About the Report

Scope of Reporting
This is the sixth annual sustainable development report published by Tsingtao Brewery Co Ltd. The data and information contained herein cover the operations and sustainable development practices of 54 subsidiaries of Tsingtao Brewery Co Ltd and 11 jointly-run breweries from January 1 to December 31, 2013. To ensure continuity and for the convenience of comparison, some of the data and information provided are not limited to within the year of 2013.

Editorial Policy
This report is drafted in compliance with the Global Reporting Initiative (GRI) G3.1, Corporate Environmental Reporting Guidelines of Shandong Province and additional guidelines for the food and beverage industry. Also, the report is prepared in accordance with the SSE Social Responsibility and Disclosure of EP Information Guidelines established by the Shanghai Stock Exchange as well as relevant requirements on social responsibility reporting and publishing drafted by the State-owned Assets Supervision and Administration Commission.
Content Selection
The report focuses on the responsibilities of Tsingtao Brewery with regard to the sustainable development of its products, employees and business partners as well as its obligations to the community and the environment. The collection of the data and information in the report has been conducted in accordance with the company’s existing working processes and on the basis of importance, completeness and comparability with the G3.1 guidelines.

Explanation of Short Titles
Tsingtao Brewery Co Ltd. is hereafter referred to as “Tsingtao Brewery”, “The company” or “We” in the report. The copyrights to this report are owned by Tsingtao Brewery Co Ltd.

Publishing Methods
The report is available in print and online. For the online edition, go to www.tsingtao.com.cn. The report is released in Chinese and English. In the event of a discrepancy between the two versions, it should be assumed that the Chinese report is accurate.
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Sustainable Development Indices of Tsingtao Brewery

Sustainable development is a long-term goal for Tsingtao Brewery. Readers can gain a better understanding of our efforts, achievements and shortcomings in 2013 through the following indicators. Your support, encouragement and suggestions for our future work are highly appreciated.

**Economic Performance**

<table>
<thead>
<tr>
<th>indicators</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>Sales Volume / 10,000 kl</td>
<td>591</td>
<td>635</td>
<td>715</td>
<td>790</td>
<td>870</td>
</tr>
<tr>
<td>Net Profit Attributable to Shareholders of Listed Company / billion yuan</td>
<td>1.250</td>
<td>1.520</td>
<td>1.738</td>
<td>1.759</td>
<td>1.973</td>
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<tr>
<td>Total Tax Paid / billion yuan</td>
<td>4.161</td>
<td>4.342</td>
<td>5.157</td>
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<tr>
<td>EPS / yuan</td>
<td>0.9503</td>
<td>1.125</td>
<td>1.286</td>
<td>1.302</td>
<td>1.461</td>
</tr>
</tbody>
</table>

**Environmental protection Performance**

- **2013 Water Consumption per Unit Product Dropped by 7.3% from 2012**
- **2013 Coal Consumption per Unit Product Dropped by 7.2% from 2012**
- **2013 Electricity Consumption per Unit Product Dropped by 4.3% from 2012**
- **COD Discharge Amount per Unit Product in 2013 Fell 6.9% from 2012**
- **Cold Wort in 2013 increased 8.5% from 2012**
According to the authoritative beer industry compilation the Barth Report, Tsingtao is the sixth-largest brewery worldwide in terms of production.

According to the list of the Top 500 Most Valuable Chinese Brands 2013, Tsingtao Brewery, valued at nearly 80.585 billion yuan, again ranked first among Chinese beer brands.

The company implements the strategy of “two-wheel drive”. As of the end of 2013, Tsingtao Brewery owns 54 brewing subsidiaries and 11 jointly run breweries in 20 provinces, municipalities and regions of China. The company is China’s leading brewery both in terms of company scale and market share.

In 2013, the company completed the construction of two new breweries in Jiujiang and Luoyang; it relocated 4 breweries in Suqian, Wuwei, Harbin and Yangzhou; it expanded production capacity at 4 breweries in Jinan, Xi’an, Taiyuan and Nanning.

Tsingtao Brewery was the earliest Chinese brand entering international markets, and has topped the list of export volume among Chinese breweries. Tsingtao beer is sold in more than 85 countries and regions, including the United States, Canada, Britain, France, Germany, Italy, Australia, South Korea, Japan, Hong Kong and Macau.

In 2013, Tsingtao’s sale volume continues to rise in the mainstream market channels in Britain, including 40.1% growth at TESCO, and 44.7% at Waitrose. There was also sharp increase in emerging market. Sales jumped by a whopping 95% in Africa and 76% in East Europe. Its combined sales volume in Asia-Pacific markets grew by 27.4%. Sales surged by 65% in South Korea. And it witnessed 10% year-on-year growth in Hong Kong, where it has become the second largest brand. Its market share in Macau also exceeded 60%.

2013 was the 20th anniversary for Tsingtao Brewery to become a listed company, and its stock prices hit history high both on China A-Shares and H-Shares in 2013. It was hailed as the Chinese enterprise’s “paradigm of value investing”.

Social Responsibility

Total donation in 2013 reached 1229.32 million yuan

Employee Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td></td>
<td>37,743</td>
<td>40,429</td>
<td>42,235</td>
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Overall Workplace Injury Rate Decreased

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>16.7%</td>
<td>from 2012</td>
<td></td>
</tr>
</tbody>
</table>

Overall Workplace Injuries Decreased

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>21.2%</td>
<td>from 2012</td>
<td></td>
</tr>
</tbody>
</table>
‘Sustainable development’ belongs to a faith

“Mankind could not stand on without belief and nations will be weakened without faith.” Our pursuit of spiritual belief and faith shall be as everlasting as the sun and moon and as immutable as the rivers.

The original aspiration for a great cause should be the pursuit of sustainable development, so should the culture of commerce. However, with the periodic lost of the goal of economic development as well as the culture and faith, the pursuit of sustainable development has also been forgotten “periodically.” People are now obsessed with being rich and becoming stars, vying to be heroes of GDP. The economic development gains great momentum but the environmental protection is weak; people’s wealth swell but their spiritual world is destitute. With such a background, “sustainable development”, is playing a significant role as a development model.

The smog has awakened the public to think deeply about ‘sustainable development’. Yet the harmonious development of economy and environment is only part of sustainable development. Only through the alignment of politics, economy, society, culture, environment, education and public interest can we create a more wonderful world. Therefore, “sustainable development” is not only a development model, but also a faith we shall all keep. The faith is also our navigation mark. No doubt, as long as we stick to the belief, the world will find out the departure point of origin and its gene for perpetual existence, no matter what happens.”

110 years ago, Tsingtao Brewery started its journey with the pure heart of brewing good beer. 110 years later, it is still our most important mission. It is undeniable that the definition of “good beer” has been extended with numerous connotation and implication in the digital age, but we still stick to our quality value that “good beer brewed by virtuous people” and our environment value that “good intentions will bring good returns”. We are always brave enough to face our mistake and correct it we believe reform and innovation are the leading force of development, and we embrace the time of the Internet. Look back at 2013, Tsingtao Brewery has greatly expanded our online and offline markets, enhanced our brand’s global influence and competitiveness, built three professional teams of sales, manufacturing, and operation with high standards, continued to improve the system efficiency and operational capability. We also stick to high quality and are guided by the strategy of brand-driven and two-wheel drive. This year, Tsingtao Brewery achieved a hard-earned “transcript” with substantive good performance, despite the slow growth of the industry.

As an industrial leader, Tsingtao Brewery has also turned the concept of “lead changes” to a drive for continued growth while at the same time persisting in the sustainable and healthy development, so as to let the century-old Tsingtao Brewery keep up with times like a young man full of energy. This year, the 110-year-old Tsingtao Brewery launched various new products with both interior and extensive growth; it kept exploring innovative sales channel and business model by building bridge between the virtual and real economy; it led the fashion of consuming and actively adapt itself to the digital age economy.

