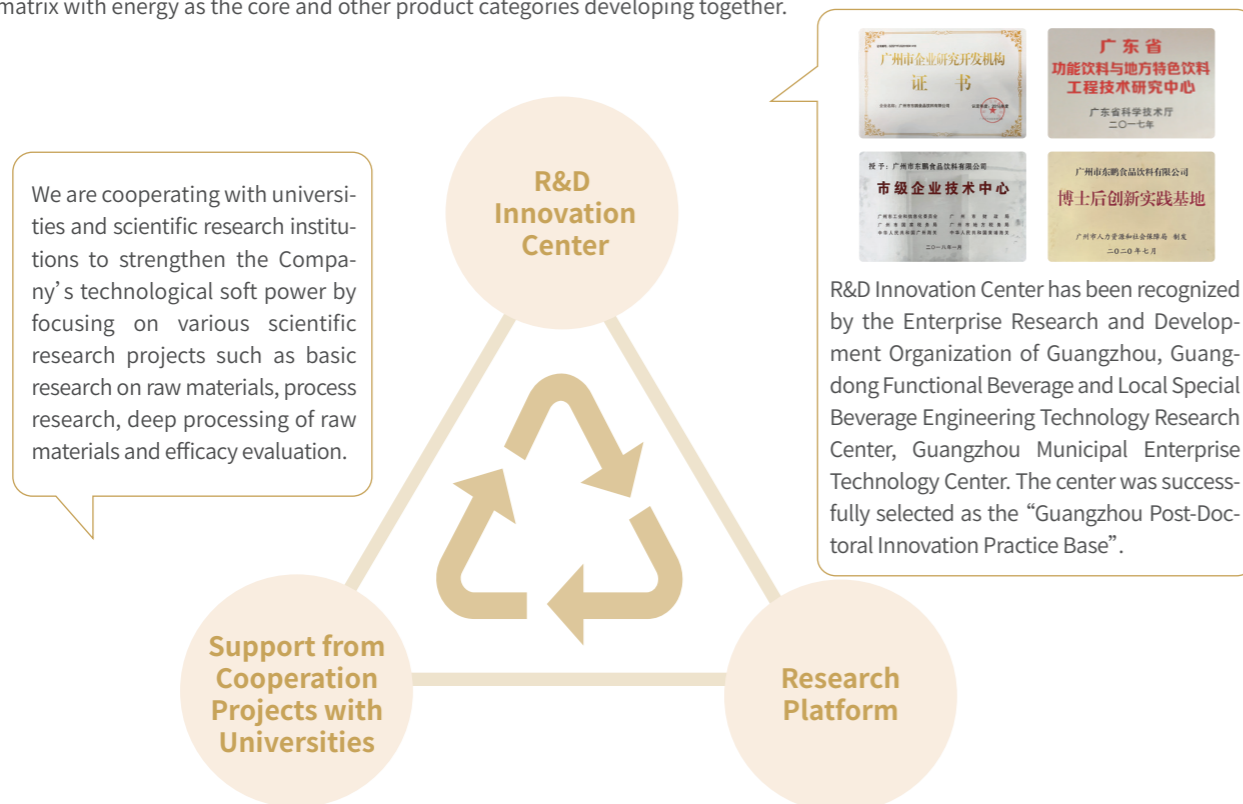
## Product R&D system

<b>Development</b>	We adopt a consumer-oriented approach to conduct market research and determine product concepts and development direction. Product development is managed by project, and the feasibility is adequately assessed when a project is initiated.
<b>R&amp;D</b>	During R&D, formulas and processes are verified after flavor assessment, stability test, pilot plant test, trial production by quality department, etc. to ensure the quality and stability of new products put into the market.
<b>Life Cycle Management</b>	Products are timely updated and improved based on sales and marketing feedback to satisfy various needs of consumers.

At the same time, we will continue to conduct basic research on key technical areas of the industry. We will explore the health functions and flavor compositions of special plants, fruits and vegetables, beverage processing processes, health function evaluation methods, quality control standards, etc., so as to strengthen technical capacities for product R&D.

## Innovation Capacity Building

The Company has set up a dedicated Research and Development Department - the R&D Innovation Centre. 90% of R&D personnel held bachelor's degree or higher. We not only focus on the development of Eastroc Energy+ product line, but also on the innovative development of traditional medicinal-food resources, featured fruit and vegetable resources in beverages, to create a product matrix with energy as the core and other product categories developing together.



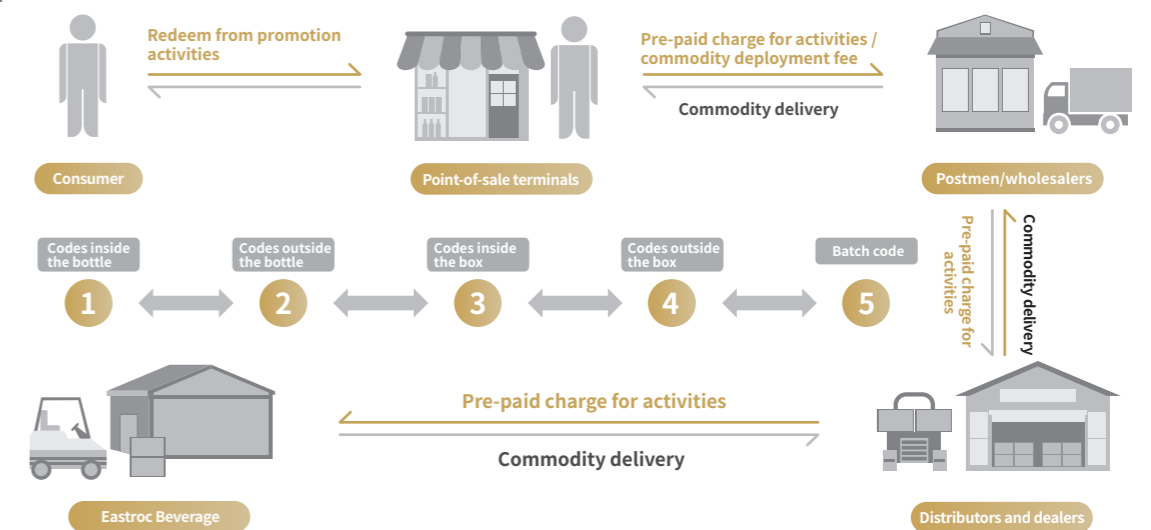
## Innovation and Upgrading of Digital Management

The Company innovates digital operation ability and actively practices "new retail". Based on the Internet, we use big data analysis and other technologies to manage product production, marketing, and distribution. Up to now, the Company saw more than 140 million consumers scanning QR codes.

