

# 2022

**New Challenges, New Values, and New Futures**  
Research Report on the Social Value of Chinese  
Consumer Companies

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# Preface

## Invest in the Future, Respond to the Future in the Present



In recent years, an increasing number of Chinese publicly-listed companies have been disclosing ESG reports (ESG stands for Environmental, Social Responsibility, and Governance) in response to the growing trend of ESG investing that emerged in the early 21st century. In 2004, the United Nations Global Compact organization published the report "Who Cares Wins," which discussed how to integrate ESG factors into investment and financing activities as well as corporate operations, providing guidance on the matter. In 2008, the United Nations launched the Sustainable Stock Exchanges initiative, aiming to promote ESG from the perspective of publicly-listed companies.

Amid numerous initiatives and pressing real-world challenges over the past decade, ESG metrics have gradually become a critical measure of a company's sustainability. More and more companies are joining this long-term endeavor, not merely as an ideological choice, but out of their obligation and responsibility to consumers, society, and the planet.

Looking at the development of international business, whether it's technological transformations or innovative business models, they have both inspired the birth of outstanding companies. Today, in addition to technology and business models, where a company positions ESG principles and how it integrates them across production technology, business models, corporate culture, and management processes will also have a profound impact on its development.

When viewed within an industry context, ESG not only propels a new self-revolution within companies but also sparks a sustainable revolution within industries themselves.

According to PwC's "2022 Global Consumer Insights China Report – Insights into the New Landscape of Retail and Pathways to Growth," Chinese consumer behavior is undergoing profound changes. Consumers now have higher expectations regarding personal privacy and brand ESG strategies. 50% of respondents are willing to pay a higher average price for products that are traceable and transparent in their sources, while 45% are willing to buy products made from recyclable, sustainable, or environmentally friendly materials. Additionally, 37% of respondents are willing to spend more to purchase domestically-produced or domestically-sourced products due to reduced carbon emissions.

In fact, the consumer industry impacts China's population of 1.4 billion people, encompassing virtually every aspect of daily life, from clothing and food to housing and transportation. Therefore, active adoption of ESG principles within the consumer industry can help cultivate green consumer habits in areas such as clothing, food, housing, transportation, and more. Through strong demand-driven initiatives, this can drive the entire consumption market towards a green, low-carbon transformation throughout its lifecycle. Simultaneously, every consumer can contribute to ESG principles by changing their consumption behavior and lifestyle, participating in a low-carbon approach, which, in turn, promotes companies' adherence to ESG and pursuit of sustainable development. The interaction between supply and demand at both ends will radiate and stimulate the upstream and downstream sectors of the domestic consumer industry, helping society as a whole promote green, low-carbon circular development and foster comprehensive green transformation in economic and social development.

As PwC stated in the report, "Chinese consumers are attracted to brands with ESG awareness, and conscious consumerism with a social conscience will continue to grow."

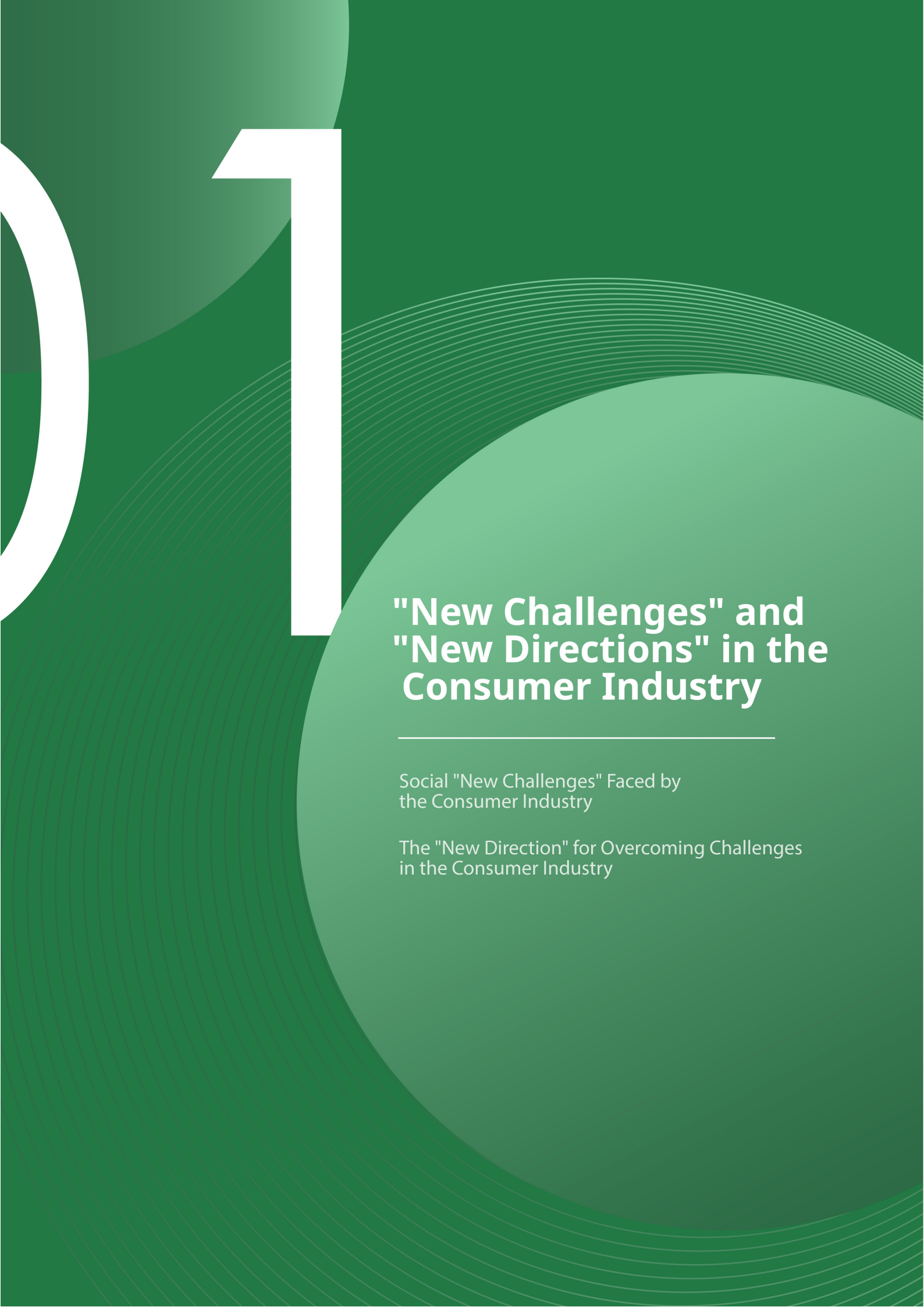


In the current era of profound change in consumer behavior, BA Capital strongly identifies with the alignment of social responsibility principles and value investing. On one hand, we actively incorporate the "ESG principles" into the entire investment process at BA Capital, including deal screening, due diligence, deal decision-making, and post-investment management, with a focus on uncovering positive social values within companies. On the other hand, we continuously strengthen our own social responsibility framework, advocating for ecological partners to prioritize issues such as social inclusivity, technological innovation, and green development. We have also set up a research team with Institute of Sociology, Chinese Academy of Social Sciences (CASS) to enhance the social benefits of our investment while creating economic benefits.

ESG represents a response to the most pressing global sustainability issues. The new era in which we and future generations will live demands brands that embrace ESG principles, and it is an era where ESG brands will emerge.



Research Team of Institute of Sociology, CASS & Black Ant Capital



# "New Challenges" and "New Directions" in the Consumer Industry

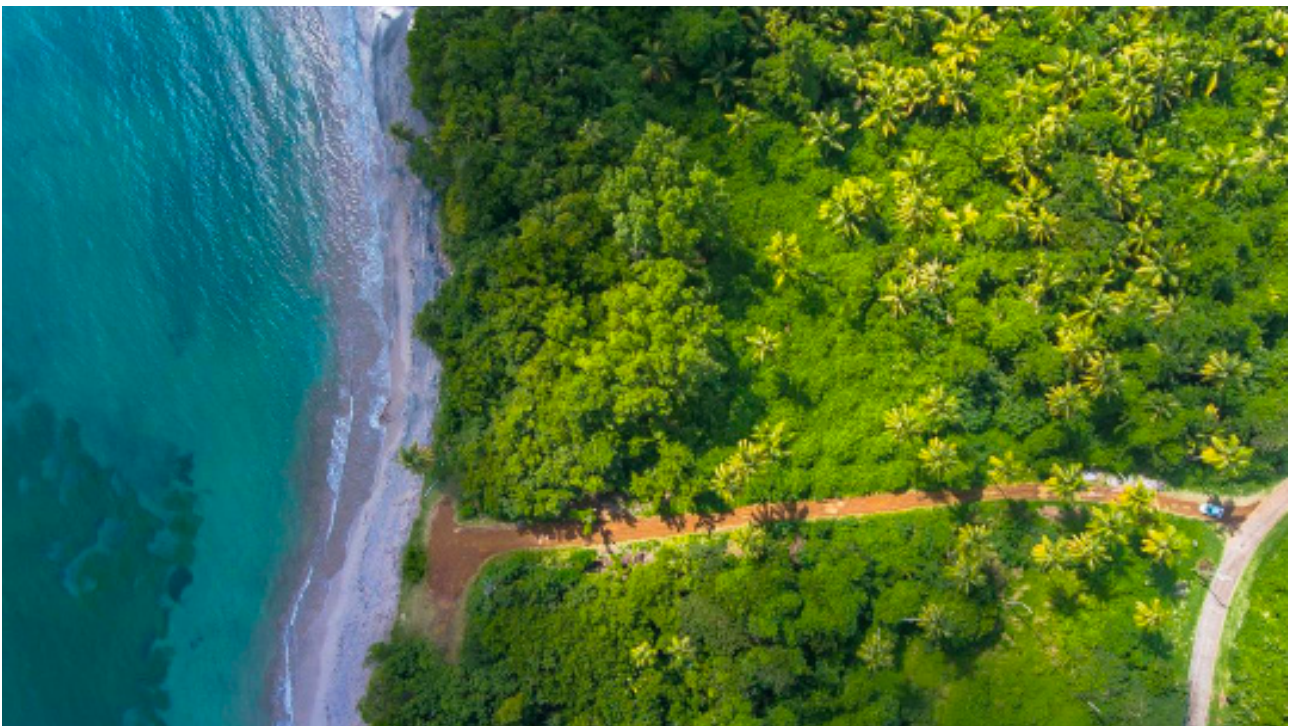
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Social "New Challenges" Faced by  
the Consumer Industry

The "New Direction" for Overcoming Challenges  
in the Consumer Industry

## Social "New Challenges" Faced by the Consumer Industry

The overarching theme of high-quality development has raised higher social expectations for consumer companies. An increasing number of businesses are actively embracing social responsibility, integrating it into their strategic planning and operational management. They are responding to evolving social issues and the ever-changing demands of their industries. This approach aims to achieve mutual growth for both the company and society.



# 1

## Economic and Social Development Context

This is an era where various sectors of society need to work together towards "common prosperity." In 2022, the 20th National Congress of the Communist Party of China emphasized the need to "achieve common prosperity for all, promote harmonious coexistence between humans and nature, and build a community with a shared future for humanity, creating a new form of human civilization." With "common prosperity" becoming a strategic goal for national development in this new era, all industries are exploring how, in the face of new challenges, businesses can contribute more to society and strive for "higher quality, greater efficiency, greater fairness, and more sustainability" in their development. Among these, the consumer industry, as a robust force driving towards common prosperity, shows immense potential.

This is an era where businesses face greater "social expectations." As stated in a commentary by People's Daily, courageously taking on social responsibility is an essential aspect of entrepreneurial spirit. Upholding entrepreneurial spirit and harnessing the role of entrepreneurs are of significant importance for deepening structural reforms, stimulating market vitality, and achieving sustained and healthy economic and social development. Consumers are also increasingly concerned about the social value of brands, hoping that brands can manage and operate responsibly and make contributions to society. Whether at the national development level or the individual consumer level, businesses are being subjected to greater social expectations.

In recent years, the continuous rise and vigorous development of themes such as sustainable development, carbon neutrality, ESG (Environmental, Social, and Governance), and sustainable value investing (as shown in Figure 1) have led more and more companies to reevaluate and continuously uncover their "social value." They are establishing trustworthy social responsibility and philanthropic plans to achieve mutual growth for both businesses and society.