No matter it is about persistence or innovation, we know clearly what Tsingtao Brewery’s goal is “to build to last”. We value current revenue, but we treasure more long-term development. Tsingtao Brewery must realize its continued contribution to the society with “quality development”.

2014 is the beginning year of China’s new round of reform. Jim O’Neill, the father of the BRICS, said China will still be the engine of global growth in the future and the engine is now changed into a sustainable version. Hence I believe Chinese brands, led by Tsingtao Brewery, will shoulder more responsibility for China’s economic transformation, and the time will be the best witness for “sustainable development”.

Chairman
Tsingtao Brewery Co Ltd
March 2014
Create a more wonderful future

Persisting in sustainable and diversified development with responsibility, innovation, reform and a doer’s determination, is the key factor for Qingdao to sustain its innovative capability and pioneering spirit. As the leading force of China’s beer industry, Tsingtao Brewery continues to provide happiness for consumers and create harmonious ecology of business by enhancing product competitiveness and brand influence. It has won widespread recognition and respect in recent years.

2013 marked the 110th anniversary of Tsingtao Brewery. In 2013, in the face of a complex and fast-changing macro-economy and ever-growing market competition, we persisted in implementing the brand-driven strategy, focused on the target with aggressive moves, and have achieved steady growth in sales volume, revenue and profit. Our stock prices on A-Shares and H-Shares hit history high and we were hailed by investors as the “paradigm of value investing”. Our capability in taking control of the overall situation and solving complex problems has improved and we are more competent in grasping strategic opportunities and preventing operational risks. In 2013, we faithfully fulfilled social responsibility, provided more benefits and “development bonus” to employees, consumers, partners and other parties of the society, created a multi-win situation with the society and environment.

The fast growth of economy and growing expectation towards a better life from the public, continued to expand the concept of “sustainable development”. For Tsingtao Brewery, it has at least three connotations. First, worship nature and love people. Our environment value is “good intentions bring good returns”. It sounds primitive, yet it is clear and effective to guide us in cherishing nature’s resources and the environment, and providing green, healthy and safe products for consumers; it also guides us to develop a people-oriented mindset during operations so that we fully understand, respect and satisfy reasonable requests from employees, consumers and social stakeholders. The second is “value creation”. The company could only take more social responsibility by constant pursuit of their own goals. We will accelerate our footstep of innovation and transformation, implement a more detailed operational management and market exploration, and take increasing social responsibility and historic missions while growing the brand value. The third connotation is “shared happiness”. By brewing popular beer, we virtually provide a platform for billions of consumers across the globe to share their happiness and growing experience with each other; By creating and sharing “green bonus”, we work together with value chain partners to develop in a sustained and low-carbon fashion so as to contribute a new force to the ecological civilization; We have been paying close attention to the long term benefits of the social public and helping an increasing amount of people in need via shared interest while focusing on our corporate goals.

My dear friends, China are experiencing a magnificent storm of reform and renaissance which also presents a great opportunity for Tsingtao Brewery to accelerate its development. With a determined mind to a man of action, I am willing to work with my team to strive for innovation and accumulate the inexhaustible power source for Tsingtao to build a great company that can weather the tests of time and create a more wonderful future together with everyone of the society.

President
Tsingtao Brewery Co Ltd
March 2014
The predecessor of Tsingtao Brewery Co Ltd is Nordic Brewery Co Ltd, which was founded by German and British settlers in the city of Qingdao in August 1903. With such a long history of beer brewing, Tsingtao Brewery was selected as the Official Sponsor of Beijing 2008 Olympic Games, and it now ranks among the Fortune 500 companies. With a brand valued at more than RMB 80.585 billion, it leads China's beer industry, according to the World Brand Lab.

On July 15, 1993, Tsingtao Brewery (0168) was listed on the Hong Kong Stock Exchange, becoming the first Chinese mainland company to be listed overseas. Then on August 27, Tsingtao Brewery (600600) was listed on the Shanghai Stock Exchange, making it the first company to be listed in Hong Kong and Shanghai in the same year.

With a brand driven development strategy, it is China's strongest beer company in terms of brand value and profitability. According to the Barth Report, an authoritative beer industry compilation, Tsingtao is the sixth-largest brewery worldwide in terms of production.

Our Vision:
To be an international company with brands that have global influence

Our Mission:
Brewing popular beer with passion and inspiring lust for life

Company Tenets:
People oriented;
Teamwork;
Benefit society

About Us

Our Company

The predecessor of Tsingtao Brewery Co Ltd is Nordic Brewery Co Ltd, which was founded by German and British settlers in the city of Qingdao in August 1903. With such a long history of beer brewing, Tsingtao Brewery was selected as the Official Sponsor of Beijing 2008 Olympic Games, and it now ranks among the Fortune 500 companies. With a brand valued at more than RMB 80.585 billion, it leads China's beer industry, according to the World Brand Lab.

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Our Brands

Brand Portfolio
Tsingtao Brewery implements the "1+3+N" brand strategy to meet consumer demands on different levels - 1 refers to the flagship brand Tsingtao Beer, 3 refers to its secondary brands, Laoshan (Mount Lao), Hans and Shanshui (Landscape).

Branding Strategy
Brand promotion model - "Trinity", a combination of brand communication, consumer experience and product sales.
New Products

In June 2013, Tsingtao Brewery officially launched three high-end products: Black Beer as well as Hongyun Dangtou (Good Luck), and Xuwu Jiqing (Passion Dance), which feature aluminum bottle. The three products became popular immediately after they were put on sales.

Entering the Digital Age of Consumption

To meet a variety of consumer demands, Tsingtao Brewery launched its flagship retail store at Tmall, a popular online shopping mall in China. This innovation creates a new market for Tsingtao Brewery apart from its traditional sales channels, and enables consumers to experience the convenience and excitement from online shopping of Tsingtao beer.
Corporate Governance

Tsingtao Brewery Co Ltd is the earliest Chinese company listed overseas. It was listed in Hong Kong and Shanghai in 1993. Currently, there are 11 directors on the board, of which four are independent directors, two are non-executive directors, five executive directors; the board of supervisors has seven supervisors, of which four are external supervisors and three are employee supervisors.

Since the company went public, Tsingtao Brewery has been developing an advanced system of corporate governance that conforms to international standards and continues to improve. The management of the company is structured so that the chairman of the board of directors, the president and the chairman of the board of supervisors are separate positions, creating a balanced governance structure with clear responsibilities. In 1999, Tsingtao Brewery increased the number of independent directors and external supervisors, and it became the first Chinese public company with a board in which external directors and external supervisors account for the majority. In 2002, Tsingtao introduced international strategic investors and added seats for foreign directors and supervisors, enabling it to bring corporate governance to a higher level of excellence.
In 2013, the company continued to develop risk management policies and carry out risk assessments, internal control evaluation, economic accountability audit, as well as consultation, supervision and audit for project cost. The complete risk and internal control system ensures the safety of the company's assets and that Tsingtao abides by the law and regulations.

Risk Control and Management

In 2013, the company continued to develop risk management policies and carry out risk assessments, internal control evaluation, economic accountability audit, as well as consultation, supervision and audit for project cost. The complete risk and internal control system ensures the safety of the company's assets and that Tsingtao abides by the law and regulations.

- Regularly publish the Evaluation Report of Internal Control, so that all directors of the board, and investors could have a better understanding of the company's internal control progress.
- Carried out the internal control training program and performed internal control certification work.
- Compiled the Company Internal Control Brochure to guide and standardize the internal control system development.
- Updated the existing internal control procedure and drafted the Internal Control Defect Accountability Policy.
- Founded the risk management leadership team, and execution team. Detected, collected data about the company’s potential risks through investigations, interviews, and conducted data analysis accordingly and then made the relevant response strategy and procedures over all major recognized risks.
We abide by all laws and regulations, company policies and procedures as well as common moral principles and values. We continue to strengthen corporate governance to ensure all employees and value chain partners observe business ethics so as to facilitate the implementation of shared concepts and business ethics throughout the value chain of Tsingtao Brewery.