- “5-Code (codes on internal and external box, codes inside and outside the bottle and batch code) authentication”: enables full life cycle management of our products and ensures the transparency of channel data and the digitalization of point-of-sale terminals.
- AI image recognition technology: is comprehensively applied to day-to-day marketing management. The system determines whether the store display is up to standards based on the photos uploaded by salesmen. With the aid of AI machine learning, we can perform competitor analysis and sales forecasting, and exercise intelligent marketing management.
- Intelligent client visiting routes: are provided to empower marketing personnel to lift productivity for end-customer scenarios derived from various channels online and offline and achieve channel integration and omni-channel target management, in combination with digital operating capabilities.

### “5-Code Authentication”

Commodity digitalization- distribution digitalization-standardized market order-clear cost delivery and implementation- closed loop sales



### AI Image Recognition Technology



## Intellectual Property Management

### Intellectual Property Protection

The Company strictly abides by the *Patent Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*. We have formulated a complete Intellectual Property Management Process and Measures for Intellectual Property Management and established an intellectual property incentive system to comprehensively strengthen the Company's innovative formulation, unique process, equipment innovation, packaging innovation, raw material innovation and other aspects of intellectual property protection. We regulate intellectual property management and promote the transformation and application of scientific and technological achievements.

### Management and Maintenance of Intellectual Property Rights

The Company manages all types of intellectual property rights such as patents, copyrights, and trademarks in a unified manner. Each department works in collaboration to carry out the application and maintenance of intellectual property rights in a standardized and orderly manner. We have passed the intellectual property management system certification and obtained the Intellectual Property Management System Certification.

### Intellectual Property Training

We organize training on relevant processes and systems and basic knowledge of intellectual property regularly, strengthening the learning of intellectual property declaration, and improving employees' awareness and enthusiasm of intellectual property protection.



As of the end of the reporting period, the Company had **67** patents, including **4** invention patents, **14** exterior design patents and **49** utility model patents. During 2021, the Company has obtained **8** utility model patents, and is applying for **29** invention patents and **10** utility model patents.

## Partnership

### Supplier Management

#### Selection and Review of Food Suppliers

The Company conducts a comprehensive evaluation of suppliers to ensure that the quality of raw and auxiliary materials and services provided by suppliers meet the requirements of the Company. The access requirements of qualified suppliers include: Business License, Production Permit, Third-party Inspection Report, GMP Certificate (for special pharmaceutical raw materials) and other business license and qualification, and the products meeting the national standards and the Company's quality requirements, and the process inspection and verification measures meeting the Company's product quality requirements, with on-going supply ability.



Documents governing the system include: Procedures for Supplier Review and Control, Supplier Quality Control Management Process, Supplier Quality Assessment Standards, Supplier Annual Audit Plan, Supplier Quality Audit Form, Supplier Profile Questionnaire, Supplier Assessment Form, etc.

## Collaboration with Distributors and Dealers

The Company has developed together with the distributors and dealers on the basis of safeguarding quality products and premium services.

- 1 Training and promotion: Organize regular meetings with distributors and dealers to promote the Company's guiding philosophy, performance planning, marketing strategy and team management.
- 2 Digital empowerment: Help improve the sales operation capability of the distributors and dealers.
- 3 Protection of legitimate rights and interests: Organize the signing of annual distribution agreements and integrity agreements to protect the legitimate rights and interests of distributors in the process of cooperation between both parties.



## Customer Service

### Smoother Consumer Communication

The Company strictly complies with the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, attaches great importance to customer demand and feedback, and continuously improves the construction of the consumer service system. The Company has opened 400 Consumer Service Line, and enabled efficient interaction with consumers and merchants through serving channels such as WeChat Public Account "Eastroc Super Drink", WeChat mini program "Eastroc Beverage+", Tencent Cloud Commercial, the Company's official Weibo, Douyin, Kuaishou, and the terminal-oriented mini program "Eastroc Beverage Merchant". In addition to our professional customer service team, we introduced artificial robots to quickly answer common questions and improve the efficiency of customer service feedback. At the same time, we retrieve and monitor the public open platform using we-media, listen carefully to consumers and communicate effectively with customers.

Consumer Service Line

**4006-338-299**



### More Efficient Consumer Demand Feedback

In order to improve the process and standardized management of customer complaints, the Company established the Eastroc Beverage's Standard of Customer Complaint Handling Process, which classifies customer complaints and the time requirements for handling problems, so as to ensure the quality of customer service. Relevant departments of the Company attach great importance to suggestions and opinions raised by consumers, formulate and implement optimization plans and follow up in a timely manner. At the same time, through consumer satisfaction surveys, we fully understand the deficiencies in our services and continue to improve and respond to consumers' expectations for high-quality products.

In order to improve the service, the Company continuously strengthens the construction of customer service team, enhances daily management and training, and sets up customer service management evaluation KPIs to motivate customer service staff to improve service awareness and service quality.