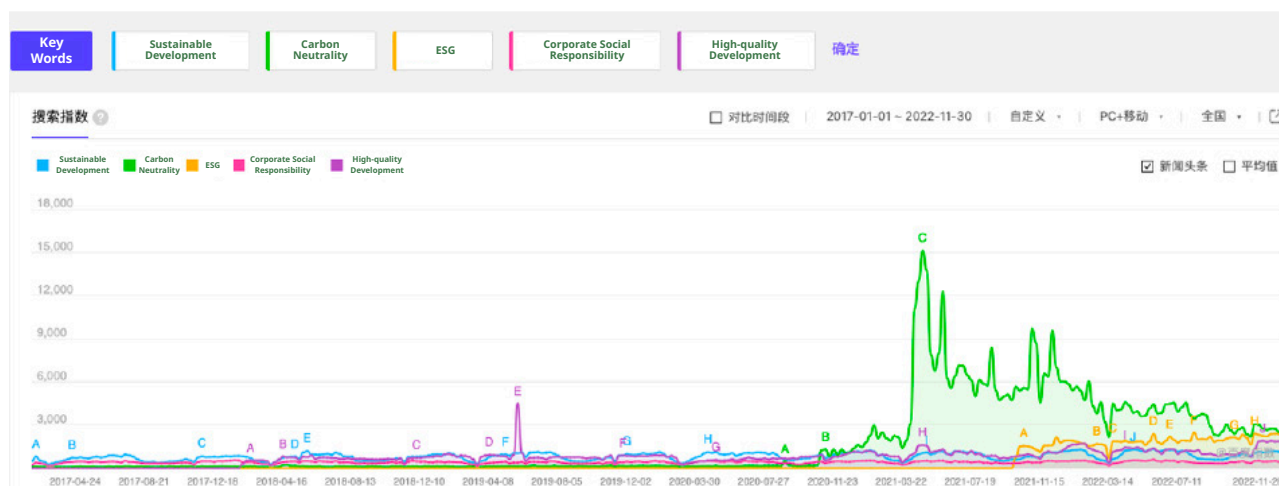


Fig. 1: Baidu search index on topics related to sustainable development

It can be said that the current state and trends of development in this era pose new challenges for businesses as market operators, necessitating a comprehensive examination, reset, renewal, transformation, and enhancement. Simultaneously, more companies are realizing that only by embedding the social function and social value of their businesses throughout the entire lifecycle of strategic planning and management can they achieve sustainable growth. In other words, businesses can only attain long-term commercial success by creating value for society.

## 2

### Emerging Needs in Industry Ecosystem Development

Under the backdrop of societal transformation and economic development, the industry ecosystem is quietly experiencing numerous changes.

A new era ushers in new groups. On one hand, with the continuous advancement of the national rural revitalization strategy, the income gap between urban and rural areas is gradually narrowing. A new group of "new



urbanites" from lower-tier markets is emerging. With the support of rapidly developing internet technology, logistics, and e-commerce, they are gradually demonstrating significant consumption capacity. On the other hand, due to changes in population demographics and generational shifts, digital native Gen Z, single people who value convenience, and economically independent and self-pleasing modern women are emerging as a combined force of "new youth." They have become the mainstream consumers of today, leading the transformation of consumer industry ideologies with more diverse lifestyles and unique perspectives on consumption. Additionally, as China's population ages, the "new silver generation" with substantial consumption potential in areas such as nursing and healthcare, elderly medical services, cultural and leisure activities, and spiritual satisfaction is brewing. This group cannot be ignored as a new consumer segment.

New groups have new demands. Taking the most representative "new youth" as an example, among their approximately 200 million members, those who grew up as "only child" stand out. Compared to other groups, they possess a deeper self-awareness — they prioritize self over the collective, emphasize diversity over conformity, value enjoyment over practicality, and prefer individual expression over uniform values. Their growth experiences, marked by greater independence, loneliness, affluence, and diversity, give rise to a strong need for constructing social identities. They tend to seek belonging in small circles while desiring peer recognition. Their growth has occurred amidst China's rapid economic development and increasing international influence, instilling them with significant cultural confidence. This confidence has led to stronger cultural positions, with a preference for supporting domestic brands rather than blindly admiring foreign ones, and an inclination to explore the values behind brands rather than solely focusing on high-end packaging.

New demands create new trends. Driven by various new demands from these new groups, a multitude of new consumer brands have emerged across various sectors such as clothing, food, housing, transportation, consumer goods, and entertainment. These brands have nurtured several "new features" that cater to these evolving demands, namely:



"New Ecosystems": Mature and sound supply chain systems.

"New Approaches": High-frequency content-centric output and intense interactive engagement.

"New Channels": Livestreaming e-commerce, short video integrations, comprehensive recommendations by celebrities and KOLs.

"New Categories": Subcategories represented by products like skincare and makeup emphasizing "morning C and evening A" or health and slimming products with "zero calories and zero sugar."

"New Technologies": Technologies such as convenient self-heating, freeze-drying, and cold pressing.

As a result of these developments, the consumer industry appears to have given rise to a layered new trend. In the increasingly fierce market competition, this has once again become a new challenge for companies in terms of meeting the demands for "pursuing refinement" and "inner value" in brand positioning.

## The "New Direction" for Overcoming Challenges in the Consumer Industry

Regardless of whether it is economic and social development or industry ecosystem development, it seems that they all converge on a key area for businesses - social value. For the consumer industry, a new "social value revolution" seems to be the "new course" to overcome many new challenges.



The consumer industry needs a "social value revolution." How much value does a company really have? If answered from a financial perspective, the answer doesn't seem difficult. However, in today's business and society, the value a company can create is not limited to its economic value, often referred to as the "vote machine." It should also include social value. Social value determines a company's long-term investment value; it is the "scale" that weighs the value

of a company. From the perspective of external competitiveness, a strong social value can not only meet public expectations and build a positive public image, bringing long-term benefits to the company, but it can also facilitate communication between the company and the government, reduce risks, and expand market influence. From an internal perspective, realizing social value can attract more outstanding talents, foster a strong sense of identification, honor, and belonging among employees, and enhance production efficiency. In the future socio-economic development, only companies and brands that balance economic development and social value can go further.

Currently, under the powerful theme of "promoting common prosperity in high-quality development," companies should integrate social value and social responsibility into their strategies, achieving resonance between corporate strategy and national development. While many companies have realized the importance of fulfilling "social value," they still often simplify "realizing social value" or "corporate social responsibility" as mere "charity" and "public welfare." Most companies still primarily choose "donations" as their main means of achieving social value. This is undoubtedly a misunderstanding of "social value." To some extent, in today's era, how a company spends its money is more important than how it earns it.

"Social innovation" is a new way to maximize "social value." It is well known that "technological innovation" is an important engine for achieving high-quality economic development. However, there is another equally important engine that is often overlooked: "social innovation." If "technological innovation" is usually used to solve technical bottlenecks and create more "increments," then "social innovation," in contrast, is usually used to address social pain points and activate more "stock." Unlike the high technical barriers of the former, the latter is open to any market participant.



For businesses, to transition from traditional extensive development to high-quality development, social value innovation can be a vital lever in management and innovation. It often brings new growth points to the company by combining its business advantages with current social issues. In the process of activating stock, it can often lead to the unified development of social value and business value. This research refers to this business growth model as corporate social innovation.

As mentioned earlier, for the consumer industry, which is aimed at a broad C-end user base, the emerging trend of meeting "from basic survival to pursuing refinement, from external beauty to inner value" in user demands makes it increasingly important to unleash corporate social value. The boundary between public welfare and business is being broken down, and competition across various industries is becoming more virtuous, with a focus on both ethics and profit. Under this backdrop, corporate social innovation is not only a new self-revolution for the existing business models in the consumer industry but also a social revolution for companies to achieve long-term development in the future.

Given these factors, this research focuses on studying and evaluating social value and social innovation projects in the consumer industry. It aims to uncover advanced experiences from "industry leaders" in the field of social innovation, providing references for more budding consumer companies. In doing so, it will help consumer companies embrace "social innovation" as a crucial lever and direction for progress in this era of transition from owner-driven economies to participant-driven economies. Ultimately, this will enable these companies to break through various new challenges in economic development and industry ecology, achieving a true win-win of economic and social benefits.



The background is a solid dark green. Overlaid on this are several concentric circles of varying shades of green, creating a layered effect. A large, white, stylized number '2022' is positioned on the left side, with the '2' being significantly larger than the '0's. The number is partially cut off by the left edge of the frame.

# 2022

## **Social Value Analysis of the Consumer Industry**

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Analyses of Subjects and  
Methodological Models

Research Findings on the Social Value  
of the Consumer Industry



## Analyses of Subjects and Methodological Models

### 1

#### Assessment Subjects

To characterize representative companies in the new generation consumer industry, the research team primarily referred to China's "Accelerating the Cultivation of New Types of Consumption Implementation Plan" policy document, the Global Industry Classification Standard (GICS), the China Securities Regulatory Commission's industry classification standards, and industry classifications from Shanghai Shenyin Wanguo Research & Consulting Co., Ltd. The analysis focused on some of the consumer companies listed on the A-share market, some unlisted consumer companies, and the overall trends in the consumer industry. In the selection of research subjects, the study mainly followed the following methodology:

Step 1: Refer to policy documents and select the corresponding industry categories in GICS (including diversified retail, textiles, apparel and luxury goods, personal products, hotels, restaurants, and leisure, food, beverages, etc.). Exclude ST companies and companies with missing financial data, resulting in a total of 678 listed companies.

Step 2: Refer to policy documents and match the consumer companies from the previous step with the China Securities Regulatory Commission's industry classification standards. Then, filter companies based on "business scope" and "main products" to identify entries that include keywords such as "e-commerce," "medical aesthetics," "pop products," "clothing," "cosmetics," "snacks," etc. After this identification process, there were 107 representative

consumer industry listed companies.

Step 3: According to Shanghai Shenyin Wanguo Research & Consulting Co., Ltd.'s primary industry classification, the companies were categorized into textile and apparel, household appliances, beauty and personal care, wholesale and retail, food and beverages, pharmaceuticals and biotechnology, electric equipment, machinery and equipment, agriculture, forestry, animal husbandry, and fishing.

This standard was also used to select 59 unlisted consumer companies. After the screening process, a total of 166 consumer companies were identified as the analysis subjects for this study. Table 1 shows the industry distribution of the analysis subjects.

Industries	Frequency	Industries
Pharmaceuticals and Biotechnology	20	12.05%
Wholesale and Retail	39	23.49%
Household Appliances	11	6.62%
Textile and Apparel	19	11.45%
Beauty and Personal Care	15	9.04%
Food and Beverages	41	24.70%
Other[1]	21	12.65%
Total	166	100%

Table 1: Industry Distribution of Analyzed Subjects

[1] Includes agriculture, forestry, animal husbandry, fishing, machinery, electronics, and social services, as well as light manufacturing. These industries are grouped together due to their relatively low quantity.

[2] Based on the classification of primary industries by Shanghai Shenyin Wanguo Research & Consulting Co., this study primarily focuses on sectors such as textiles and apparel, household appliances, beauty and personal care, retail trade, food and beverages, pharmaceuticals, and biotechnology. Industries with fewer participating companies, such as electric power equipment, machinery, agriculture, forestry, animal husbandry, and fishing, are not presented separately in this context.

## 2

### Secondary System and Value Dimensions of Social Value Analysis

In the process of corporate management, risk management is an essential tool and goal. With the refinement of corporate management, financial risk is no longer the primary risk that companies face. On the contrary, governance risk, environmental risk, supply chain, and other social risks are significant obstacles affecting a company's sustainable growth. Therefore, in the analysis system, this study mainly focuses on two major aspects: the risks that companies face and whether companies have sufficient measures to effectively manage those risks.

Specifically, based on the reference to mainstream ESG analysis and social impact analysis models from both domestic and international sources, this study has developed a social value analysis indicator system, taking into consideration the Chinese context. The indicator system primarily consists of the following three levels.

1. The primary indicator system primarily considers a company's self-value and collaborative value. Based on the stakeholder model, core stakeholders of the company are categorized into different value cores. Shareholders, employees, consumers, and communities constitute the core of a company's self-value, while suppliers, government, media, and social organizations constitute the core of the company's collaborative value.

(1) Self-Value: Self-value represents the core interests of the company, created and delivered through self-value creation to achieve value sharing with stakeholders. The self-value of a company includes five aspects: corporate governance, employee rights, environmental protection, social responsibility, and corporate culture.

Maintaining the self-value of a company means maintaining the fundamental

processes of its operations, such as production, management, and administration. It also means managing products, technology, and human capital effectively, focusing on employee well-being, pursuing product quality, and striving to excel in the fundamentals of business development and operations.

(2) Collaborative Value: Collaborative value is based on a cooperative system of relevant interests that allows companies to create more social value. This can be achieved through good supply chain relationships, government relations, and media relationships, ultimately leading to inclusive and collaborative growth.

This growth model is mutually beneficial and involves partners and external organizations. Achieving convergence of interests is essential to magnify the value of social innovation, creating a scale effect for value.

2. The second-level indicators consist of 10 dimensions. According to the stakeholder model, self-value and collaborative value each include 5 dimensions. Self-value comprises corporate governance, employee rights, environmental protection, social responsibility, and corporate culture. Collaborative value encompasses cooperation with government organizations, international organizations, partners, social organizations, and cultural media, as shown in Table 2 below.