Enhanced accountability by creating and refining the Tsingtao Brewery Code of Accountability for Board Directors, Supervisors and Senior Executives, and the Code of Accountability on the Performance of Duties, and the Code of Accountability on Food Safety, the Code of Accountability on Asset Loss.

By continued refining corporate policies and improving supervision, Tsingtao Brewery is gradually optimizing its control and prevention over business ethics management.

There were no major law or regulation violations in 2013.

Business Ethics and Compliance with Regulations

We abide by all laws and regulations, company policies and procedures as well as common moral principles and values. We continue to strengthen corporate governance to ensure all employees and value chain partners observe business ethics so as to facilitate the implementation of shared concepts and business ethics throughout the value chain of Tsingtao Brewery.

- Observed business ethics to be just, fair, open and honest; Advocated positive values and carried out various anti-corruption education activities, such as signing the clean operation accountability agreement; anti-corruption work report; watching anti-corruption educational videos; tours at anti-corruption education bases. Built up a clean corporate operation environment to eradicate illegal activities, such as bribery and illegal gains.
- Facilitated the punishment and prevention system against malpractices, and built a network of clean operations in accordance with principles of corporate management and provisions of law.
- Enhanced accountability by creating and refining the Tsingtao Brewery Code of Accountability for Board Directors, Supervisors and Senior Executives, and the Code of Accountability on the Performance of Duties, and the Code of Accountability on Food Safety, the Code of Accountability on Asset Loss.

Tsingtao Brewery engaged in education workshop against corruption
### Stakeholders

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Our responsibilities and commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers</td>
<td>Provide safe and high-quality products and services</td>
</tr>
<tr>
<td>Environment</td>
<td>Preserve energy and reduce consumption, protect water resources, tackle climate change, and develop circular economy</td>
</tr>
<tr>
<td>Investors</td>
<td>Maintain steady operations, provide rational and sustainable returns and report on major news regarding operations precisely and in a timely fashion</td>
</tr>
<tr>
<td>Employees</td>
<td>Provide a safe working environment, good pay and benefits while showing concern for the health and career development of all employees</td>
</tr>
<tr>
<td>Business Partners</td>
<td>Co-development and cooperation based on integrity and trust</td>
</tr>
<tr>
<td>NGO and Community</td>
<td>Contribute to the community and its harmonious development by frequently engaging in all kinds of charitable activities</td>
</tr>
<tr>
<td>Government</td>
<td>Pay taxes as required and follow the law</td>
</tr>
</tbody>
</table>
110 Years just for brewing good beer

Quality Value

Good beer could only be brewed by virtuous people

Li Zhilin
Gold Medal Brewer 2013
Brewer-in-Chief, Tsingtao Brewery (Xingkaihu)
“Brewing popular beer with passion and inspiring lust for life” is our commitment to consumers that has lasted more than 110 years. The people of Tsingtao are proud of the excellent quality of products, which also is the basis for Tsingtao’s lasting prosperity.
**Food Safety System throughout the Value Chain**

**Food Safety Policy**

Strictly comply with international, national and regional laws and regulations. Implement comprehensive hazard analysis and risk assessment on raw materials, production, packaging, storage, transportation and other processes to identify the source of risks and hazards that need to be controlled in order to provide consumers with safe and high-quality beer.

**Food Safety Management**

Tsingtao has higher food safety standards than the national standards, and its food safety indicators are in line with the US FDA, EU Food Safety Directives, Japanese Food Industry Standards and the Codex Alimentarius of United Nations. Meanwhile, the company has set up a rigorous food safety accountability system to ensure early prevention and avoid food safety accidents. In the event of an accident, investigatory and corrective processes are designed to be activated immediately to make sure all responsibilities are taken seriously.

Food safety is Tsingtao's first priority in strategic management and quality control. The company has built a closed-loop control process for food safety.
Unified Quality Management System

Guided by scientific research and a philosophy of craftsmanship, our multi-dimensional quality management system is made up of a system of quality control that is supplemented by comprehensive and centralized third party food safety testing, ensuring safety and consistency of flavor throughout its whole beer production chain. As a result, our consumers can “drink to their hearts’ content”.

In 2013, Tsingtao Brewery has made great efforts to refine its food safety management process and enhance the risk control management over its supply chain.

Refined food safety management system:
1. Recognized and analyzed risks over food safety in a timely manner
2. Launched special monitor projects over programs with high risk of food safety
3. Revised and published corporate food safety management documents
4. Conducted on-site audit over food safety operations in all breweries and offered training programs accordingly
5. Carried out drills of product recall and gave high priority in testing the logistics network in the company’s overall logistics and transportation system
6. Increased the frequency and intensity of food safety tests in the sales and distribution chain

Enhanced food safety risk control management over upstream supply chain:
1. Added tests over 15 types of auxiliary brewing materials and packaging materials that have direct contact with beer
2. Revised and strengthened raw materials and auxiliary materials purchasing standards in accordance with the updated national standards
3. Add field audit over the processing aids at suppliers’ work places and increased suppliers’ food safety control management capability
4. Implement selection-access rules for suppliers and carried out dynamic management over qualified suppliers

Feng Haitian
Gold Medal Brewer 2013
Brewing Consultant, Tsingtao Brewery (Shenzhen) Asahi
Tsingtao Brewery’s quality control is not limited to the final products but rather reaches to its upstream and downstream in supply chain. Through the ‘grand quality control system,’ it realizes comprehensive process control over every detail of brewing, including harvesting of raw ingredients, production, packaging, logistics and final consumption.

Quality Guarantee throughout the Whole Process

Water
The water we use for brewing has to pass seven levels of processing and 100 rigorous tests to make sure it meets the criteria.

Century-old Yeast
We use pedigreed German beer yeast and transport optimum yeast strains to each of our breweries regularly to make sure every drop of Tsingtao beer is catalyzed by the same prime yeast.

Malt, Rice and Hops
We carefully select fully matured and bright quality barley from specific regions across the globe. Only use fresh rice hulled within three days from our exclusively contracted farms. Use Saaz hops, which are touted as “Czech Gold”, and also hops produced in West China’s Xinjiang and Gansu for their unique natural qualities. Conduct unannounced inspections at suppliers to ensure food safety procedures are followed and risk control measures implemented. Follow rigorous testing procedures at every level of operation from variety selection, planting and harvesting to transportation and storage.

Quality Testing
Internationally certified standard quality control system. Each bottle of Tsingtao beer has to pass rigorous testing at 1,800 quality checkpoints. Brewed in purified environment and bottled in sterile packaging. Real-time monitoring over quality management is conducted in affiliated breweries and factories to ensure uniform quality control. Extend the centralized third-party food safety testing system to cover all the brewing ingredients and materials that make direct contact with the beer to ensure FPY rates of procured materials reaches 100%.
Quality Appraisal
Each bottle of Tsingtao beer has to pass a water appraisal, a barley appraisal and a beer appraisal throughout the brewing process to ensure the consistency of flavor. The beer assayer is not only responsible for tasting the beer but also “tasting” the gasket, or kieselguhr, as well as water for bottle washing and any other materials that will come in direct contact with the beer. In addition to beer from inside the brewery, the assayer also tests samples from the market regularly to ensure beer quality within shelf life.

Packaging
Empty bottles are washed and purified in accordance with rigorous procedures. To ensure the beer purity, we rinse pipes with beer in the final step of bottle-washing to prevent water drops from diluting the final product.

Logistics
Following the concept of “Green Logistics”, reduce the impact on the environment through more-efficient logistics. Implement strict logistics quality standards that cover transportation, loading and storage management. Introduce “freshness management” into logistics to deliver beer in the same manner fresh flowers or produce are delivered. Set up regional RDC centers, speed up order response, and enhance consistency in logistics operation. Build up unique Internet of things featuring three major systems: PTS, WMS, TMS. Build up B2C e-commerce management platform, allowing customers to enjoy new shopping experience that features “fast supply chain and door-to-door delivery of our high quality products.