2021.01.01-2021.12.31

The Company answered  
400 hotline for  
**29,533** times

The settlement satisfaction rate  
of customer complaint was  
**98.7%**

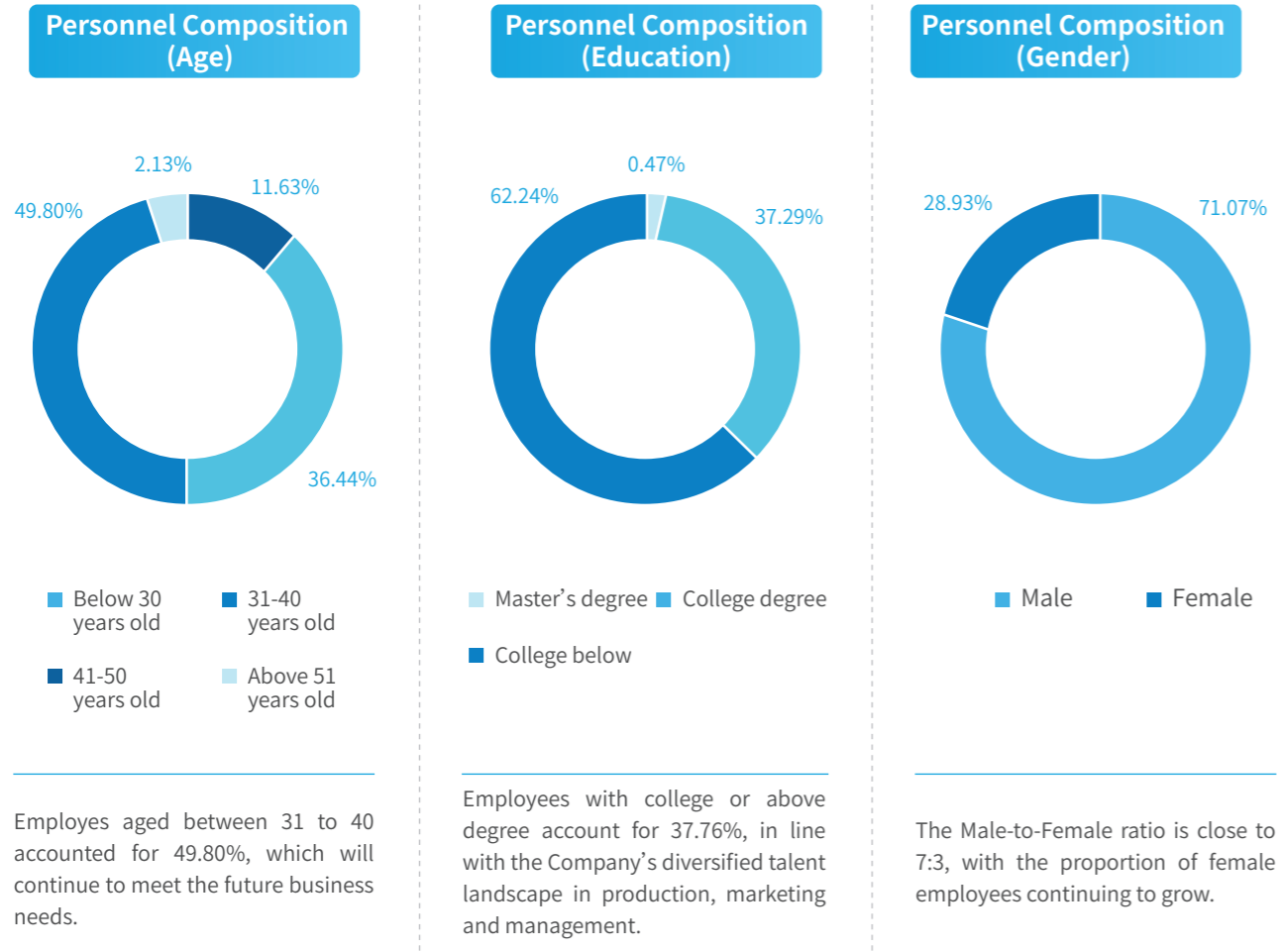
# Empowering Employees and Building Career Platforms

We are committed to the corporate mission of providing a career platform for our employees. The Company strictly abides by the *Labor Law of the People's Republic of China*, *Labour Contract Law of the People's Republic of China*, and *Social Security Law of the People's Republic of China*. We compiled and timely revised the Human Resources Management System and adopt a HRBP-based Operating Model, featuring organization & talent development, compensation & benefits, performance management, employee relations and recruitment. Through complete talent training system and diversified employee benefits and activities, we ensure the common development of employees and the Company.



# Employment

Taking up the responsibility of providing a career platform for the employees, Eastroc Beverage creates a positive, harmonious, and inclusive atmosphere and a self-transformation workplace through scientific management and reasonable planning. Under this circumstance, each employee is encouraged to achieve comprehensive development and realize personal values.



As of December 31, 2021, we had a total of **8,120** employees, and the proportion of labour contracts signed has reached **100%**. We adhere to Non-Discrimination and Equal Opportunities Policy. We do not adversely discriminate, and prohibit other adverse discrimination at the workplace, based on gender, age, nationality, religion, disability, or any of them. For both men and women, equal pay for work of equal value is actualized in the aspects of salary structure, promotions and raises, as well as benefits. The legitimate rights and interests of labourers are effectively protected. Moreover, forced labour and child labour are prohibited. The original and photocopy of National ID cards will be strictly examined during recruitment.

# Career Development

## Employee Training

### Eastroc Beverage Management School

Eastroc Management School was established on January 27, 2021, with 5 academics. The school carried out **17** talent training programs and **26** structured classes throughout the year, with more than 1,000 in-class students. Over **3,000** persons have received training and put forward more than **2,000** management suggestions, action plans and improvement programs. The management school provides a multi-dimensional perspective for optimizing management, fostering talents, and improving organizational capacity.

#### Establishment of branches from the perspective of business

Five senior executives from different centers were invited as branch deans to coordinate the establishment of branch offices and develop talent training plans from the perspective of business departments.

#### Class design, plan first

Participants are allocated to different classes according to their position level, development potential, recommendations from centers and succession. Different learning programs are designed according to the learning requirements of each class.

#### Empowerment training, continuous tracking

Carry out refined training, with traditional face-to-face teaching, online learning, flipped classroom, outreach training and other training methods reinforcing each other, and keep continuous tracking of after-class community operations.

#### Gain from learning and gear the study to practical use

Produce various applicable results such as management recommendations, action plans, improvement plans, key projects, etc.

### Annual Talent Development Program



### Leadership Training System



## Business Department Training

While focusing on talent training, we also pay attention to the ability improvement of employees in business departments.

This year, training provided for employees in business departments reached more than **48,000** person times. We provided compliance, operation skills and production standardization training for front-line personnel of supply chain production, and management ability training for supply chain managers, with a total participation of **17,111** person times. Training on business skills and sales management was carried out for marketing personnel, with a total participation of **26,795** person times. Training on professional competence and general ability at each functional module post was carried out for functional personnel, with a total participation of **5,000** person times.