Primary Indicator	Secondary Indicator	
Self-value	Corporate Governance	15
	Employee Rights (HR)	15
	Environmental Protection	5
	Social Responsibility (CSR)	10
	Corporate Culture (HR)	5
Synergy Value	Cooperation with Government Organizations (GR)	15
	Cooperation with International Organizations	5
	Cooperation with Business Partners (Service Providers, Consumers, CRM)	15
	Cooperation with Social Organizations	5
	Cooperation with Cultural Media	10

Table 2: Corporate Social Value Indicator System

3. On the basis of the second-level indicators, the third-level indicators include the following 66 items.

(1) Corporate Governance: existence of formal governance structures (compensation committee, audit committee, etc.); overlapping roles of CEO and chairman; proportion of external directors on the board; proportion of female directors on the board; succession planning within the company; employee involvement in corruption or criminal cases in the past 2 years.

(2) Employee Rights: total number of employees; employee headcount growth rate; existence of fair non-discrimination employment rules or policies; systems for protecting employee rights in place; employee professional development and training systems; number of labor protection-related disputes in the past two years; employment and training policies for disadvantaged groups and children.

(3) Environmental Protection: environmental protection-related lawsuits or complaints in the past 2 years; environmental disputes in the past 2 years; amount of environmental fines in the past 2 years; specific measures for

carbon reduction; amount of investment in environmental protection; green procurement policies and strategies at various stages (production, sales, distribution); waste disposal and utilization processes.

(4) Social Responsibility: existence of high-level social responsibility committees (or similar structures); public statements or participation in social responsibility activities by top executives; presence of a dedicated social responsibility department; regular publication of social responsibility reports or similar reports; reporting frequency (number of reports/years since establishment); incentive systems to encourage employee participation in public welfare activities; funding for public welfare and charitable activities; third-party assessment of social responsibility; strict data privacy and security protection systems or workflows.

(5) Corporate Culture: promotion of positive cultural phenomena; negative media coverage related to culture; clear social mission and social care in the corporate values/vision; clear business ethics (fairness, anti-corruption, etc.); promotion of new professions.

(6) Government Cooperation: response to major national calls for poverty alleviation, disaster relief, etc., in the past five years; establishment or participation in party organizations; company leaders serving as members of the national people's congress or chinese people's political consultative conference; holding leadership positions in chambers of commerce, federations of industry and commerce, etc.; establishment of think tanks or research institutes; awards received for sustainable development or csr; participation in sustainable development organizations or initiatives; recognition of national standards; promotion of legislation or national policies related to csr.

(7) International Organizations: overseas donations or charity activities by the company; recognition of overseas standards; collaboration with overseas non-governmental organizations; collaboration with overseas universities and research institutions.



(8) Business Partners: audit systems for the supply chain; protection of supplier rights; environmental requirements for suppliers; number of consumer complaints in the past 5 years; strict quality management systems; initiatives that engage business partners in social causes; empowerment and training for external groups; disclosure of customer and consumer rights protection; participation in the management of virtual or real communities (fan communities, etc.); integration of social responsibility into core business processes.

(9) Social Organizations: ongoing flagship projects in the field of public welfare; duration of flagship social responsibility projects; geographic scope of flagship social responsibility projects; existence of (public welfare) foundations; establishment of special funds or foundations in the fields of public welfare, charity, or other social responsibility areas; establishment of stable social listening mechanisms (e.g., email communication); donations to or collaboration with civil organizations.

(10) Cultural Media: investment in cultural-related areas (collaboration with museums, etc.); brand communication status (weibo, website, news); use of logos, public ambassadors, mascots, or special communication activities related to social image; creation and dissemination of communication materials related to corporate social responsibility or social value.

## Consumer Industry Social Value Analysis

Based on the above-mentioned social value index methodology, this report analyzes the social value index of 166 consumer companies.

### 1

## Analysis Findings

### 1. Industry veterans, whether established or listed earlier, tend to lead in creating social value.

Focusing on the 107 listed companies within the entire value model, there is a strong correlation between social value and the timing of their initial public offerings.

Based on publicly disclosed information, this study uses the year of a company's formal listing as the basis for assessing the timing. These companies are divided into three groups based on their listing year: those listed before 2000 (31 companies), those listed from 2001 to 2015 (37 companies), and those listed from 2015 to 2021 (39 companies), creating three tiers of "early, middle, and late." As shown in Figure 1, companies listed earlier tend to have higher average scores in both self-value and social value. Among the top five companies in terms of social value scores, most were listed between 1993 and 2011. Although on the surface, there may not be a direct causal relationship between a company's listing time and its social value, there is a certain inherent correlation between the two.

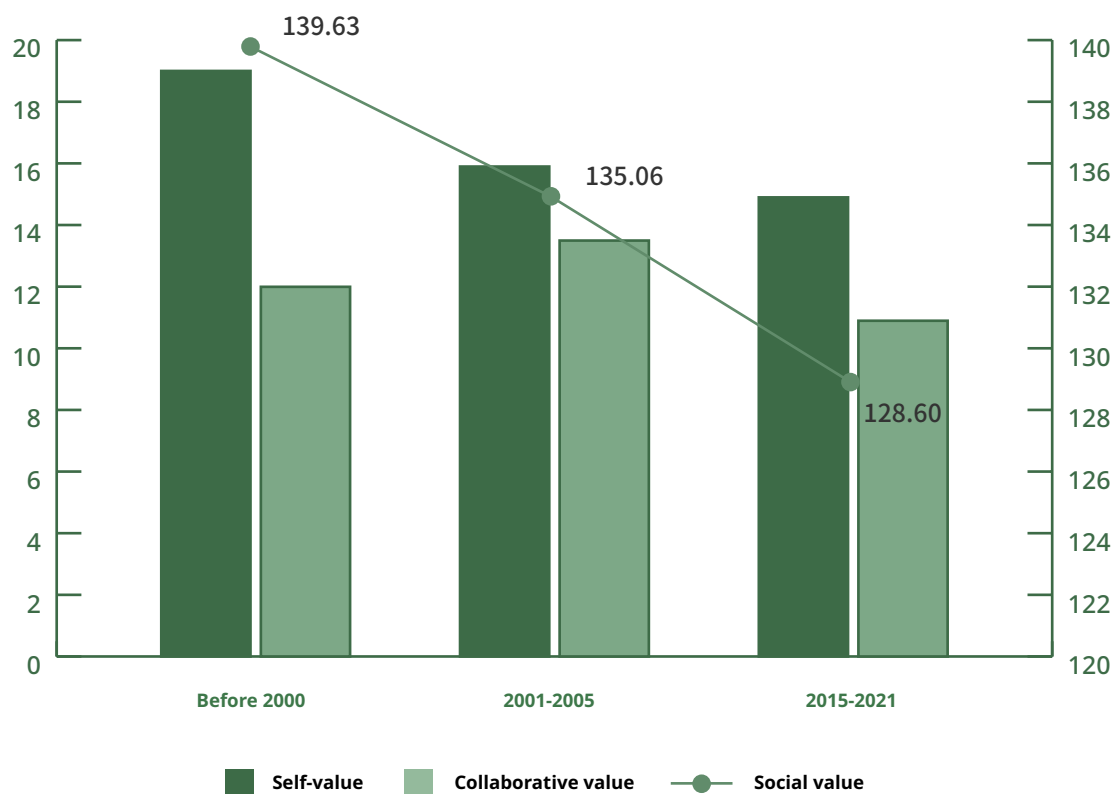


Figure 1: Average Social Value Scores by Listing Year

[1] The theoretical scores calculated here are for modeling purposes. In actual calculations, relative scores are used to account for differences between industries and situations where non-public companies have limited disclosure. The relative score range is 0-100, with an additional 100 baseline score assigned to each company. As the theoretical score range for different dimensions may differ, a standardization or normalization approach is applied to the data for practical comparisons.

Although on the surface, there may not be a direct causal relationship between a company's listing time and its social value, there is a certain inherent correlation between the two.

(1) Companies often need to enhance their focus on social value and fulfillment before going public in order to secure better valuation and more financing in the capital market. This strategy helps build trust and garner support from investors and the public. (2) Publicly listed companies are required to disclose financial and operational information to the public and regulatory authorities. This compels companies to place greater emphasis on fulfilling their social value commitments and increasing transparency. With the accumulation of time spent in the public eye, companies can gradually

establish more sustainable development mechanisms. (3) Companies often focus on sustainability and long-term value after going public. This leads them to pay more attention to and fulfill their social responsibilities, including environmental protection, employee welfare, and philanthropic activities. As a result, companies can gain a competitive advantage in the market.

## 2. Companies with female directors tend to have better social value performance.

As shown in Figure 2, among the 166 companies surveyed in this study, the proportion of companies with female directors in their boards is as high as 50.6%. The highest number of female directors in a single company is as many as six.

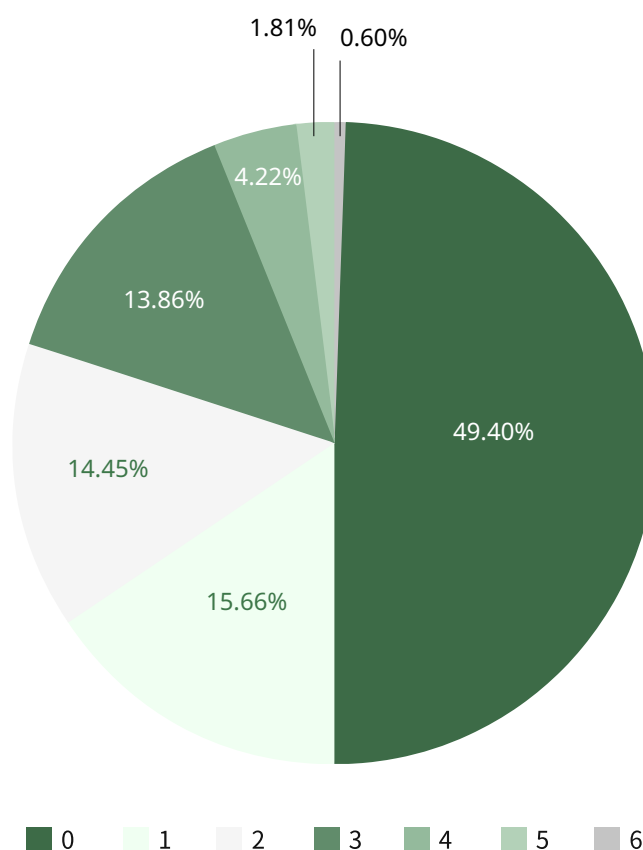


Figure 2: Number of Female Directors in Companies

The study found that companies with female directors on their boards tend to have higher scores in both self-value and collaborative value, as shown in Figure 3.

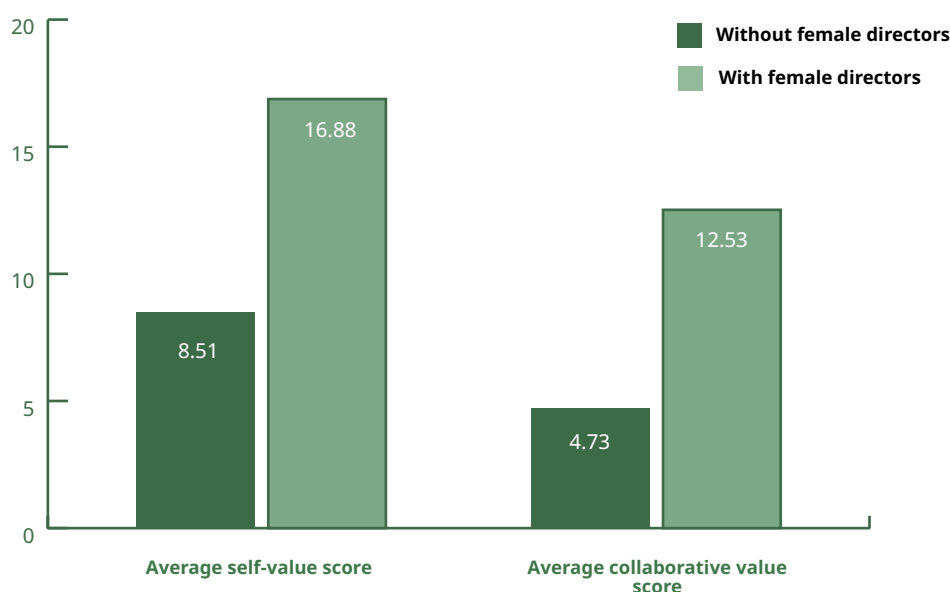


Figure 3: Self-value and Collaborative Value with and without Female Directors on the Board

Further analysis reveals that companies with female directors on the board have higher scores in all social value sub-dimensions compared to those without female directors (as shown in Figure 4), especially in the areas of corporate governance and cooperation with government organizations.