After-sales Service
Extensive service network, implement a uniform service standard and ensure smooth after-sales service. Set up the SMS service platform to meet communication needs from customers. Forward customer feedback and market information to the business development, so as to improve product quality and services.
Technology Research and Development

With its advantages in terms of branding, technology and capital, Tsingtao Brewery has built a leading R&D platform that outstrips those of other domestic beer brewers:

- In May 2013, the Key National Lab on Beer Fermentation Engineering passed examination by the Ministry of Science and Technology.
- In October 2012- After years of innovative achievements, Tsingtao is named a State Model Technological Innovation Enterprise, the only beer company in China to receive the honor;
- 2011- the joint laboratory develops four cutting-edge technologies including, brewing technology for ultra-premium beer, ultra-high-concentration brewing, rapid fermentation and heat-wave boiling, greatly improving brewing techniques in terms of quality, efficiency, cost reduction, output capacity, and energy efficiency;
- In 2008, Tsingtao Brewery Scientific R&D Center signs a cooperation agreement with the Institute of Microbiology under the Chinese Academy of Sciences to co-found the Joint Laboratory of Yeast Research, the first of its kind in China;
- It was certified as a state-level enterprise technology center in 1996, which is also the first of its kind.

Open Communication & Cooperation with International Institutions

Tsingtao Brewery has achieved success in markets across the globe thanks to its international development strategy to which international cooperation has made a great contribution. Its R&D team has entered into long-term cooperative relationships with a number of renowned international institutions, sharing resources and complimenting expertise with each other to promote interdisciplinary scientific Study and make new contributions to the science of beer fermentation.

Brew most popular beer favored by consumers

Xu Feng, an apparel product manager from Beijing

“The appraisal event offered a great opportunity for professional brewers and beer appraisers to compete with their peers on stage, and it shows Tsingtao Brewery’s respect for consumers’ voices.”
Tsingtao Brewery held the 3rd appraisal event to find out which Tsingtao beer is most favored by consumers. A total of 18 customers and distributors, 12 Tsingtao Brewery employees including professional appraisers, brewers, as well as corporate executives and employee representatives were selected as judges at the event.

As Tsingtao Brewery is dedicated to providing the most popular beer, we hopes to enhance relationship with customers and hear their voices, to learn about customers’ preference and market needs, so as to improve product quality and customer satisfaction through such interactive activities.

Fan Qiang, an engineer from Beijing
“The event enhanced my understanding towards Tsingtao Brewery’s brand knowledge and products, and I will share all that I learn here with everyone I know to let more people experience the taste of Tsingtao beer.”

Qi Weiran, a reporter from Jinan
“I have never thought that I could take the seat of appraiser as a common consumer and vote for the brewer I like.”

Xia Xuefeng, a sales manager from Zhengzhou
“I like it right after I saw the crystal beer and white foam, and it tastes great in my mouth. Thanks Tsingtao beer for bringing us so much passion and fun.”
Green Brewery
Grow with Nature

Environment Oriented
Good Intentions will Bring Good Returns

Recovery rate for recyclable wastes
100%

From 2008 to 2013, a total of 470 million yuan was invested in environmental protection and energy conservation projects.

In 2013, water consumption per unit product dropped by 7.3% from 2012.

Song Guangyu, employee representative with a master degree at the environmental protection department, No 2 Brewery
With regard to environmental protection, Tsingtao Brewery believes in the motto “good intentions will bring good returns”. Our vision upon environmental protection is to become the paradigm of green development for beer industry. We are determined to fulfill the mission of creating an eternal operation that is harmonious with nature by developing low-carbon and circular economy. Allow customers to enjoy green products and benefit from our green value chain.

By applying new technology in energy conservation, the company fully achieved its goal in environmental protection. Its pollutant discharge qualification rate reached 100%, COD discharge amount per unit product fell 6.9% compared with 2012, and the amount of sulfur dioxide discharge dropped by 27% in 2013. The company is recognized as a China Top 100 Green Company, a Low-carbon Pioneer Company. Besides, more than 20 of its breweries won province and city level awards in terms of environmental protection.

Zhao Jing, employee representative with a master degree at the environmental protection department, No 2 Brewery

Wang Yan, employee representative with a master degree, at Tsingtao Brewery (Fuzhou)
Environmental Management Mechanism

We placed a high priority on water protection, energy management as well as tackling climate changes as well as waste recycling. We continued to refine the organizational structure of the environmental management process and enhanced employee expertise development. We have also enhanced the accountability system, in which our general manager bears the primary responsibility for environmental management. The general manager holds dedicated meetings on environmental issues regularly. He has the authority to veto any resolution that has an adverse impact on the environment. We also implemented management in the smallest detail, carried out innovation in environmental protection; continued to improve environment workers’ skill and expertise; gradually realized our vision on environmental protection.

Water Resource Preservation and Recycling

Water is the source of life, which is also essential to brewery and manufacturing. Tsingtao Brewery always places high importance to water recycling and is dedicated to building a water efficient company.

Water Conservation

It remains our top priority in terms of cutting resource consumption. Based on guidelines including advanced treatment, process control and source reduction, we have implemented various measures to reduce water consumption, such as recycling of overflow water, condensate water, cooling water and reclaimed water and rain. In 2013, the company’s water consumption per unit product dropped by 7.3% from 2012.

Rain water recycling

Tsingtao Brewery (Ma'anshan) uses a collection tank to recycle rain water and then use it in cooling down and washing equipment, as well as irrigation and toilet flushing. This project saves water up to 6,500 cu m annually.
Sewage Management

Tsingtao implemented refined management and standardized sewage treatment processes. Water treatment and testing have been incorporated into corporate quality assurance management, ensuring that 100% of sewage discharged meets rigorous environmental standards.

In 2013, we invested 34.25 million yuan in water and soot treatment and provided essential support to the environmental protection work at our newly relocated breweries in Luoyang, Jiujiang, Yangzhou, Heze, Wuwei, Harbin and so on.

Case Study

Low pressure membrane and ultra-filtration recycling technology

Tsingtao Brewery (Jinan) adds 3 water recycling equipments in addition to its 3 original anti-osmosis units (50 ton/hour). As a result, 60% of the concentrated water is converted into soft water to be used in packaging and cooling, which saves water up to 7 tons each year. Activated carbon rinse water and multi-medium water could be recycled and used as raw water through ultra-filtration technology. Its recycling rate could reach 90% and saves water up to 20,000 tons each year.
Energy Management and Preservation Technology Application

Refinement of Energy Usage

Tsingtao Brewery has greatly improved its energy usage performance through innovation in technology and technique reforms. In 2013, our electricity consumption per unit product dropped by 4.3% from 2012; our coal consumption per unit product dropped by 7.2% from 2012; our CO2 consumption per unit product purchase dropped 3.7% from 2012.

- **Refinement of Energy Consumption index:** Refine and specify energy consumption indicators to specific departments, groups, teams, and even key machines. Create 31 KPI indicators to compare and analyze energy consumption data by processes, techniques, and equipments, and breweries.

- **Refine Process Control:** Define 50 control points across the beer producing process. Create a closed-loop PDCA energy management system by incorporating control points with ERP and MES systems to ensure the monitoring, execution and review of energy managing process.

- **Refine Energy Preservation Technology Promotion:** Collect, recognize and analyze cases, experience, and suggestions, ideas, and summarize into 59 energy preservation technologies, promote and apply them in companywide to reduce energy consumption.

New Tower Malting System

Tsingtao Brewery’s new tower malting system was recognized as a China Clean Industrial Production Model Program.
Application of Energy Preservation Technology

In 2013, apart from expediting application of major energy preservation projects such as heat-wave boiling, and heat and CO2 recycling, we recognized several other key process segments for energy preservation and conducted technology improvement accordingly.