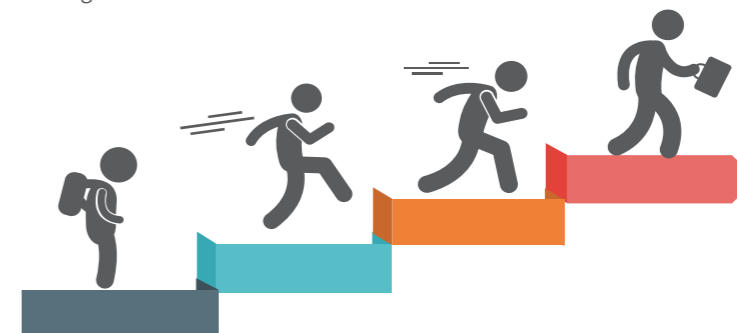
Through comprehensive and diversified professional training opportunities and scientific talent training system, we promote post innovation and value creation and instil the values of “simplicity, integrity, cooperation and diligence” into every Eastrocer’s working principle, thus providing incessant driving force for the Company to achieve leapfrog development.



## Talent Promotion and Annual Performance Evaluation

### Talent Promotion

The Company offers a scientific and efficient development path, opens a dual-line channel of professional and management and provides promotion opportunities twice a year. Adhering to the principle of “value-creator-based” and “equal stress laying on performance and virtue”, the Company establishes a fair, just, and open internal promotion mechanism so that employees are encouraged to make the best use of their talents and abilities.



### Great Eastrocer

Looking back to 2020, hard work and persistence are normal, but together they become bright. Moving to the goal of Ten Billion, the power of role model is needed. Thanks to thousands of Eastrocers’ hard work, Eastroc, the shiny star, is glittering. Today, let us witness the graceful bearing of the outstanding leaders.



### Outstanding Leaders

Eastrocers take up the responsibilities and fulfill the obligations on the spot. They gain the recognition and trust of the Company, the colleagues, and the customers with sweat, enthusiasm and determination, which inspires us. Let’s witness their graceful bearings.



### Annual Performance Evaluation

The Company adopts the employee’s job responsibilities and performance contribution as the rating criteria. The functions and efforts of the employees are equalized through different levels of incentive compensation programs, thus promoting the fairness of distribution. At the same time, we are committed to exploring the internal excellent benchmark, and creating a positive atmosphere of internal competitive organization through the selection of “Excellent Staff”, “Outstanding Leader” and “Outstanding Contribution Team”. We will motivate employees at all levels to be willing to devote themselves and make breakthroughs.

## Eastroc “Order Class”

Eastroc Beverage is dedicated to fostering application-oriented talents and has conducted college-enterprise cooperation with Guangdong Technology College since 2013 and established “Eastroc Order Class”. By deepening integration of industry and education, the enterprise and college have jointly built an innovative talent training system for food inspection, on-line mechanics, production and operation, and other professional and technical fields. The Company provides students with internship wages, living and accommodation allowances, class development funds and scholarships. By adopting the model of integrating school curricula with job practice, the “last mile” from talent training to internship practice and then to employment transformation is connected.

So far, “Eastroc Order Class” has trained 188 students, and has reserved valuable talents for the Company. Meanwhile, it has also built career bridges for students to realize their professional values.



# Employee Health and Safety

The Company strictly complies with the *Work Safety Law of the People’s Republic of China* and *Law of People’s Republic of China on the Prevention & Control of Occupational Diseases*, committing to establish a complete employee health and safety management system. This allows to increase employees’ safety awareness, ensure the operation of production and business, and safeguard the health and safety of our employees in an all-round way.

## Production Safety

We ensure compliance with safety production and management in all processes as required by law. The Company requires the employees to attend safety training before work and continues to prepare relevant training and drills to enhance employees’ safety awareness and ensure production safety.

- ① **Operation system:** each workshop has strict equipment operating system, with training and certification before work.
- ② **Training & Drills:** 126 in-house training and 26 drills on safety throughout the year, covering 8,000 people. The pass rate for written and practical tests reached 100%.



## Protective Measures of Noise Pollution and Occupational Diseases

We organize regular health check-ups for all employees and equip them with personal protective equipment and sound-proof device such as earplugs and absorptive sound walls. In each workshop, safety warning signs, strict entry and exit policies are ready to control potential risk in operation safety.

## Employee Insurance

Apart from social insurance, we purchase employers’ liability insurance, covering all those who have established labour relations with the company, to safeguard the rights and interests of the Company and the employees.

## Anti-Epidemic Measures

In 2021, according to the government’s epidemic prevention requirements, we formulated and implemented a series of management and supervision measures to protect the health of employees in production bases and offices.

- Health QR code & Travel card investigation:** All personnel entering the office area present their green health code.
- Temperature check:** All personnel entering the office area are subjected to a temperature scan.
- Regular disinfection:** All public areas are disinfected and sterilized regularly.
- Emergency response plan:** Complete epidemic emergency response plans are formulated and published.



Moreover, in accordance with the real-time epidemic situation in the production bases, we cooperated with the departments of marketing, procurement, and logistics to monitor and control the entry of vehicles and people. The Company strictly implemented the epidemic prevention protocols, with a view to ensure the safe and stable operation of the production bases.



# Employee Well-Being and Culture Building

The Company strictly abides by relevant national and regional laws and regulations. We provided comprehensive benefits package for employees, with rational and legal social security payments. At the same time, we continued to organize diversified activities such as sports day and team-building activities to improve the employees' sense of importance as well as their physical and mental health.

### Life Improvement

- Physical health check
- Marriage subsidy
- Hospitalization condolence payment

### Festive Benefits

- Birthday subsidy
- Festive gifts
- Red packet for commencement of business
- The year-end party entertainment
- Holiday feast

### Cultural Activities

- Photography competition
- Team-building activities
- New Year's resolutions
- Eastroc Beverage Teachers' Day
- Sports Day
- Fun Run

## Sports for All

We advocate the spirit of sports and encourage the employees to strengthen physical exercise after work. In 2021, the Company launched a three-month daily attendance activity called Sports for All, with the participation of more than 10,000 person times.