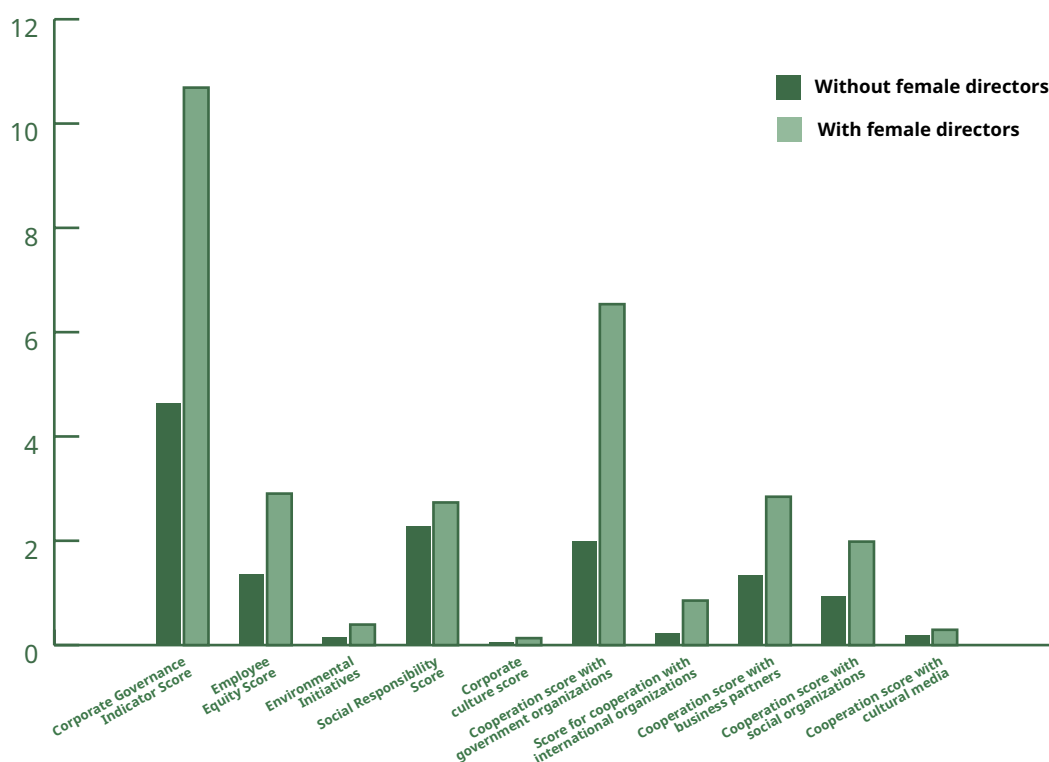


Figure 4: Social Value Sub-dimensions Based on the Presence of Female Directors in Companies

The presence of women in the board of directors of a company can drive the creation of social value from multiple dimensions.

(1) Provide a more diverse and inclusive perspective. (2) Strengthen corporate ethics and social responsibility. Research shows that women in leadership roles are more focused on a company's social and environmental impact and tend to adopt sustainable and socially responsible business practices. (3) Promote collaboration and communication. Women's negotiation and communication styles may help improve the company's relationships with external organizations. (4) Enhance corporate credibility and image. Increasing the number of women on a company's board of directors can promote gender equality and social justice while also helping to build consumer trust in the company.

**3. Most industries tend to overlook "environmental initiatives," "corporate culture," and "collaboration with international organizations, social organizations, and cultural media."**

This study analyzed the average scores of companies in various social value indicators based on industry classification (as shown in Figure 5 below).

The results show that, in terms of self-value indicators, most companies tend to prioritize scores in corporate governance, followed by employee rights and social responsibility. However, they seem to lag in environmental initiatives and corporate culture. Regarding the indicators of collaborative value, companies primarily focus on cooperation with government organizations, followed by cooperation with business partners. Collaboration with international organizations, social organizations, and cultural media appears to be relatively scarce.



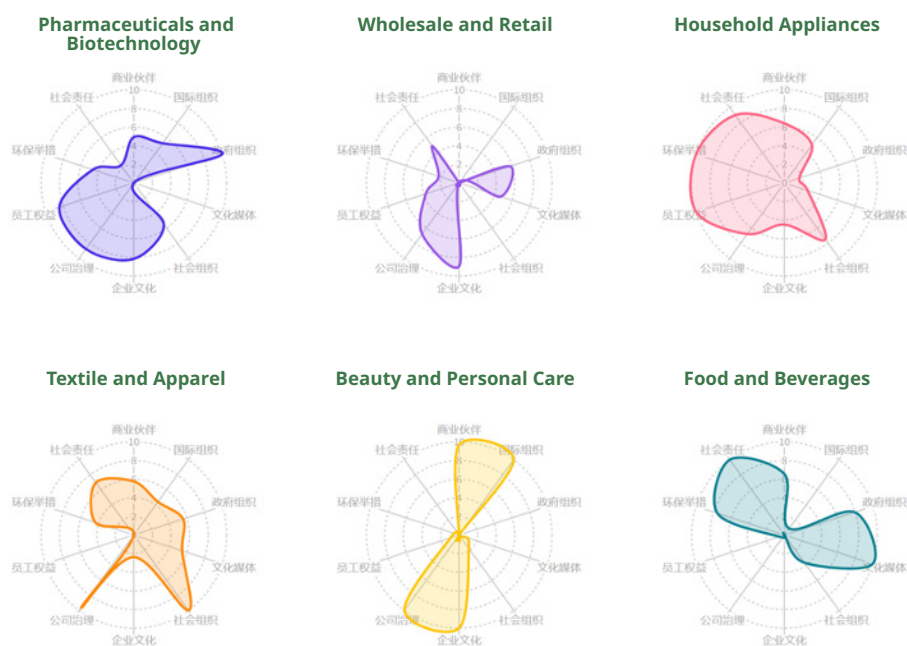


Figure 5: Average Scores of Companies in Various Social Value Sub-Dimensions across Different Industries

[1] For the convenience of visualization and readability, industry-specific data across dimensions have been normalized and adjusted to a range of 0-10.)

This study believes that the three sub-dimensions that most companies overlook, namely "environmental initiatives," "corporate culture," and "collaboration with international organizations, social organizations, and cultural media," are crucial for enhancing a company's competitiveness and achieving sustainable development.

(1) Focusing on environmental initiatives helps companies establish a positive image, increase social recognition of the company and its brand. Moreover, environmental responsibility helps reduce environmental risks, decrease the occurrence of environmental accidents, and protect the lives and property of employees and the general public. (2) Corporate culture is crucial as it encompasses the values and behavioral guidelines of a company, serving as a unified framework for internal management and external image. A positive, people-centric, and socially-responsible corporate culture attracts more talent and consumers into the company's ecosystem. Within a company's operations, corporate culture also plays a role in regulating behavior, fostering employee

identification, and enhancing cohesion. (3) Collaboration with international organizations, social organizations, and cultural media can help companies expand their social influence, broaden their international perspective, and enable them to engage fully with social feedback. This engagement allows companies to make dynamic adjustments to their overall ecosystem.

#### 4. There are significant differences in the development progress of different industries in terms of social value sub-dimensions.

##### (1) Self-value dimension

Looking at the second-level indicator "Corporate Governance" dimension, the pharmaceutical and biotechnology industry has a clear advantage, followed by the household appliances, retail, and textile and apparel industries. Meanwhile, the beauty and personal care, as well as the food and beverage industries, have lower scores (as shown in Figure 6).

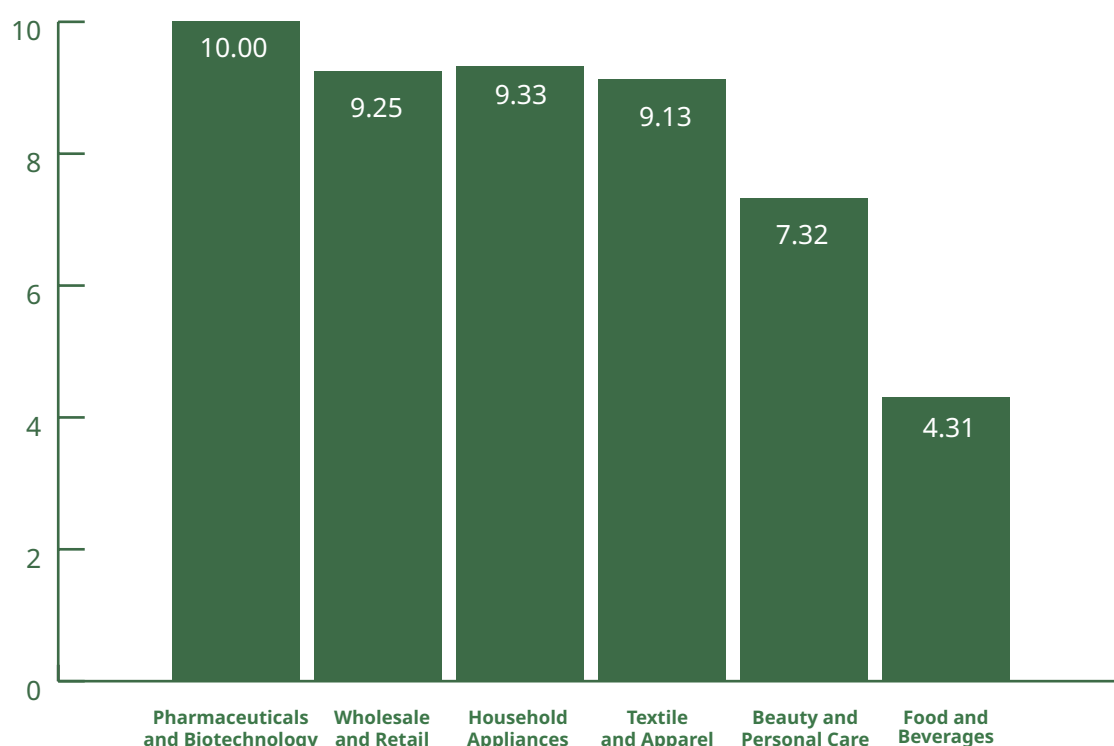


Figure 6: Corporate Governance Indicator Scores across Different Industries

[1] For the convenience of visualization and readability, industry-specific data across dimensions have been normalized and adjusted to a range of 0-10.

From the "Employee Welfare" dimension, the home appliances industry has the highest score, followed by the pharmaceutical and retail sectors. The beauty and personal care, food and beverage, and textile and apparel industries have room for improvement.

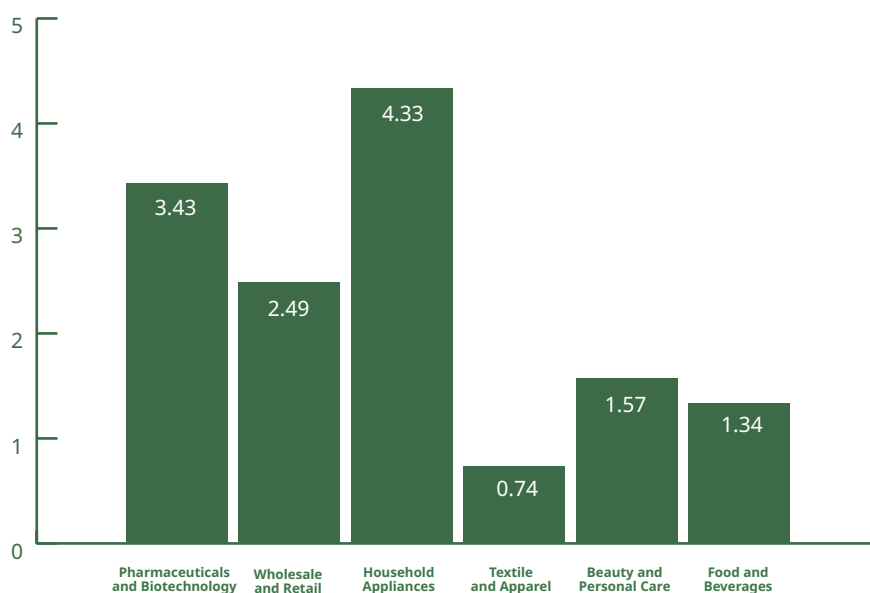


Figure 7: Employee Welfare Index Scores across Different Industries

From the "Environmental Initiatives" perspective, the household appliances industry also achieved the highest score and holds a significant lead over other industries.