Renewable Resources

Biological energy resource could minimize the impact on the environment by enhancing efficiency. The company’s wastewater is processed with UASB anaerobic treatment to produce biogas, which is recycled to serve as fuel for boilers. This application not only reduces greenhouse gas emissions but also reduces energy consumption cost.
Tackling Climate Change

Enterprises are the major driving force of the economic and social development and also main participants and beneficiaries of low-carbon economy. To tackle climate change, Tsingtao Brewery created the 3E guideline, which stands for "Early Prevention, Early Action, Early Benefit". It involves taking various steps to develop low-carbon operations, including energy consumption reduction, carbon dioxide recovery and greenhouse gas monitoring.

Carbon Dioxide Recovery

Tsingtao Brewery recovers carbon dioxide discharged during fermentation and applies it in the bottling process. In 2013, the company invested 10.2 million yuan to upgrade its CO₂ reclaimation system and held specialized workshops and seminars to improve the operation of CO₂ reclaimation.

In 2013, Tsingtao Brewery’s CO₂ Recovery per kl of cold wort increased 8.5% from 2012. The company recycled a total of 14.3 tons of CO₂, 11% up from a year earlier.

Factory Emissions

Emissions discharged in beer production mainly come from boiler smoke, which contains dust, soot and sulfur dioxide. Tsingtao Brewery applied the most advanced technology to use static electricity generated by flowing liquids to remove dust and cut down pollutants. The company reduced its sulfur dioxide discharge per unit product by 27% in 2013 and realized a 5%-reduction in the overall amount of sulfur dioxide.

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Waste Recycling Utilization

Tsingtao Brewery follows the 3R principles with regard to industrial waste. The 3R stands for “Reduction, Recycling and Reclamation”. The company believes in the concept that waste is also resource, only put in the wrong place. To achieve the maximum utilization of resources, Tsingtao Brewery continues to process waste with advanced treatment at all levels of operations. The company’s recyclable waste is 100% reclaimed in 2013. The value generated from comprehensive utilization of waste materials increased by 37% in 2013.

Full Participation to Environmental Protection

We encourage employees to actively participate in to environmental protection and energy preservation. By creating and distributing the Tsingtao Brewery Environmental Protection Brochure, we promote the environmental protection concept, knowledge, practices to every employee and develop the culture of full participation by collecting and awarding ideas and suggestions about environmental protection.
Pass on the Positive Energy with Love

Responsibility Concept

Mankind’s value is higher than material, society’s value is higher than enterprise

Wang Qing, employee volunteer at Tsingtao Brewery (Jinan)
We place social responsibility as our prime priority, and proactively advance the development of philanthropy in China and reward the society by our concrete actions while building Tsingtao Brewery into a great company.

Total donation in 2013 reached 12.29 million yuan

Xu Mingliang, employee volunteer at Tsingtao No 4 Brewery

Wang Yan, employee volunteer at Tsingtao Brewery Hans (Xi’an)

Wang Fuqiang, employee volunteer at the headquarter of Tsingtao Brewery Sales Management Center
Responsible Drinking – We Care More for Your Health

Our Beliefs

People who should not drink

- Underage groups, since they are still physically and psychologically developing. Drinking will do harm to their body and psychological well-being.
- Pregnant women should not drink. It might cause potential health risks to the fetus; breast-feeding women drinking alcohol will also pass it through milk to their infants and do harm.
- Drivers should not drive after drinking, which poses a serious risk to the driver and passengers as well as other innocent people and families.
- Patients under medical treatment or taking medicines should not drink. It will affect the treatment results.
- Excessive drinking does harm to every consumer, and heavy drinkers pose a threat to people around him or her.

Healthy drinking

- Products are labeled with a sign warning that excessive drinking will harm your health.
- We cooperate with radio broadcasters and play public service ads to remind drivers of responsible drinking and not to drive after drinking.
- We developed products with low alcoholic level and low energy. We are the first in the country to develop alcohol-free drinks with the flavor of Tsingtao Bear.
- We hand out leaflets to promote responsible drinking during sales promotions.
- Our official website has an age-verification program that serves as a reminder that underage drinking will not be tolerated.
- We donate parasols for pedestrians as well as transportation officers and workers with slogans reminding drivers to not drink and drive.
- Promote the concept of responsible drinking to visitors and community residents.

Tsingtao Brewery greatly promotes the knowledge of responsible drinking while promoting our beer brand. The picture shows Tsingtao Brewery (Weifang) employees communicating with consumers.
Care for the Society – We are beside you

Tsingtao Brewery donated to the quake-affected areas in Ya’an in Sichuan province and Dingxi in Gansu province in 2013; we funded the poverty alleviation programs in Changsha, Hangzhou and Chenzhou; set up the Beichuanwa Dream Fund; Carried out care education, and various scholarship programs; made donation and provided services to handicapped people. The total donation in the above activities reached 12.29 million yuan in 2013.

Psychological Aid:
Eliminate Psychological Shadow and Let Children Grow with Love

Tsingtao Brewery has held over 600 psychological class hours and 20 workshops through its after-quake relief program to elementary and middle schools in Chenjiaba, Qushan in Beichuan; Through music, painting and narration, we conducted 700 individual interviews as psychological intervention measures to help those kids to regain confidence for life. We organized 102 local students and teachers to travel to the psychological summer camp in Qingdao. Some of those children also experienced warmth and love from one-on-one family support through our “pair-care” program. In 2012, The Tsingtao Brewery Red Cross Psychological Support Volunteer Team has been recognized by the Red Cross Society of China as an “Outstanding Red Cross Volunteer Team”.

In August 2013, we launched the 300,000-yuan Dream Fund to help kids at Tsingtao Brewery Qushanzhen Primary School to realize their dreams.

Hope of the Future:
Education Support

Tsingtao Brewery has paid close attention to the education cause and held various scholarships to help outstanding students. It has been many years since we launched the Tsingtao Brewery Talent Development Scholarship Program and the Qingdao University-Tsingtao Brewery Post-Graduate Student Scholarship, which have granted more than 1 million yuan to 1,182 outstanding students accumulatively. Tsingtao Brewery also established the Tsingtao Brewery Outstanding Teacher Award which has awarded more than 1,000 teachers so far.

Apart from that, Tsingtao Brewery’s various factories also conducted a series of education support programs and received positive recognition from the community.
In 2013, Tsingtao Brewery signed agreement with the Asian Champions League to be the first Chinese sponsor of the event.

Donation and Support to Quake-affected Areas

On April 20, 2013, a magnitude-7.0 earthquake struck Ya’an, Sichuan. Tsingtao Brewery responded immediately by launching the emergency aid and donated 8 million yuan to the earth-affected area while ensuring the safety of the company’s employees in Sichuan. Meanwhile, donations from Tsingtao Brewery employees to Ya’an reached 1.06 million yuan.

A magnitude-6.6 earthquake hit Minxian and Zhangxian counties in Gansu in July 2013. To help earthquake victims, Tsingtao Brewery donated 1 million yuan to that area.

Pass on Sportsmanship

Pass on Passion and Release Energy

Over the years, Tsingtao Brewery has been engaged in sports events, sponsored many professional sport programs and organized a series of events to promote sports. Through these events, Tsingtao Brewery hopes to share its passion for sports and sportsmanship with more people around the world and encourage people from all walks of life to get involved in sports, and communicate and share their passion with each other through sports.

Enjoy Passion for Music

In 2013, Tsingtao Brewery combined music elements to its brand promotion, sponsored a number of music events such as the Voice of China, and concert of Yuquan Group. Our customers could release their young and positive energy while enjoying the passion for music and beer.
Volunteer Service

Tsingtao Brewery (Nanning) reached out to the community by cleaning up the Xinwei River Park.

Tsingtao Brewery employees promoted green development concept on streets during the World Environment Day.