## Birthday Parties

We organize birthday parties for employees every month. Apart from increasing employees' happiness, these activities enhance communication between colleagues, improve cohesion and finally promote the harmonious development of the Company.



## Corporate Culture Building

Guided by the core values of "simplicity, integrity, cooperation and diligence", the Company upgraded five categories of corporate culture building in 2021. We carried out corporate culture training throughout the Company, with participation of more than 10,000 person times. The cloud school has been browsed over 50,000 times. A series of training activities deepen employees' understanding of and resonance for corporate culture.





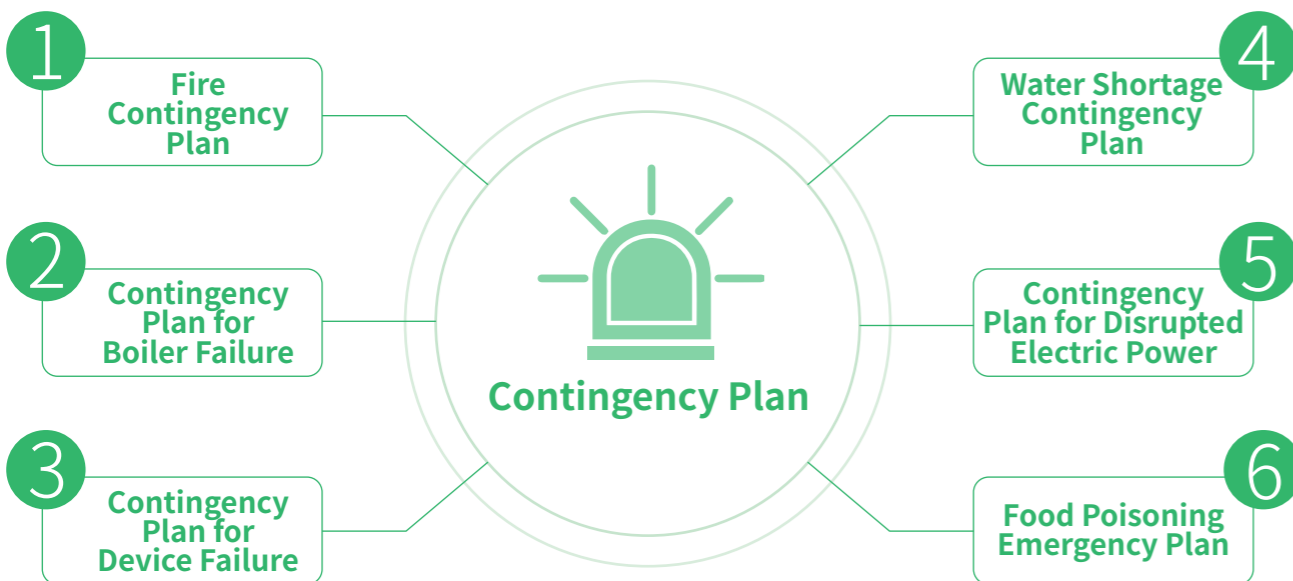
## Responding to the Double-Carbon Strategy and Embracing Green Ecology

We abide by relevant national laws and regulations on environmental protection and actively fulfill our responsibility for environmental protection. We integrate the concept of green development into every link of production, and actively explore innovative practices of energy conservation and emission reduction. Meanwhile, in the daily office process, we attach great importance to energy saving and consumption reduction management, striving to improve resource efficiency. We strengthen the environmental awareness of employees and promote the harmony between the enterprise and the environment.