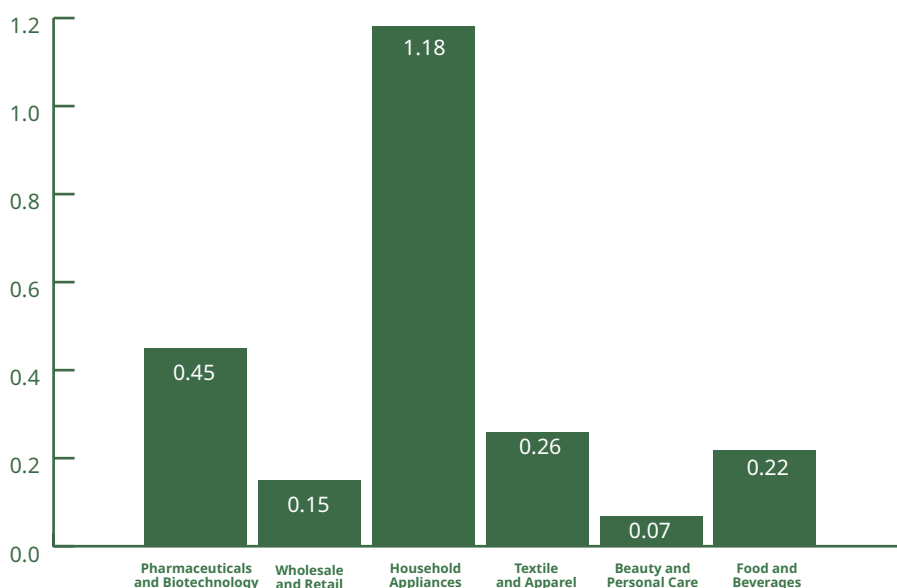


Figure 8: Scores for Environmental Initiatives across Different Industries

Looking at the "Social Responsibility" dimension, the household appliances industry has the highest score, while the differences among other industries are relatively small, indicating a relatively balanced overall development.

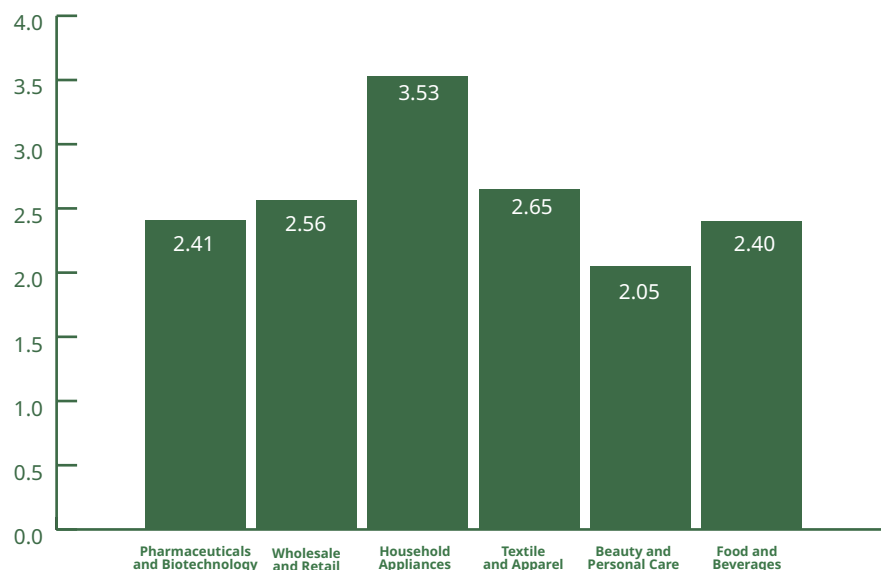


Figure 9: Scores for Social Responsibility across Different Industries

Looking at the "Corporate Culture" dimension, the retail and pharmaceutical industries have relatively high scores, followed by the beauty and personal care, household appliances, and textile and apparel industries. The food and beverage industry has significant room for improvement.

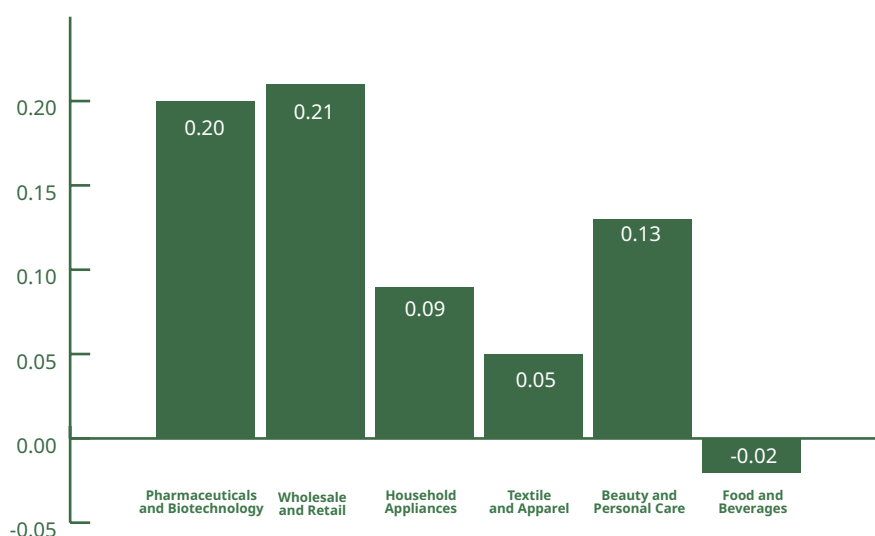


Figure 10: Scores for Corporate Culture across Different Industries

## (2) Collaborative Value Dimension

Overall, the pharmaceutical and biotechnology industry focuses on collaboration with government organizations and international organizations, the household appliance industry emphasizes cooperation with international organizations, business partners, and social organizations, while the food and beverage industry prioritizes collaboration with cultural media.

Specifically, looking at the sub-dimension of "Cooperation with Government Organizations," the pharmaceutical and biotechnology industry has the highest score, followed by the retail, household appliance, and textile and apparel industries, while the beauty and personal care and food and beverage industries have a significant gap with the leading sectors.

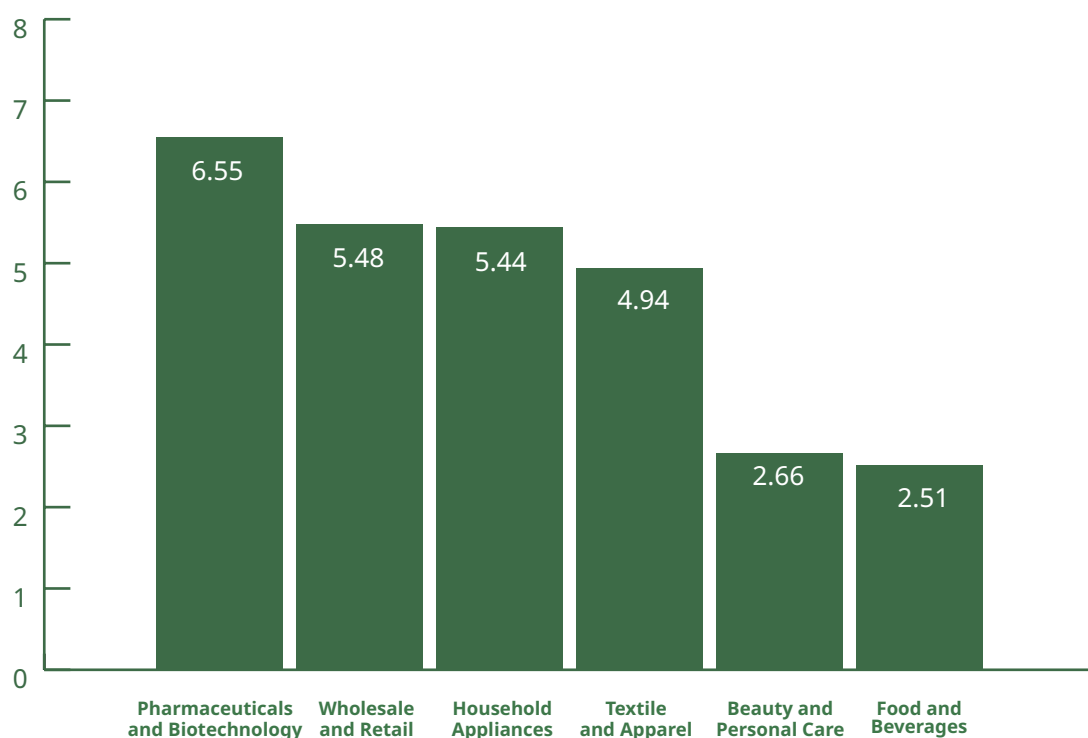


Figure 11: Scores of Different Industries in Cooperation with Government Organizations

When it comes to cooperation with international organizations, the consumer industry as a whole performs poorly, with scores falling in the lower range. Among them, the retail and food and beverage sectors have the most room for improvement.

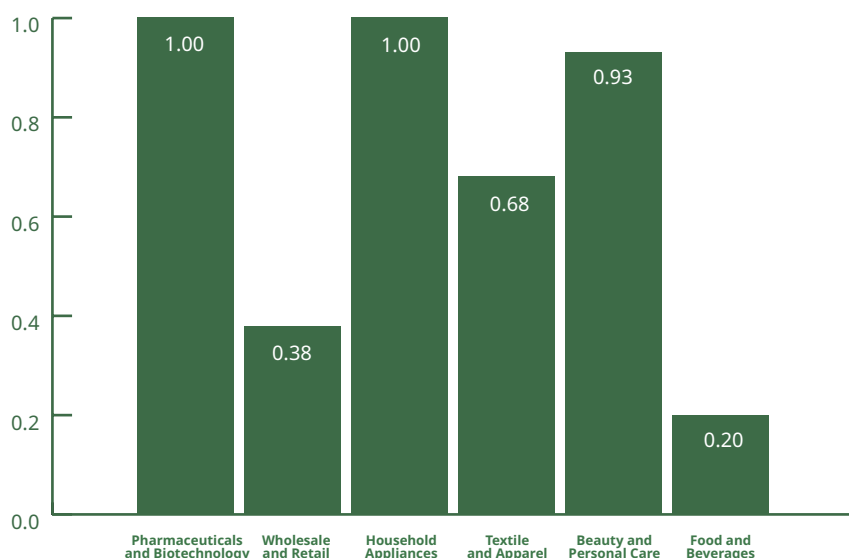


Figure 12: Scores of Different Industries in Cooperation with International Organizations

From the perspective of “Cooperation with Business Partners,” the household appliances industry has the highest score, followed by the pharmaceutical and biotechnology, textile and apparel, and beauty and personal care industries, all scoring above 2 points.

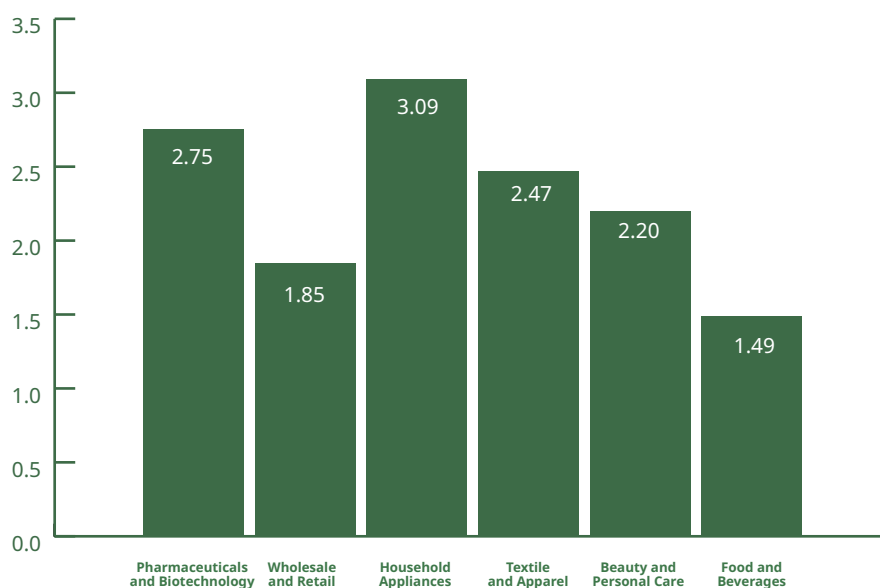


Figure 13: Scores of Different Industries in Cooperation with Business Partners

In terms of "Cooperation with Social Organizations," the household appliance industry remains in the leading position, while the retail, beauty and skincare, and food and beverage industries lag behind.

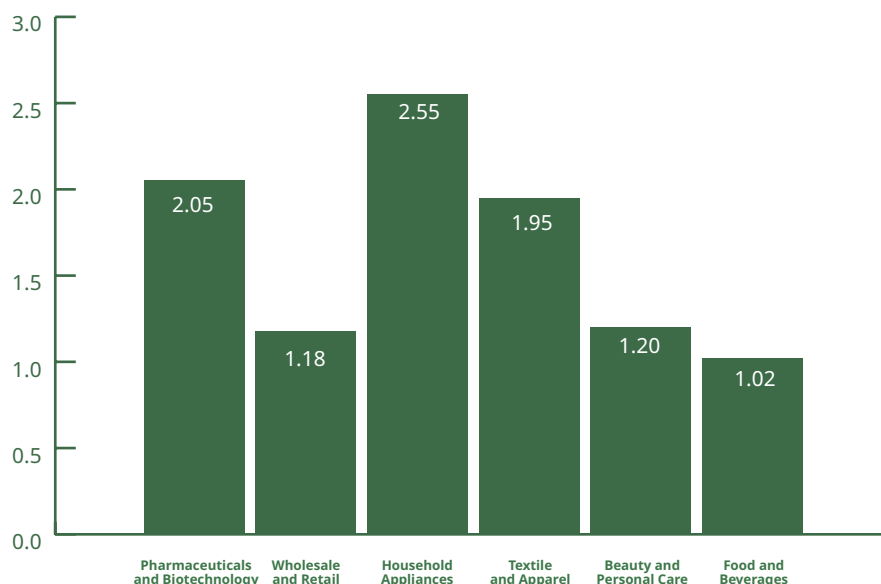


Figure 14: Scores of Different Industries in Cooperation with Social Organizations

From the "Cooperation with Cultural Media" perspective, the consumer industry, as a whole, lags behind, with scores falling in the low range. In comparison, the food and beverage industry has the highest score, while the pharmaceutical and biotechnology industry has the lowest score.