Tsingtao Brewery (Pingyuan) worked with local government to hold the “exchanging waste stuff for beer” activity and provided volunteer services to other local environmental protection events.

‘Exchanging old battery for beer’ organized by Tsingtao Brewery (Xiamen).

Tsingtao No. 4 Brewery participated in Qingdao’s summer campaign to clean up algae from the local beach.

Tsingtao Brewery (Xi’an) provided medicine and medical aids to remote country areas.
Tsingtao Brewery (Sanshui) visited the district social welfare center.

Tsingtao Brewery held charity sale to collect funds for impoverished college students.

Tsingtao Brewery (Zhuhai) provided care service to the elderly.

Tsingtao Brewery (Taiyuan) donated 120 kilograms of clothes to make sure kids at Yunnan province's Wadu region have a warm winter.

Employees at Tsingtao Brewery (Yunlin) cleaned up snow on local streets.
Employees at Tsingtao Brewery (Heze) donated blood to the hospital. Guo Zhongyi, employee at the company, donated his blood for eight consecutive years. His accumulative donation equates with overall blood from 20 men weighing at 50 kilogram. Guo is recognized with a China Blood Donation Gold Award.

Tsingtao No. 3 Brewery donated 1,000 winter clothes to the Care Center for Persons with Disabilities at Pingdu County.

Pass on Love

- Provided free blood pressure tests and welding services to local communities.
- Visited local army and police station.
- Set up care funds to help employees suffering hardships.
- Visited institutions for persons with disabilities, orphanages and nursing homes.
- Funded medical services for senior citizens to make sure they get convenient medical access at local communities.
- Volunteered in local community services.
- Made donations to disaster-hit zones.
- Held One-Day Donation activities.
- A total donation of 2.28 million yuan has been devoted to improving housing conditions for persons with disabilities through a partnership with the Qingdao Welfare Fund for Persons with Disabilities.
- Invite local residents to visit breweries and monitor our work regularly.
Create the Harmonious Value Chain

Ye Jianzhu, assistant to General Manager at Tsingtao Brewery (Xiamen), one of China’s May 1st Model Workers in 2013

2013 overall employee salary expense increased

15.6%

from 2012

Win-win Relationship and Shared Prosperity
Bo Changfu, general manager at Tsingtao Brewery (Fuzhou), one of Fujian Provincial Model Workers 2013

Cheng Shufang, assistant chief accountant at Tsingtao Brewery (Yangzhou), one of Shandong Provincial Model Workers in 2013

Wang Zhenzhu, director of packaging department at Tsingtao No 5 Brewery, one of Shandong Provincial Model Worker in 2013

2013 Employee Happiness Index
83%

2013 Overall Employee Number
42,235

Total Training Time
1,177,701
Class Hours

Pass on the Positive Energy with Love
Create the Harmonious Value Chain
Over the years, the company has been improving its safety performance with the help of the OHSAS18001 safety management system. We have been building a safety culture with Tsingtao characteristics based on professional safety management and enhancing the standardization and innovation of safety management. With a wide variety of approaches, a culture of safety has been promoted among employees and partners to create safe and healthy workplaces wherever Tsingtao beer is.

There were no work-related death and injury incidents in 2013.

We care the safety and health of every employee

——“Create a Safe and Healthy Workplace for Employees”

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6133

special operation workers

Average training time

18.89

class hour/ person

A total of

474

equipment drills at all Tsingtao Brewery factories

Raise the Awareness of Safe Operation among all Employees

- Safety management is the first class for employee orientation training.
- Safety management is standardized.
- Professional instruction and training to 176 full time safety management workers.

Specify Responsibility to Control Risks

- Standardized factory safety goal management and responsibility and its specific content;
- Published standardized training textbooks;
- Implemented the red cards and yellow cards system to enhance risk prevention management.

Enhance Safety Management at Partners’ Workplaces

- Third party labor and business outsourcing providers need to join Tsingtao Brewery’s monthly safety workshop;
- Enhance certification and qualification management over partners;
- Ask partners to equip their employees with the same labor protection equipments with Tsingtao Brewery employees.

Thorough Self-inspection to Eliminate Potential Safety Risk

- Referring to relevant ammonia system explosion accidents occurring outside, Tsingtao Brewery organized all production units to conduct full range inspection to eliminate potential risks, covering 114 processes in 19 categories. Especially after the Nov 22 Sinopec oil pipe explosion, Tsingtao Brewery conducted more frequent and comprehensive and interactive inspections to ensure safety.

- Every unit regularly carries out drills on environmental protection, operational safety and other emergencies to improve their capabilities to tackle emergencies.

Tsingtao Brewery (Suqian) carried out knowledge competition

Tsingtao Brewery (Zhangzhou) carried out firefighting competition
We Protect Each Employee’s Rights

Employee Rights Protection

Tsingtao Brewery firmly conforms to all laws and regulations in terms of employee rights. And we have enhanced communication and publicity with regard to employee rights protection in recent years.

We hold an employee delegate conference each year, refining employee relations management through organizational culture, leadership, communication and emotional encouragement.

We independently develop the Tsingtao Brewery Employee Happiness Index by listening to the needs of employees, and more than 29% of our employees participated in the happiness index survey in 2013. There are employee communication counselors working part time to help improve their psychological well-being and relieve stress, which raises performance and improves teamwork. We launched the Employee Care Hotline, helping employees to feel like valued members of our corporate family. We encourage migrant workers to return home often and experience the culture of love at Tsingtao Brewery.

Fair and Reasonable Compensation and Benefits

We strictly follow national laws and regional regulations; provide paid-leaves, overtime pay, maternity and sick leaves, physical examination, and health training to employees; provide a refined social welfare protection system for employees.

Tsingtao Brewery continues to refine its salary growth management model based on basic security growth and performance goal growth, and it is reforming its employee income-sharing mechanism based on corporate growth.

In 2013, we continued to improve the compensation management system. Our overall employee compensation and benefit expenditures increased by 15.6%. Employee compensation alone rose by 14.4%.

Tsingtao Brewery Employee Care Foundation

The Tsingtao Brewery Care Foundation was jointly founded by Tsingtao Brewery and the Red Cross Society of Qingdao, which is aimed at helping employees who are suffering hardships because of major illnesses and other employees who are in need, so as to fulfill our mission to create happiness for life. So far accumulative donations from employees have reached 821,000 yuan, in addition to the 1 million yuan principal capital donated by the company. The foundation has provided aids to 29 employees with 783,000 yuan since 2011. On August 10, 2013, the company implemented another 1.1 million yuan to the foundation.
We grow together with employees pleasantly

In 2013, Tsingtao Brewery has developed a unique talent management model focused on leadership development and led by two wings of current management and reserved talent. We see developing talent as our obligation and are proud of the elite personnel that have been trained by Tsingtao.

The company conducted 1.17 million class hours of training. Training expenses in 2013 increased by 1.35%.

Help Employees Grow by Training
- Professional Certification Programs.
- Professional schools, including a brewing school, packaging school, dynamics school, quality assurance school, logistics school and finance and managing system school.
- Training bases for best practices, including KA operation, rapid market breakthrough and canned beer operation.

364 employees received internal professional support from 13 pairs of “factory support partners”, and 233 pairs of “project support partners”.

Talent Management
- Implement talent classification management, and categorize employees into core talents, key talents and ordinary talents, so as to manage different talents with right approaches;
- Gradually refine talent management system and build talent map.
- Improve talent capability and dynamics by performance review and reward system.
- Develop core talents based on 4 dimensions: moral, management, marketing operation, and leadership.
- Enhance evaluation on talent pool; build potential talents evaluation matrix and help talents to improve with specific targets; create talent development plan and implementation measures;
- Management Trainee Plan A Training model: select outstanding graduates from top universities to be trainee interns at Tsingtao Brewery ensure future talent quality meets the demands of fast corporate growth.