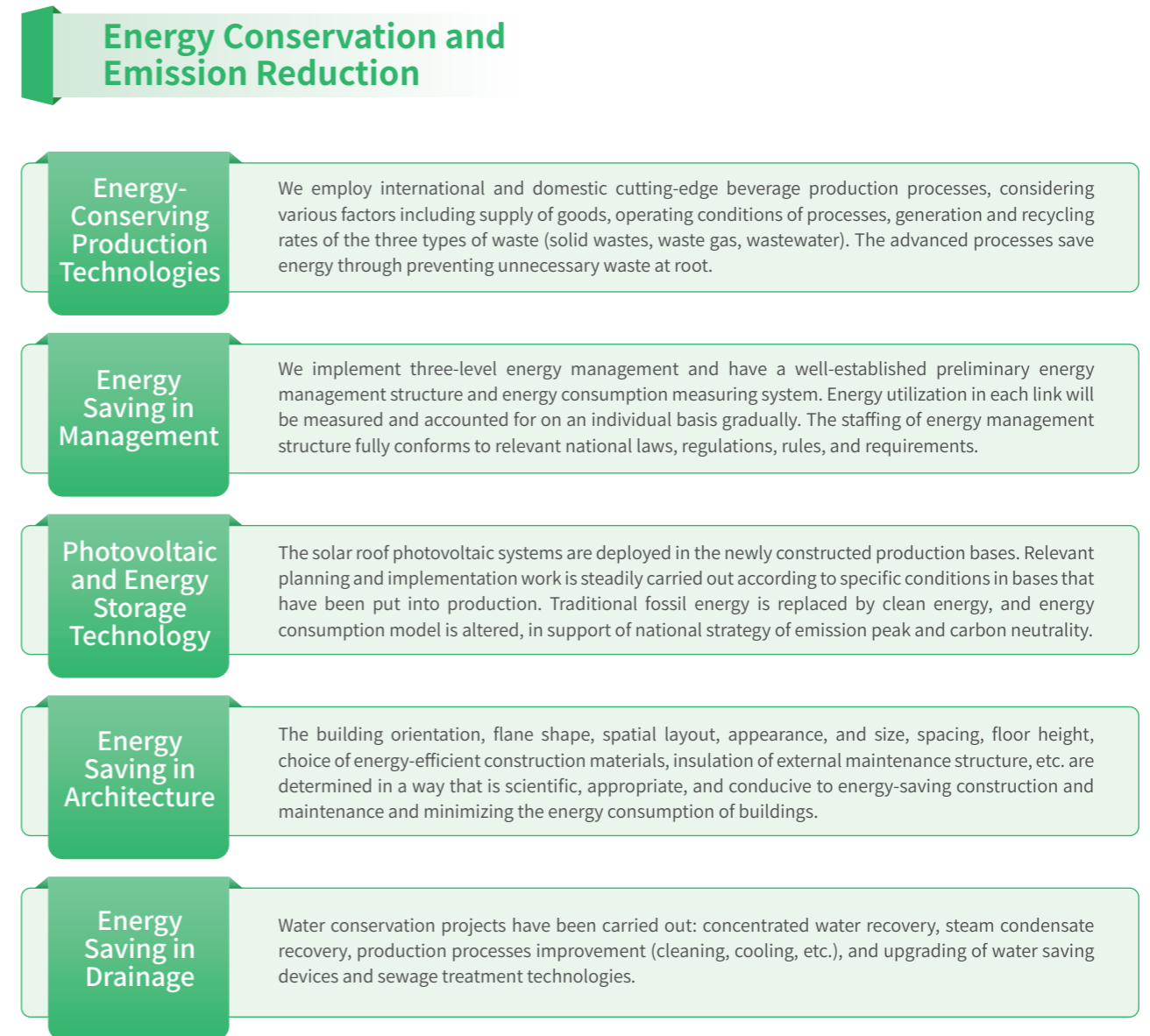


# Environmental Management

Since its establishment, Eastroc Beverage has attached great importance to environmental protection. Over the past years, with the aim of realizing the harmony between production operation and natural environment, the Company has continuously strengthened the management and monitoring of water use, waste treatment and greenhouse gas emission to reduce environmental pollution.



# Green Production



## Exploring Energy Saving Transformation Projects in Response to Climate Change

Since 2020, China has explicitly proposed the emission reduction plan for “emission peak” and “carbon neutrality”. In this regard, we are accelerating the formulation of emission reduction targets and action plans, acting upon the requirements of low-carbon and green development in this era.

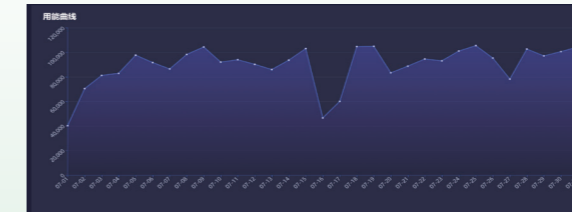
### Recovery of Steam Condensate

The condensate containing enormous heat **with temperature higher than 95°C** after use is collected and reused to warm up room temperature water for production, and then reheat the boilers to generate steam.

The consumption of natural gas in a single production base is reduced by **330 thousand cubic meters** over the past year, equivalent to approximately **439 tons** of standard coal.

## Energy Monitoring System

With the introduction of energy monitoring system, energy administrators can carry out timely analysis, treatment, and processing of energy data to keep abreast of how the system works and then to ensure such system operates in the best condition upon reasonable adjustment. In doing so, simplified energy operation management can be achieved, and energy use efficiency of the system can be improved.



As a major energy consumer, we continue to improve our energy management system and set up an energy management leadership group, sparing no efforts to improve energy efficiency by optimizing equipment, techniques, and management procedures, so as to achieve the overall goal of reducing carbon emissions.

We vigorously carry out energy saving and consumption reduction campaigns across the Company, and work towards the energy management targets step by step. During the campaigns, we have launched many energies saving and emission reduction projects, which has passed inspection, such as concentrated water recovery, CIP three-step process, and production line parameter optimization, through process optimization, technological upgrading of equipment and management improvement.

## Certified Water-Saving Enterprise

In 2021, our water reuse efforts went into the realization of concentrated water recovery in all production bases through technological upgrading of equipment. We recycled and filtered concentrated drainage water produced after RO membrane filtration, thus reducing wastewater discharge and environmental pollution to a great extent.



In 2019, two production bases - Anhui production base and Guangzhou production base - were certified as water-saving enterprises.



In 2021, Guangdong Eastroc Vitamin Beverage Co., Ltd. won the “Cup of Lucid Waters and Lush Mountains Excellent Energy Saving Enterprise” in China’s beverage industry.

## Cleaning Process Optimization

Cleaning-in-place (CIP) is designed to remove residual product and biofilms from processing lines and equipment using turbulent cleaning fluid, without the need to dismantle the equipment. At each production base, we significantly reduce the wastewater discharge by optimizing the cleaning agent and cleaning process, which ensures cleaning effect and maintains product safety.

Since the *Circular Economy Promotion Law of the People's Republic of China* was promulgated in 2008 (amended in 2018), the Company has strictly complied with laws and regulations to improve resource efficiency and reduce waste generation, so as to protect the environment and achieve sustainable development.

## Waste Sorting

In each production base, waste sorting has been strictly implemented. Waste sorting stations are set up for waste segregation, transportation, and handling. Adhering to the management philosophy of promoting circular economy, the Company collects the materials with recyclable value, such as cardboards and packaging films to maximize resource utilization and reduce waste generation.



## Green Packaging

The Company knows well the impact of packaging waste on the environment. We carry out weight reduction, optimization, and recycling of product packaging from production to sales and strive to reduce the waste generated in the whole life cycle of products, thereby promoting green packaging.

### »» Improve packaging material of dust cap cover

We manage the packaging materials from the source and have reached a consensus with dust cap suppliers to change its packaging form at the very beginning of the supply chain. To this end, we have changed disposable corrugated boxes with transparent tape for plastic crates, forming a model of closed loop recycling between our subsidiaries and the supplier's factories.



### »» Packaging optimization at E-commerce platform

We continue to explore how to make our packaging greener. After considering the characteristics of E-commerce platform where we provide direct-to-consumer services without displaying products physically, we stop using dust cap cover for reduced packaging while ensuring product quality and aesthetic, appearance, thus further promoting energy saving and consumption reduction throughout the whole lifecycle of products.

## Green Supply

In the material supply chain, we embrace the concept of green procurement. In specific, we procure raw materials such as white sugar and packaging materials locally, which can not only control the upstream procurement cost, but also reduce the resource consumption and emission during the transportation, so as to achieve a win-win situation for both economic and environmental benefits.

### Supplier's factory within our reach

All production bases outside Guangdong Province cooperate with upstream suppliers and set up factories within the scale of bases so that bottle blanks, caps, outer caps, etc. can be supplied locally without long distance shipment. The production bases in Guangdong Province also adopt the principle of proximity when purchasing, thus reducing the environmental impact of logistics and transportation.