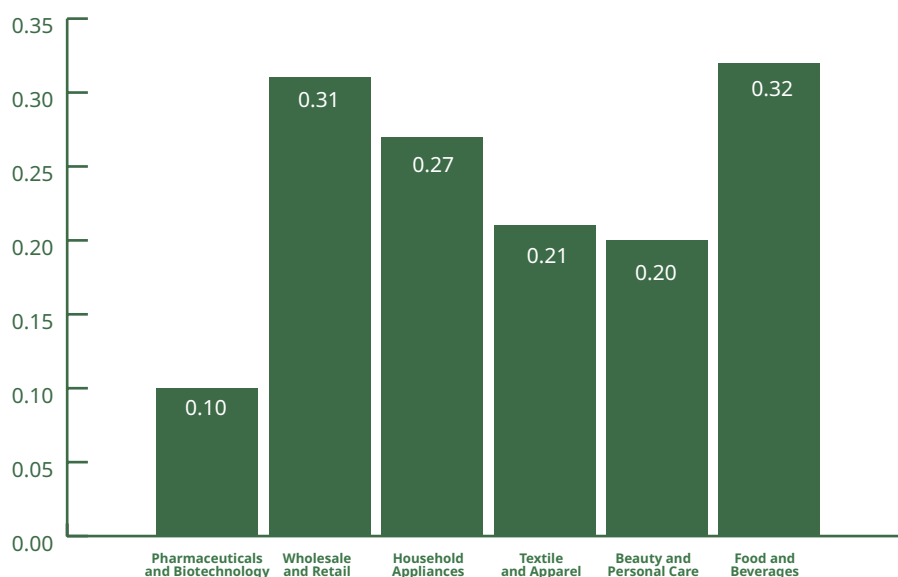


Figure 15: Scores of Different Industries in Cooperation with Cultural Media



## 2

## The Three Tiers of Social Value Impact Development

This study divides the impact index into intervals based on percentiles and summarizes three stages of social value impact development: Industry Leader, Steady Expansion, and Ready to Emerge, representing three tiers of companies based on their characteristics and differences in self-value and collaborative value dimensions.

According to the criteria used in this study, the top 34% of companies in the index are in the "Industry Leader" stage, totaling 57 companies with a relative index mean of 141.09; the next 35%-69% interval includes 57 companies in the "Steady Expansion" stage with a mean of 118.08; and the bottom 31% of companies are in the "Ready to Emerge" stage, totaling 52 companies with a mean of 107.66 (as shown in Figure 16).

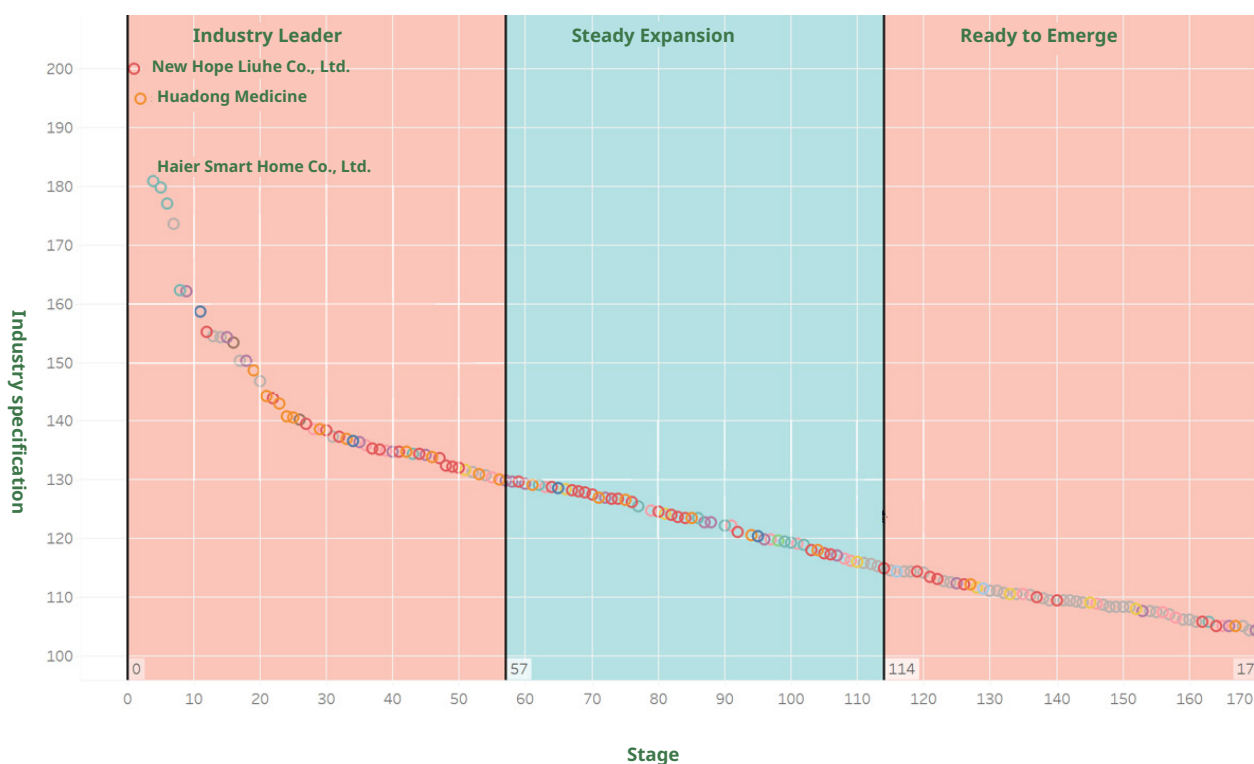


Figure 16: Model of Corporate Social Value Stages

From the above stage model, this study has found that there is a "triple differentiation" phenomenon in the practice of creating social value by companies: differentiation between top and bottom, differentiation between industries, and differentiation based on corporate interests.

1. Differentiation between top and bottom: Leading companies have established a competitive advantage in terms of social value.

In this study, the 166 surveyed companies were observed and analyzed based on their scores in the four-quadrant model formed by self-value, synergy value, and average scores (as shown in Figure 17).

In terms of scores, the top companies in the first quadrant (upper right corner) exhibited overall outstanding performance and have already developed several advantageous companies. For example, companies like New Hope Liuhe Co., Ltd., Guangdong Vanward New Electric Co., Ltd., Gree Electric Appliances, Inc. of Zhuhai, and Haier Smart Home Co., Ltd., all had significantly higher scores in both self-value and synergy value compared to other companies.

The overall score differences among middle and later-stage companies were relatively small, with most companies falling within the average range of both dimensions. However, it's worth noting that there are still significant differences within the first quadrant, indicating that an absolute leadership position has not yet been established.

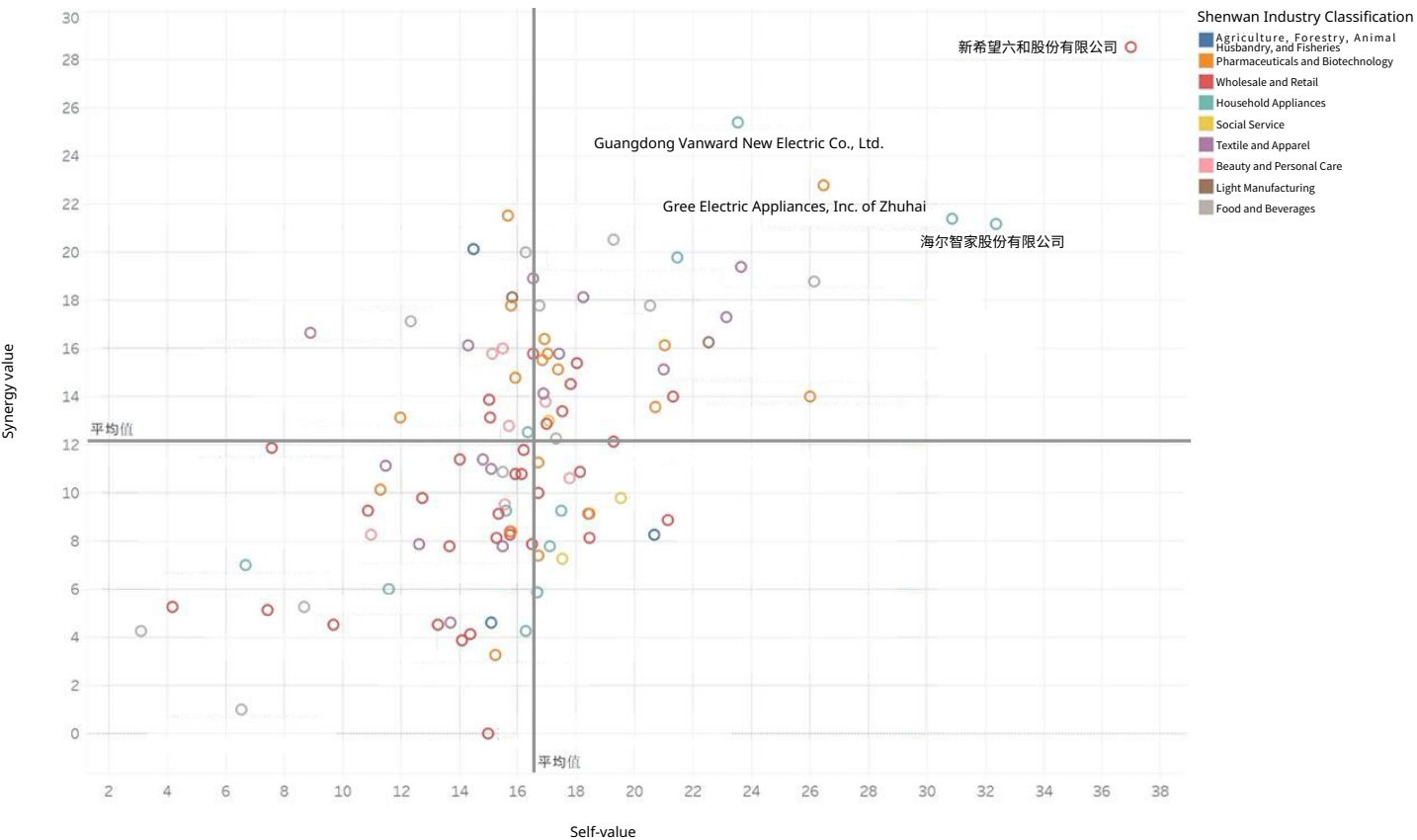


Figure 17: Four-Quadrant Model of Corporate Social Value

## 2. Industry Differentiation: Household Appliances and Pharmaceuticals Lead in Social Value.

In the top-tier companies, household appliances play a prominent role. Looking at the distribution by industry (see Figure 18), both household appliances and pharmaceuticals have social value scores of over 130 points, putting them in a significantly leading position. Next are retail and textiles, both scoring around the average. In comparison, beauty and food & beverage have relatively lower scores, both falling below the average score.