Winter boot camp with a total participation of 148,735 person-time.
The picture shows relevant activity carried out by Tsingtao Brewery (Yingcheng)
In 2013, Tsingtao Brewery launched a selection program to award eight individual and two teams dedicated to their work that touches the company. They are representatives of all employees who contribute their own parts to fulfill the dream of Tsingtao Brewery throughout its 110 years of operation. They build a company with continuous growth over the years. We are proud for our employees and we will care more for them, help them grow and develop, and create more happiness and opportunities for them!
Create Win-win relationship with Business Partners

Tsingtao Brewery highly values its business partnerships and works tirelessly to create mutually beneficial outcomes for all of its affiliates. Our growth is based on co-development with partners. We fully support the development of partners by manufacturing high quality products, creating high brand value, highly efficient operation model, so as to grow together with our partners.

Help Supplier to Succeed

In 2013, we continued to provide high quality beer with fine packaging for our distribution partners. To build a green value chain, Tsingtao Brewery provides various opportunities to help partners improve the quality of products, service, management and cost control by supporting each other through co-developed projects with the goal of achieving the lowest cost and highest efficiency.

# 202 Can Transformation

Tsingtao Brewery is the earliest Chinese beverage company that transforms its packaging can into #202 can, whose external diameter is 2-2/16 sixteenths, which is ⅛ inch smaller than the original #206 can. Through this small redesign, we could save 1/5 of aluminum for manufacturing can covers which means we saved 1,888 tons of aluminum in 2013 that equates with saving 28.33 million kilowatt-hours.
Wholehearted Support for Distributors

Tsingtao Brewery fully respects and recognizes every distributor and we hope to grow together with our distributors and continue to improve their cooperative competency and strategic and operational marketing capabilities.

In 2013, we continued to carry out training courses to distributors and improve their knowledge to our overall development strategy as well as sales and marketing expertise through a number of platforms such as star-coach workshop, distributor school, and the Gold Eagle Conference.
### Honors in 2013

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Third-Party Evaluation

Comments and Suggestions on Tsingtao Brewery Co Ltd Sustainable Development Report 2013

Comments on the Report

In 2013, China’s beer production broke the 50 million kilo liters record and its economic performance remained delightful. However, with the beer market getting saturated, the competition is increasingly fierce. The industry highly relies on the import of raw materials. Beer producers faced stricter food safety supervision and consumers have been paying closer attention to environmental protection. All of these indicate that the development of beer industry is not on an easy path. The beer industry workers shall broaden their views and diversify their thoughts to echo with the public’s values and demands, and deepen their sustainable development strategy.

From the Tsingtao Brewery Co Ltd Sustainable Development Report 2013 (hereafter referred to as the report), we could tell that as an international-acclaimed beer producer, Tsingtao Brewery has built a refined food safety system throughout the value chain and it has been upholding its principle of “growing together with nature” while keep providing customers with high quality products and service. The report also includes content like passing on positive energy in terms of social responsibility, advocating for responsible drinking, care for society, engagement in charity and volunteer activities, making contributions to the community. The company is dedicated to building a harmonious value chain to enable employees to share the achievements and benefits from its sustainable development which is highly recognized by the nation, the industry and the society. Its development model has been set as a practical template for other beer producers as Tsingtao is becoming the leading force of sustainable development for beer industry.

As the report says the value of mankind is always higher than materials, and the value of society is always higher than companies, Tsingtao Brewery upholds its faith in sustainable development for many years and it continues to refine its sustainable development strategy and fulfill its corporate and social responsibility, making great contribution to the sustainable development of beer industry. We believe Tsingtao Brewery will lead the beer industry to sustain its development and achieve great success in sustainable economy, social responsibility, and environmental protection and become a strong driving force for the country to realize its Chinese dream in economic development, social civilization and ecological harmony.

Recommendations for the report

We recommend that Tsingtao Brewery engage in more dialogues and communication with its competitors and facilitate benign competition among the industry; participate in international charity activities by leveraging its branding advantages to improve the international image and status of Chinese beer industry.

So far, the Chinese beer industry presents a picture of flourishing development, but it still represents foreign culture as well as cheap products in the mindset of Chinese customers. To change this kind of impression, Tsingtao Brewery as well as its peers, shall be committed to making more efforts to develop and promote Chinese beer culture. We hope Tsingtao Brewery will not only be an industrial giant and market leader, but also the pioneer of Chinese beer culture communication.
Your Feedback

Dear readers,
Thank you for reading the Tsingtao Brewery Co Ltd Sustainable Development Report 2013. Please write any suggestions and comments you may have on the following feedback form and return it to us via email, fax or mail. Your feedback is welcome.

Which chapter provided you with the most important information?

1 Opening □
2 Quality □
3 Caring for Nature □
4 Contributing Love □
5 Value Chain Partners □
6 Honors and Third-Party Evaluation □

Your evaluation of the report?

- Readability □ Good □ Fair □ Not good □
- Cogency □
- Layout Design □
- Overall Impression □

Your suggestion for our report next year?
### Appendix: GRI Guidelines Index

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<td>2.9</td>
<td>Significant changes during the reporting period regarding size, structure, or ownership</td>
<td>-</td>
</tr>
<tr>
<td>2.10</td>
<td>Awards received in the reporting period.</td>
<td>P46</td>
</tr>
<tr>
<td>3.1</td>
<td>Reporting period (e.g., fiscal/calendar year).</td>
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<tr>
<td>3.2</td>
<td>Date of most recent previous report (if any).</td>
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</tr>
<tr>
<td>3.3</td>
<td>Reporting cycle (annual, biennial, etc.</td>
<td>Inside Front Cover</td>
</tr>
<tr>
<td>3.4</td>
<td>Contact point for questions regarding the report or its contents.</td>
<td>Inside Front Cover</td>
</tr>
<tr>
<td>3.5</td>
<td>Process for defining report content</td>
<td>Inside Front Cover/P1</td>
</tr>
<tr>
<td>3.6</td>
<td>Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures and suppliers).</td>
<td>Inside Front Cover/P1</td>
</tr>
<tr>
<td>3.7</td>
<td>State any specific limitations on the scope or boundary of the report.</td>
<td>Inside Front Cover/P1</td>
</tr>
<tr>
<td>3.8</td>
<td>Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations.</td>
<td>Inside Front Cover/P1</td>
</tr>
<tr>
<td>3.9</td>
<td>Data measurement techniques and the bases of calculations.</td>
<td>Inside Front Cover/P1</td>
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<tr>
<td>3.10</td>
<td>Explanation of the effect of any re-statements of information provided in earlier reports (such as merging/acquisition, year of report, professional quality, calculation methods)</td>
<td>Inside Front Cover/P1</td>
</tr>
<tr>
<td>3.11</td>
<td>Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.</td>
<td>Inside Front Cover/P1</td>
</tr>
<tr>
<td>3.12</td>
<td>Table identifying the location of the GRI in the report.</td>
<td>P49-52</td>
</tr>
<tr>
<td>3.13</td>
<td>Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).</td>
<td>P47</td>
</tr>
<tr>
<td>4.1</td>
<td>Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as the committee for strategy making and organizational supervision</td>
<td>P10</td>
</tr>
<tr>
<td>4.2</td>
<td>Indicate whether the Chairman of the highest governing body is also an executive officer (if so, please specify its function within the organization and the reason of this arrangement)</td>
<td>P10</td>
</tr>
<tr>
<td>4.3</td>
<td>If it’s a single board structure, please specify the number of members of the highest governance body that are independent and/or non-executive members.</td>
<td>P10</td>
</tr>
<tr>
<td>4.4</td>
<td>Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.</td>
<td>P10-11</td>
</tr>
<tr>
<td>4.5</td>
<td>Linkage between compensation (including severance packages) and organizational performance (including social and environmental performance) for members of the highest governance body, senior managers and executives</td>
<td>-</td>
</tr>
<tr>
<td>4.6</td>
<td>Processes in place for the highest governance body to ensure conflicts of interest are avoided.</td>
<td>P10-11</td>
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</tbody>
</table>
4.7 Process for determining the composition, qualifications and expertise as well as concerns over gender and other diversity-related factors that the members of the highest governance body and its committees should have.