## Green Office

We advocate green office by way of energy-saving and emission reduction measures and promotion campaigns to increase employees' awareness of environmental protection for the philosophy of low-carbon development.

### Paper Saving

We advocate reusing paper and double-sided printing to avoid waste. We go online with approval process and promote paperless office to improve efficiency and reduce unnecessary resource consumption.

### Energy Conservation

All employees should shut down the computer after work. Light shall be turn off in the office when no one is in it. The temperature for central air conditioning in the office building is set at about 26°C, which not only protects the health but also saves the energy.

### Water Saving

Water-saving slogans displayed in pantry rooms and restrooms call on employees to form a good habit of saving water. We also strengthen water-used equipment repair and maintenance to avoid water waste.

### Waste Management

Employees are encouraged to bring their own lunch boxes to work instead of disposable dishware. Garbage classification is performed in the office area to help employees to recycle garbage reasonably.

## Dedicating to Public Welfare and Advancing Social Prosperity

Eastroc Beverage, as a national responsible enterprise, remains true to its original aspiration and continues to practice the public welfare concept of “serving people’s livelihood, paying back to society and sharing prosperity” and actively undertakes corporate social responsibility. In 2021, together with our public welfare partners, we carried out various forms of public welfare activities, including medical support, anti-pandemic and disaster relief, assistance to education, poverty alleviation and other forms of charity activities, to help the groups in need and deliver love and warmth with our sincerity.



## Support Medical Care in Western Region by Cooperating with Han Hong Love Charity Foundation

### Welfare activities bring about light and hope

Since 2017, Eastroc Beverage and Beijing Han Hong Love Charity Foundation (hereinafter referred to as Hanhong Foundation) has joined hands to carry out the public welfare action of "100 People Medical Assistance". In 2020, Eastroc Beverage and Hanhong Foundation reached a four-year public welfare strategic cooperation, providing RMB 5 million annually to support the construction of grass-roots health care in the western region and thus benefiting more grass-roots medical staff and the ordinary people. As of December 2021, Eastroc Beverage and Hanhong Love Charity Foundation donated 10 rural emergency rooms, 6 eyesight recovery centers and 40 ambulances to Ningxia, Yunnan, and Shanxi.



### Resolve medical transporting problems and bridge the "Last Mile" of seeing a doctor

In 2021, Eastroc Beverage actively participated in the "Public Welfare Action for Shanxi" launched by the Hanhong Foundation, donated 3 sight restoration centers and 20 ambulances to Shanxi to provide timely treatment for the local poor cataract patients. At the same time, we provided training opportunities for local ophthalmologists to truly "embrace the technology", so as to better provide medical assistance services for local poor cataract patients. Ambulances are used in transportation of patients in grass-roots township health centers, so that critically ill patients can receive timely treatment, helping to connect the "last mile" for ordinary people to see a doctor nearby.



## Disaster Relief

### Fight against the "pandemic" together

Since the outbreak of the pandemic in 2020, Eastroc Beverage has paid close attention to the development of pandemic and status of pandemic prevention across the country. Eastroc Beverage has donated RMB 12 million in cash and supply support worth millions to Hubei to fight against the pandemic and tide over difficulties together with workers engaged in pandemic prevention and control.



In 2021, the pandemic broke out in multi locations in the country. Eastroc Beverage donated about 440,000 bottles of beverages to Guangdong, Jiangsu, Hunan, Gansu, Heilongjiang, Yunnan, Shanxi, and other places to provide energy support to medical staff, traffic police and volunteers at the frontline of pandemic prevention and control.



## Disaster Relief

### Tide over the difficulties

In 2021, flood disasters in Henan Province and Shanxi Province pulled at the heartstrings of all Chinese people. The severe flood-resistant emergency response caused the local supplies to run short. Eastroc Beverage sent emergent support and donated more than 200,000 bottles of beverages to relief workers at the frontline.



“Prevent infectious diseases following natural disasters”, Eastroc Beverage decided to donate medical supplies worth millions to Weihui of Henan province. The donated supplies such as Fukean Tablets, Huoxiang Zhengqi Liquid, Changyan Ning Oral Solutions, Isatis Roots, Cephalosporins, etc. were received by Weihui Health Commission and distributed to people in disaster-hit areas and workers engaged in flood control and disaster relief to prevent common post-disaster diseases such as heat stroke, skin diseases and digestive diseases, and to help alleviate the injuries of workers at the frontline of flood prevention and control and disaster victims in a timely manner.



## Subsidizing Education

### “Tomorrow’s Star of Medical Staff” scholarship and caring for medical talents

In 2020, Eastroc Beverage launched the “Tomorrow’s Star of Medical Staff” scholarship program together with Southern Medical University. Through the program, RMB 500,000 has been donated twice in a row to reward 100 excellent students who have been admitted in the successive undergraduate, postgraduate, and doctoral programs of the South Medical University. This program attracts more youngsters to devote themselves to the medical field and further, to the continuous development of China’s medical service.



As a partner of Shenzhen TV program My Physician’s Dress, the Company provides energy support to medical staff at every critical moment of “feeling tired or drowsy”, supporting young medical staff to stay awake for hard work and calling for more “love and energy” to medical staff.

### Support education in remote areas and social assistance in Ningxia Hui Autonomous Region

Eastroc Beverage, together with the Shenzhen Media Group’s FM traffic “Be with You” program, organized the “Ningxia Public Welfare Education Assistance Initiative” to bring school uniforms, sports clothing, vacuum cups, lecturing microphones, and other learning and living supplies to students of Tiexi Hui Primary School, Mulan Village, Minning Town, Yongning County, Yinchuan, Ningxia Hui Autonomous Region, thereby helping improve the education situation in remote areas.



## Poverty Alleviation and Social Care

### Donate to build Matsu Cultural Park

In December 2019 and January 2021, Eastroc Beverage donated over RMB 3.7 million to the Gongqian Village Committee of Zhelang Street, through the Shanwei Foundation for Poverty Alleviation, to build Matsu Cultural Park, providing a recreational and fitness facility for local villagers, especially the elderly and children. The park was completed before the Spring Festival of 2021 and was open to the public for free. It helps boost the construction and development of local cultural and leisure travel while enriching the cultural and leisure lives of residents.