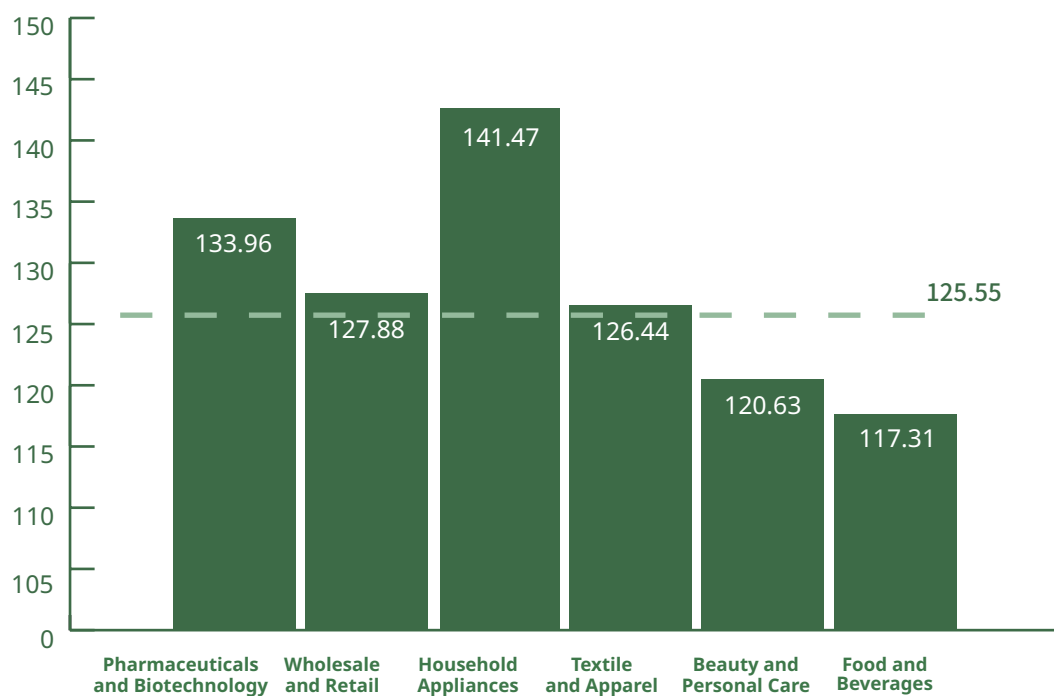


Figure 18: Average Social Value Scores across Different Industries

3. Differentiation in Interests: Companies in different tiers emphasize self-value, with significant growth potential in collaborative value.

As shown in Figure 19, companies in three different tiers all score higher in self-value across different dimensions. Companies in the industry-leading stage pay more attention to the balanced development of collaborative value and self-value. With the weakening of social value influence, companies exhibit a more apparent imbalance in proportions between self-value and collaborative value.

Through actual field visits and research, this study has found that companies are accelerating their exploration of creative integration of their core business with ESG practices. They have formed diversified pathways for implementation based on the distinct characteristics of their respective industries. This kind of differentiation in interests reflects the diverse and differentiated thinking of today's companies, which will be elaborated upon in detail in Chapter Three.

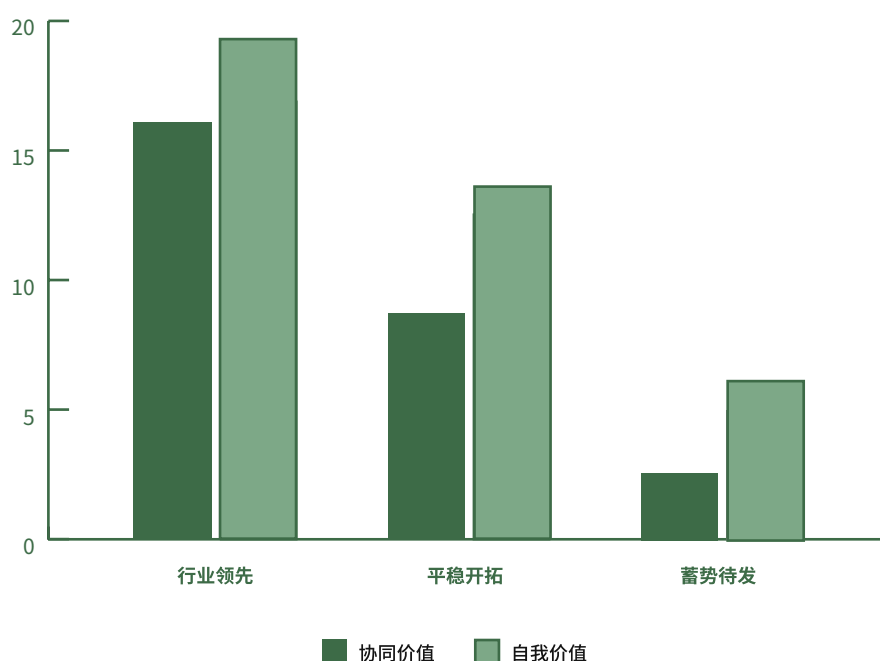


Figure 19: Average Score Structure in Different Dimensions for Companies in Each Stage

# 03

## Outstanding Social Value Cases in New Startups

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Pop Mart:  
Co-Creation of Multiple Values and Aesthetic Pursuit

Botanee:  
Common Beauty Under the Banner of Common Good

Genki Forest:  
Building a Zero-Carbon Lifestyle Community

Ecovacs:  
Upholding Business Essence to Create Social Value

HEYTEA:  
Pioneering Green Chinese-Style Tea Beverages

China has entered a new development stage, characterized by the emergence of new consumer demands, the rise of new industries, and a continuous stream of new products. Industries such as pop toys, cosmetics, sparkling water, robotic vacuum cleaners, and innovative tea beverages have deeply integrated into consumers' daily lives. Within these industries, many outstanding companies are practicing social responsibility with new concepts. We have selected the following representative companies from various industries for case analysis: Pop Mart, Botanee Group, Genki Forest, Ecovacs Robotics, and HEYTEA. Through on-site investigations, we will showcase the achievements of these Chinese startups in creating social value.



## Pop Mart: Co-Creation of Multiple Values and Aesthetic Pursuit

Pop Mart drives social value innovation by empowering cultural values through its products, achieving co-creation of multiple values. Behind Pop Mart's commitment to social responsibility and co-creating a green home lies a consistent aesthetic attitude and pursuit—a desire to co-create diverse values with society and create a better life for the public.



### 1

## The Value Positioning of Cultural and Creative Companies

With the gradual prosperity of China's economy, people increasingly expect spiritual and cultural fulfillment. The core of cultural and creative companies

lies in the output of diverse cultural content, the development of cultural and creative products, and the satisfaction of consumers' spiritual and cultural expectations while creating economic value. As a cultural and creative company, Pop Mart has established an industry chain that encompasses artist cultivation, IP marketing, consumer engagement, and the dissemination of pop culture, especially in the realm of art toys. Through creative products, exquisite designs, and high-quality services, Pop Mart has become a leader in the domestic "art toy IP" market. Art toys have become a new phenomenon in the consumption lifestyle of contemporary youth. As Pop Mart's founder, Wang Ning, puts it, Pop Mart represents the increasing emphasis that young people place on spiritual satisfaction in the future.

Cultural and creative products differ from ordinary goods and artworks as they carry a certain cultural connotation. Pop Mart continuously innovates its presentation forms and explores the attributes of "art toy IP" products, including commodity attributes, artistic attributes, emotional attributes, and social attributes. This approach enables the co-creation of multiple values with consumers. Unlike traditional value creation, value co-creation emphasizes the joint creation of value by companies and consumers. It not only represents the market and economic value of the company but also embodies a rich combination of cultural and social values.



## 2

### The Development Path of Multi-Value Co-creation

Pop Mart, as a cultural and creative company, promotes social value innovation by empowering cultural values through its products, achieving multi-value co-creation. In this process, the emphasis is on the interaction and involvement of all stakeholders along the entire value chain, and value outcomes are shared through resource integration. Pop Mart's approach to achieving multi-value co-creation extends the scope of value co-creation to include consumers, suppliers, partners, government, the public, schools, communities, and other stakeholders. Considering the different value pursuits of these stakeholders, Pop Mart leverages its own advantages and actively engages in collaboration. Through the acquisition, connection, and integration of resources, it creates value and achieves win-win outcomes.

In terms of cultural value co-creation, Pop Mart not only drives the development of international pop culture but also empowers Chinese traditional culture and explores the construction of Chinese urban cultural symbols. On one hand, Pop Mart, by making use of its platform advantage and resources, hosted the largest international pop toy exhibition in Asia at the time. This exhibition brought together designers, artists, businesses, toy enthusiasts, and others, promoting the internationalization of Chinese pop toy culture. This model breaks away from the binary perspective of business and consumers and, through resource integration activities, realizes multi-subject value propositions and value creation. On the other hand, Pop Mart empowers cultural values by combining Chinese traditional culture, intangible cultural heritage, and products. For example, the collaboration between Pop Mart and the Palace Museum resulted in the MOLLY Imperial Auspicious Beasts series and MOLLY Li Bai in collaboration with the "National Treasure" program, achieving a perfect combination of traditional and pop culture. Currently, Pop Mart is also exploring the creation of urban mascots to construct unique symbols representing urban culture. This further helps promote the development of cultural and creative industries in cities and contributes to

regional economic development.

In terms of co-creating social value, Pop Mart focuses on environmental protection and social welfare. To respond to the United Nations' Convention on Biological Diversity, Pop Mart, in collaboration with the designer of its classic IP, DIMOO, Ayan, developed the DIMOO Forest Night series of products. This initiative aims to raise public awareness about biodiversity in nature. Additionally, Pop Mart donated RMB 500,000 to the China Environmental Protection Foundation, specifically allocated for the protection of Mongolian beavers in Xinjiang and related activities. This contribution creates value for the ecological environment system. Furthermore, Pop Mart focuses on the green manufacturing and transportation of its products. It simplifies e-commerce logistics parcel packaging, reduces ink consumption, adopts a green supply chain, establishes offline green stores, and minimizes pollution from cardboard usage at factories, warehouses, and stores. These efforts contribute to the achievement of the national dual carbon goals. In addition to environmental protection, Pop Mart also focuses on social welfare. It collaborates with various entities, including communities and hospitals, to co-create social value. For instance, in the "798" Art District in Beijing, Pop Mart created a firefighting image for its classic IP, MOLLY. Through firefighting cultural and creative products, figurines, and IP collaborations, it promotes fire safety awareness among the public. It also conducts themed activities in hospitals, such as "Childhood Forever" and "Life Reversal Clinic." It collaborates with medical and social workers as well as volunteers to provide professional services to hospitalized children, adding more social value to its toy products.

Pop Mart's path of practicing multi-value co-creation transcends the binary relationship between the enterprise and consumers. It is the result of interactive communication led by the enterprise and multi-party collaboration among stakeholders. Through the exchange, acquisition, and integration of resources, it collectively creates multiple values, and the co-created value is shared among the stakeholders. On this basis, the value of co-creation is more diverse, encompassing not only economic value, cultural value, and social value but also relationship value generated through interactions



between stakeholders. Various stakeholders participate in co-creation because they identify with Pop Mart's value proposition. In this process, in addition to obtaining measurable benefits themselves, the reputations and social influence of stakeholder are also enhanced, fully realizing a win-win situation for multiple stakeholders.



### 3

## The aesthetic pursuit behind the pop toy economy

The success of Pop Mart's pop play is fundamentally rooted in the diverse value it conveys through its products, which not only evoke emotional resonance among consumers but also align with the contemporary aesthetic education needs. The "Opinions on Comprehensively Strengthening and Improving Aesthetic Education in Schools in the New Era" issued by the General Office of the CPC Central Committee and the General Office of the State Council explicitly states the need to comprehensively strengthen and improve aesthetic education in schools, promote the spirit of Chinese aesthetic

education, cultivate individuals through aesthetics, beautify individuals, and promote comprehensive development in morals, intelligence, physical fitness, aesthetics, and labor skills to nurture socialist builders and successors.

Aesthetic education, as a form of aesthetic instruction, is an educational approach that imparts aesthetic concepts and experiences. It subtly influences the comprehensive, coordinated, and harmonious development of individuals' minds through the process of experiencing form, grasping meaning, and appreciating value, ultimately promoting personal perfection. Against the backdrop of rural revitalization, Pop Mart has introduced a new strategic positioning of "Aesthetic Cultivation + Cultural Giving Back," incorporating aesthetic education into the company's diverse value creation.

In December 2021, Pop Mart established its first public welfare aesthetic education center at the Jiangkou Town Central Primary School in Lixian County, Gansu. The availability of aesthetic education resources in the northwest is scarcer compared to the southwest among less developed regions. Beyond the choice of location, Pop Mart's aesthetic values are reflected in the design of the aesthetic education center and the aesthetic cultivation model. Firstly, the design of the aesthetic education center features a primary color scheme of natural wood and decoration with two classic Pop Mart IPs—MOLLY and DIMOO. Secondly, Pop Mart leverages its advantages in the field of aesthetics and, through its platform of in-house artists and a long-term partnership with the UCCA Center for Contemporary Art, provides rural primary schools with aesthetic education facilities and related resource support, as well as cultivating students in aesthetics. In terms of curriculum design, Pop Mart invites students and teachers from the Central Academy of Fine Arts and Tsinghua University's Academy of Arts and Design to develop aesthetic education courses that enhance rural students' artistic literacy, fostering imagination, hands-on skills, and color recognition. For example, through MOLLY painting activities, a wealth of local elements from Gansu, including Danxia landforms, are incorporated into specialized aesthetic education cultivation.





In the future, Pop Mart plans to continue adding aesthetic education centers, collaborating with various resources to develop rural aesthetic education, promote comprehensive student development, and enhance the overall quality of school education. Additionally, they will showcase outstanding student works on the Pop Mart and UCCA Center for Contemporary Art platforms, expanding new avenues for aesthetic education through platform advantages and supporting rural education development.