4.8 Mission, values, codes of conduct and principles relevant to economic, environmental and social performance as well as their implementation.

4.9 Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental and social performance (including relevant risks and opportunities) as well as conformation to international standards, moral codes and principles.

4.10 Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance.

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.

4.12 Externally developed economic, environmental and social charters, principles, or other initiatives with which the organization subscribes or endorses.

4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations.

4.14 List of stakeholder groups engaged by the organization.

4.15 Basis for identification and selection of stakeholders with whom to engage.

4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

5. Economic Performance Index

| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments. |
| EC2 | Financial implications and other risks and opportunities for the organization’s activities due to climate change. |
| EC3 | Coverage of the organization’s defined benefit plan obligations. |
| EC4 | Significant financial assistance received from government. |
| EC5 | Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation. |
| EC6 | Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation. |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. |
| EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts. |

6. Environmental Performance Indicators

<p>| EN1 | Materials used by weight or volume. |
| EN2 | Percentage of materials used that are recycled input materials. |
| EN3 | Direct energy consumption by primary energy source. |
| EN4 | Indirect energy consumption by primary source. |
| EN5 | Energy saved due to conservation and efficiency improvements. |
| EN6 | Initiatives to provide energy-efficient or renewable-energy-based products and services, and reductions in energy requirements as a result of these initiatives. |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. |
| EN8 | Total water withdrawal by source. |
| EN9 | Water sources significantly affected by withdrawal of water. |
| EN10 | Percentage and total volume of water recycled and reused. |
| EN11 | Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas. |
| EN12 | Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. |</p>
<table>
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<td>EN13</td>
<td>Habitats protected or restored.</td>
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<tr>
<td>EN14</td>
<td>Strategies, current acts and future plans for managing impacts on biodiversity.</td>
<td>P24-29</td>
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<tr>
<td>EN15</td>
<td>Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.</td>
<td>-</td>
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<tr>
<td>EN16</td>
<td>Total direct and indirect greenhouse gas emissions by weight.</td>
<td>P26-29</td>
</tr>
<tr>
<td>EN17</td>
<td>Other relevant indirect greenhouse gas emissions by weight.</td>
<td>P26-29</td>
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<tr>
<td>EN18</td>
<td>Initiatives to reduce greenhouse gas emissions and reductions achieved.</td>
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<tr>
<td>EN19</td>
<td>Emissions of ozone-depleting substances by weight.</td>
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<tr>
<td>EN20</td>
<td>NOx, SOx, and other significant air emissions by type and weight.</td>
<td>P26-29</td>
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<tr>
<td>EN21</td>
<td>Total water discharge by quality and destination.</td>
<td>-</td>
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<tr>
<td>EN22</td>
<td>Total weight of waste by type and disposal method.</td>
<td>P29</td>
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<tr>
<td>EN23</td>
<td>Total number and volume of significant spills.</td>
<td>No such incident</td>
</tr>
<tr>
<td>EN24</td>
<td>Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.</td>
<td>No such incident</td>
</tr>
<tr>
<td>EN25</td>
<td>Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization’s discharges of water and runoff.</td>
<td>-</td>
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<tr>
<td>EN26</td>
<td>Initiatives to mitigate the environmental impact of products and services, and the results achieved.</td>
<td>P19/P44</td>
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<tr>
<td>EN27</td>
<td>Percentage of products sold and their packaging materials derived from recycled material, listed by category.</td>
<td>P29</td>
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<tr>
<td>EN28</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.</td>
<td>No such incident</td>
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<tr>
<td>EN29</td>
<td>The significant environmental impact of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce.</td>
<td>No such incident</td>
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<tr>
<td>EN30</td>
<td>Total environmental protection expenditures and investments by type.</td>
<td>P22</td>
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7. Social Responsibility Index

| LA1  | Total workforce by employment type, employment contract and region and gender | P39                 |
| LA2  | Total number and rate of employee turnover by age group, gender and region    | -                   |
| LA3  | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | No such incident    |
| LA4  | Percentage of employees covered by collective bargaining agreements.          | P41                 |
| LA5  | Minimum notice periods regarding significant operational changes, including whether it is specified in collective agreements. | P41                 |
| LA6  | Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs. | P40                 |
| LA7  | Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities, listed by region. | P5/P40              |
| LA8  | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | P33/P41             |
| LA9  | Health and safety topics covered in formal agreements with trade unions.      | P40-41              |
| LA10 | Average hours of training per year per employee by employee category.         | P39-40              |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | P42                 |
| LA12 | Percentage of employees receiving regular performance and career development reviews by gender | P42                 |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | P38-43              |
| LA14 | Ratio of basic salary of men to women by employee category.                   | -                   |
| LA15 | Ratio of returning job after maternity/paternity leave by gender              | P41                 |

8. Social: Human Rights

<p>| HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | P41                 |</p>
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<td>P44-45</td>
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<td>HR3</td>
<td>Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.</td>
<td>P38-43</td>
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<tr>
<td>HR4</td>
<td>Total number of incidents of discrimination and corrective acts taken.</td>
<td>No such incident</td>
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<tr>
<td>HR5</td>
<td>Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.</td>
<td>No such incident</td>
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<tr>
<td>HR6</td>
<td>Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.</td>
<td>No such incident</td>
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<td>HR7</td>
<td>Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.</td>
<td>No such incident</td>
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<tr>
<td>HR8</td>
<td>Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.</td>
<td>P40</td>
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<tr>
<td>HR9</td>
<td>Total number of incidents of violations involving rights of indigenous people and actions taken.</td>
<td>No such incident</td>
</tr>
<tr>
<td>HR10</td>
<td>Total number and percentage of operational activities affected by or involving human rights issues.</td>
<td>No such incident</td>
</tr>
<tr>
<td>HR11</td>
<td>The total number of human rights field grievances through a formal complaint mechanism.</td>
<td>No such incident</td>
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<tr>
<td>SO1</td>
<td>Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.</td>
<td>P22-23/P31/P38-39</td>
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<td>SO2</td>
<td>Percentage and total number of business units analyzed for risks related to corruption.</td>
<td>P12</td>
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<td>SO3</td>
<td>Percentage of employees trained in organization's anti-corruption policies and procedures.</td>
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<td>SO4</td>
<td>Acts taken in response to incidents of corruption.</td>
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<td>Public policy positions and participation in public policy development and lobbying.</td>
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<tr>
<td>SO6</td>
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<td>P30-37</td>
</tr>
<tr>
<td>SO7</td>
<td>Total number of legal acts for anticompetitive behavior, anti-trust and monopoly practices and their outcomes.</td>
<td>-</td>
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<tr>
<td>SO8</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.</td>
<td>No such incident</td>
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<tr>
<td>SO9</td>
<td>Operations that have major potential or actual adverse impacts on local community.</td>
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<td>SO10</td>
<td>Actions taken to prevent or reduce potential or actual adverse impacts on local community.</td>
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<td>Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.</td>
<td>P14-21</td>
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<td>PR2</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.</td>
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<td>PR3</td>
<td>Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.</td>
<td>P18-19</td>
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<td>PR4</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.</td>
<td>No such incident</td>
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<td>PR5</td>
<td>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.</td>
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<td>Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.</td>
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<td>PR7</td>
<td>Total number of incidents of non-compliance with regulations, standards and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.</td>
<td>No such incident</td>
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<tr>
<td>PR8</td>
<td>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.</td>
<td>No such incident</td>
</tr>
<tr>
<td>PR9</td>
<td>Value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.</td>
<td>No such incident</td>
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Environmental Protection Actions Taken in Printing the Report

The report is printed on ISO 14001 (environmental management systems and standards) certified recycled paper which contains 75% waste paper.