### “Sending Warmth” to people in need during the Spring Festival

Eastroc Beverage has joined the Civil Affairs Bureau of Honghaiwan Economic Development Zone in Shanwei, Guangdong Province, to launch the “Sending Warmth” caring activities in Spring Festival. On the occasion of the Spring Festival in 2021, cash and living materials like rice and cooking oil were donated to urban and rural low-income recipients, special hardship dependents, orphans, de facto unaccompanied children, severely disabled people with certificates, and officially registered poverty-stricken people to help them spend the holiday warmly.



## Poverty Alleviation and Social Care

### Contribute to sustainable development of agriculture through phyllanthus emblica procurement

Phyllanthus emblica is the key raw material for Eastroc Yougan Lemon Tea. The Company purchased phyllanthus emblica from Haifeng County, Lupeng County, Shanwei City, Guangdong Province, and Huilai County, Jieyang City, and other regions every year to promote the sustainable development of local scale cultivation of phyllanthus emblica and juicing processing industry chain, in the hope of raising the income and employment level of local farmers, and vigorously promoting local economic development.



### Support rural revitalization in China International Summit

2021 is a year in which China has scored a complete victory in its fight against poverty. We fully understand the great significance of adhering to the consolidation and expansion of the hardline achievements in the fight against poverty in promoting common prosperity in urban and rural areas. In December 2021, Eastroc Beverage offered support to the First East-West Cooperation to assist the Rural Revitalization Summit and the Promotion Meeting of “Huoshui Rural Revitalization Project” in Bijie City, so as to jointly build a rural support platform to promote social resource integration and regional collaboration. In this way, we helped promote the rural revitalization of Bijie, Guizhou Province and made contributions to combating against poverty and common prosperity.





## Poverty Alleviation and Social Care

### Care for the logistics workers behind the “Double Eleven”

Since 2017, Eastroc Beverage has cooperated with JD and Baishi and other logistics companies for five years in a row, and worked together with the Company’s employees and volunteers, to bring energy care to the logistics personnel who have been working hard on Double Eleven Festival at the frontline. In 2021, the Company brought 10,000 bottles of energy beverages to the logistics personnel together with Hive Box and took practical action to care for the group of logistics personnel who take up the “Double Eleven” packages. Let more people see the perseverance in every ordinary position and every effort is worth being encouraged.



## Raising Public Awareness of Healthy Lifestyles

### Advocate using serving chopsticks in communities

Eastroc Beverage and Lions Association of Shenzhen jointly launched the “Millions of Serving Chopsticks Welfare Activity”, offering serving chopsticks to families in many communities in Shenzhen and communicating with citizens face to face to spread the concept of public welfare. Citizens can watch the science videos about serving chopsticks culture, and “Clean Your Plate” Campaign through 5G Smart Chopsticks. Using serving chopsticks can prevent personal tableware from contacting public food when dining together, so as to reduce the risk of contamination and prevent the illness. Eastroc Beverage therefore called on citizens to take concrete action to jointly lead a new culture of civilized life by using serving chopsticks, saving food, and cherishing resources.



## 2022 Outlook

### Make Concerted Efforts to Keep Up the Momentum

Thanks to the 14<sup>th</sup> Five-Year Plan and Vision 2035, China has witnessed rapid economic development and people’s income has seen a huge increase, unleashing their consumption potential. Moreover, cultural self-confidence has contributed to the rise of domestic brands and products, ushering in external benefits for the Company’s development. In line with these favorable trends, in 2022, we will continue to maintain a positive business environment, identify and respond rapidly to customers’ demands. We will stick to the corporate mission of “providing customers with healthy functional drinks”, “building a career platform for employees”, and “offering reasonable returns to shareholders”. We will create a national brand image of “winning glory for the country with Eastroc Energy” to give strong impetus to Chinese people for striving hard.



#### Promote Nationwide Development Strategy

We will continue to improve our operation and management system to speed up and optimize the nationwide distribution of production. Going forward, we will seize market opportunities and forge ahead with concerted efforts to achieve sustained growth in scale, strength and economic effectiveness, contributing to the development of the energy drinks industry.



#### Improve the Long-term Competitiveness of Products

We will continue to optimize product composition and structure to cultivate the energy drinks market and deliver Eastroc Beverage Energy+. We will arouse the awareness of primary consumers regarding health consciousness to expand consumer groups and diversify consumption scenarios in the hope that we are able to provide healthy functional beverages for more customers.



#### Leverage the Strength of Quality and Innovation

We will continue to adhere to the “Quality First” mindset. Through technological innovation, we will promote the coordination of upstream and downstream in industrial chains to build an ecological chain with Eastroc Beverage’s characteristics, featuring quality control, cost reduction, efficiency increase, sales and operation planning, risk management, and quick response. We will dig into the market to create bestsellers catering to consumers’ needs, thus further enhancing brand awareness and reputation.



#### Empower the Digital Transformation of Business

We will continue to strengthen infrastructure digitalization through the construction of CDP and the development of Microservice Architecture. We will upgrade the JIT-based ERP system to better connect the supplier, the company, and the distribution channel. We will improve our digital operation and marketing capability to create a cloud-based platform for beverage industry. We will continue to perfect internal digital management system to take a lead in digitalization of marketing.



#### Advance Green and Low-Carbon Production

We will continue to devote ourselves to achieving the goals of emission peak and carbon neutrality. We will build smart factories to increase the efficiency of production and operation, as well as reduce the waste of resources. The carbon footprint will be tracked in all life cycle stages of a product. Based on effective technological management, the company will set approachable carbon-reduction targets and take concrete actions to reduce the carbon emission from our own, the upstream and the downstream.



#### Create a Caring National Brand

We will continue to take measures in the field of poverty alleviation, health care, education, and other public welfare to pass on kindness and warmth. In the event of public emergency, we will take up our responsibility to make concerted efforts with all parties to tide over the difficulties. As an old saying goes, when drinking water, one must not forget its source. We will always bear in mind that people’s well-being is our ultimate goal, and we shall join hands to build a brighter future.

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