This aesthetic pursuit extends not only to the output of rural aesthetic education but also to the public through aesthetic philanthropy. On "Charity Day of China" in 2022, Pop Mart introduced a special public welfare image for MOLLY, encouraging the public to "use the little red flower to do good deeds" by shaping products into a public welfare image, thereby constructing a societal understanding of "beauty" and "goodness." On the "Pop Mart Lucky Draw Machine" mini-program platform, Pop Mart encourages users to donate their daily cashable consumption points. For every 20 points donated, they contribute 1 act of kindness; for every 60 points, 1 paintbrush; and for every 1000 points, one semester of aesthetic education for a rural child. Through online platforms and consumer philanthropy, they engage in aesthetic education together, co-creating societal value. Furthermore, more than

half of Pop Mart's frontline employees are women, with many having rural backgrounds. During internal employee training, Pop Mart cultivates their aesthetic philosophy and artistic culture, with the aim that employees who choose to return to their hometowns can bring aesthetic ideals and culture to their communities, fostering an aesthetic culture and spirit that seeks beauty and goodness.

If a company can address societal issues by leveraging its outstanding core business or using its comparative advantages effectively, it is likely to earn public trust. A trustworthy company should utilize its expertise and resources to address societal challenges. Behind Pop Mart's trend economy lies an aesthetic attitude and pursuit—a desire to co-create diverse value with society and create a better life for the public.

## Botanee: Common Beauty Under the Banner of Common Good

Adhering to the concept of shared benefits, Botanee strives to bring about positive changes throughout China, aiming to achieve value creation and growth, ultimately fostering symbiosis and shared beauty between the company, society, humans, and the environment.



### 1

## Becoming the company that society needs

According to the "Chinese Journal of Dermatology," 40%-56% of women in Asia have sensitive skin, with over 35% of women in China falling into the category of sensitive skin individuals. Skin sensitivity has become a prominent skin concern that people are paying attention to. Established in May 2010, Botanee Limited Company, with the "Winona" brand at its core, leverages the unique

plant resources of Yunnan to address the issue of sensitive skin among Asian women.

As a high-tech enterprise, Botanee fully harnesses its advantages in industry, academia, and research. It collaborates with the Ministry of Education's innovation team, Yunnan Provincial Higher Education Collaborative Innovation Center, Yunnan Provincial Engineering Research Center, Yunnan Provincial Postdoctoral Research Workstation, Yunnan Provincial Enterprise Technology Center, and other technical platforms. The company focuses on basic research, formula development, efficacy, and safety verification of skincare products using Yunnan's distinctive plant extracts as raw materials. It translates its research achievements into health products that meet the needs of women's health.

According to Botanee's Chairman, Guo Zhenyu, in the skincare consumer goods sector, only by following ESG standards can a company activate its value network and achieve sustainable development. To become a socially valuable enterprise, one that is needed by women and society as a whole, it is essential not only to be responsible for the present society but also for its future. This is precisely the corporate spirit that Botanee demonstrates through its shared benefits model.





## 2

### **A shared benefits model throughout the entire lifecycle**

Creating a green supply chain is a strategic task outlined in "Made in China 2025" and is crucial for promoting the coordinated development of industrialization and greenization. For companies, the importance of the product supply side in achieving true transformation, upgrading, and sustainable development is self-evident. Botanee adheres to professionalism and long-termism, consistently integrating the shared benefits model throughout the entire lifecycle of product research and development to production, striving to create a vibrant example in China.

Botanee's professionalism is evident in its core technical R&D efforts. As of 2022, the company has completed clinical research and efficacy observations in the dermatology departments of 63 hospitals. It has published 184 academic papers in core journals such as SCI and completed 15 national-level expert guidelines and consensuses. Additionally, the company holds 133 valid patents and has led the development of 11 enterprise product standards. Notably, it possesses strong technical advantages in the preparation and production of effective components from highland characteristic plant extracts and in the development of sensitive skin care products, leading the way in sensitive skin care technology.

Botanee has long been committed to implementing a full lifecycle shared benefits model, achieving a win-win between business development and environmental protection. In the product design phase, it has achieved green innovation in product packaging. This includes optimizing packaging material dimensions to reduce transportation and packaging costs, improving manufacturing processes to reduce plastic usage, and replacing BOPP film on packaging boxes with transparent and environmentally friendly water-based coatings to facilitate recycling at the end of the lifecycle. The company uses FSC International Forest Certification paper for packaging, with approximately

14.54 million packaging boxes using FSC-certified paper in 2022. Starting from 2021, they use water-based and soy-based inks instead of oil-based inks for traditional product packaging printing to reduce VOC emissions.

In the product production phase, Botanee achieves sustainable development for both the company and society through green and clean production. For instance, they sign environmental testing contracts with third-party companies to conduct monthly testing of wastewater treatment and quarterly testing of boiler emissions and noise. Building on green production, they source directly from the origin, further leveraging the advantage of Yunnan's plant resources and perfecting the entire industry chain of efficacy skincare products. They have established a *Prinsepia utilis* Royle cultivation base in Shangri-La, Yunnan, increasing local farmers' income and contributing to rural revitalization. In the product recycling phase, Botanee has established a management system and recycling system for non-compliant products, general solid waste, and hazardous waste. They also guide downstream companies in recycling and dismantling. For example, in 2022, Botanee initiated a bottle exchange program in offline chain pharmacies, collecting a total of 183,838 empty bottles, raising consumer awareness of environmental protection.





### 3

## Common beauty under the banner of common good

As providers and fulfillers of a better life for the people, businesses can only achieve true shared development with society by adhering to a people-centric approach. This means fully respecting human needs, passionately supporting human development, and casting a vision for greater health and beauty upon each individual. This individual could be a consumer troubled by skin problems, a farmer at the *Prinsepia utilis* Royle cultivation base in Shangri-La, Yunnan, a forest ranger or mountain tourist in the Haba Snow Mountain Nature Reserve, a villager in Dahao Village, Baoshan City, a student in mountainous areas, or even more than half of Botanee's female managers and nearly 80% of its female employees.

Since 2013, Botanee has partnered with the Chinese Medical Association Dermatology Branch to carry out the "525 National Skincare Day" campaign. Through diverse charitable activities, including the cosmetics safety popularization week with themes such as "Safe Makeup for Beauty", doctor-led campus visits, online consultations, and store consultations, they have mobilized the expertise of dermatological experts nationwide to disseminate scientific skincare knowledge and provide professional skincare solutions. Their aim is to help every consumer troubled by skin problems address their skincare issues and take concrete actions to implement the grand strategy of "A Healthy China Must Be a Beautiful China." Since 2016, Botanee has conducted the "Wei Xiao Sunshine Plan" charity campaign every year from August to October. They visit towns, villages, and schools to assist residents in areas where UV radiation is more severe, raising awareness about sun protection and preventing skin damage caused by UV exposure.



Upon learning about the ecological issues in the source region of the main ingredient, *Prinsepia utilis* Royle, used in Bethany's products from Haba Snow Mountain in Yunnan, Bethany initiated the "Northwest Yunnan-Biodiversity Conservation in Haba Snow Mountain" project. In 2021, in collaboration with the Yunnan Youth Development Foundation and representatives from SEE, they collectively donated patrol equipment to 26 forest rangers in the Haba Snow Mountain Nature Reserve and provided training for 110 forest rangers. Simultaneously, they constructed 10 "SEE-Hope Eco-Toilets" to serve mountain climbers visiting Haba Snow Mountain. This effectively improved the sanitary conditions in the reserve, reduced diseases caused by fecal contamination, and contributed to the protection of the vegetation ecosystem. In 2022, they purchased natural education equipment and created signage along the Haba Snow Mountain Nature Reserve to enhance the awareness of local villagers about the importance of protecting the mountain.

In addition to supporting ecological conservation, Botanee also contributes to rural education. They have established the "Botanee Hope High School," which enrolls 50 outstanding students from low-income families in Huize County, Yunnan, each year. The Botanee Foundation provides living allowances to each

student and also introduced the "Light of Knowledge Award" to recognize outstanding teachers who work tirelessly for the "Botanee Hope High School" each year. Furthermore, Bethany has initiated the "Hope Bathroom" project to provide clean and warm facilities for children in mountainous areas during the winter. As of the end of 2022, they have constructed 11 "Hope Bathrooms" in Yimen County, Eshan County, and Xichou County, Wenshan Prefecture, Yunnan Province. By changing bathing habits and imparting knowledge of personal hygiene, this project helps rural students and their families develop good hygiene habits and foster a healthy lifestyle. In the same year, they supported the construction of the "Botanee Hope Kitchen" at the Lijiang Centennial Vocational Training School, improving student nutrition and health while aiding the school in developing basic education programs and promoting students' healthy growth. To promote the preservation and inheritance of intangible cultural heritage, strengthen cultural confidence, Botanee launched the "Botanee Intangible Cultural Heritage Project" in July 2022. This project integrates intangible cultural heritage such as Dongba script, Dongba dance, Naxi pipa, and Naxi embroidery into daily learning curricula, creating an effective model for preservation and protection.



Due to the significant number of female employees at Botanee, the company has introduced a wide range of talent development courses, including tea art, floral arrangement, yoga, Zumba dance, and more (a total of 13 courses). These courses are designed to serve Botanee's female employees and enhance their job satisfaction. Additionally, the labor union department regularly visits the front-line production areas such as warehouses, e-commerce customer service departments, and counter marketing departments. Providing warmth and collecting feedback and suggestions from female employees at the grassroots level has become a routine task for Botanee's labor union committee.

Socially responsible companies not only earn a good reputation and achieve economic benefits but also establish a sustainable foundation for their own development. Guided by the concept of mutual benefit, Botanee is working hard to bring positive changes to all of China. In doing so, the company aims to create and grow value and ultimately achieve a symbiotic and harmonious relationship between the business, society, humanity, and the environment.



## Genki Forest: Building a Zero-Carbon Lifestyle Community

Since its inception, Genki Forest has consistently made ecological conservation an important part of its corporate identity. Through technological guidance, innovative R&D, and corporate partnerships, it has achieved a leading zero-carbon effect in the food and beverage industry. The company is dedicated to meeting consumers' dietary needs and fulfilling the increasingly urgent demand for a better ecological environment.



### 1

## The concept of health for food and beverage companies

Currently, China's food industry has entered a new development stage. The people's aspirations for food safety have shifted from merely being able to eat to desiring healthy and nutritious food. The current state of high-oil and high-sugar foods on the market can no longer meet people's demands for

healthy eating. The "Healthy China 2030" plan emphasizes placing health at the forefront of strategic development, aiming for a harmonious development of health and the economy. Research indicates that in 2021, people rated the importance of healthy eating 8% higher than in 2020. Consumers increasingly wish to achieve good health through their dietary choices. Furthermore, according to the 2020 report on the nutrition and chronic disease status of Chinese residents released by the State Council, over 50% of adult Chinese residents are overweight or obese, and one out of every ten individuals is a diabetic.

In addressing the aforementioned issues, the food and beverage industry typically resorts to sugar reduction strategies, such as offering products with varying sugar levels like 7%, 5%, or 3% sugar content to meet consumer preferences. However, established in 2016, Genki Forest has disrupted this approach. Genki Forest adheres to a green and healthy philosophy and has invested in nearly a thousand R&D personnel. Leveraging the characteristic of erythritol, which does not participate in human blood sugar metabolism and does not generate calories when ingested, it replaces sucrose as the core ingredient. Genki Forest has identified the contemporary demand of young consumers for beverages that are not only delicious but also healthy. At present, it has a series of beverages, including Genki Forest sparkling water, "Alienergy Electrolyte Water" (外星人电解水), Genki Forest Milk Tea, Genki Forest Fiber Tea, "Ruan Cha" (燃茶) and "Xian Cha" (纤茶), with a sales network covering the whole country. It has been exported to more than 40 countries including the United States and Australia. In 2021, it partnered with Jiangnan University to establish the Sugar Reduction and Health Research Institute, becoming the first domestic research institution focused on sugar reduction to be jointly established by a university and a business. In September of the same year, they released the "White Paper on Sugar Reduction Action for Healthy Chinese Beverages and Foods" during the China International Fair for Trade in Services (CIFTIS), validating sugar substitutes as a viable sugar reduction method. Genki

Forest's sparkling water has a sweetness level of 7%, significantly lower than the average sweetness of beverages in the market. Through green production techniques, it has met the new expectations of different consumer groups for healthy food.

## 2

### **New zero carbon concept and practice**

Zero Carbon as a new concept and practice under the 'Dual Carbon' goal is permeating every aspect of people's lives. 2022 is known as the Year of Zero Carbon Food, and many food companies are making efforts in the zero-carbon direction, with Genki Forest leading the way. It has overturned the conventional concept and model of development driven by exploitation, completely decoupling from a high-carbon economy and shifting to a zero-carbon economy.

Genki Forest's new zero-carbon concept is not only reflected in beverage development itself but also in the entire supply chain of beverage production and sales that align with the country's dual-carbon goals. Genki Forest aims to improve its zero-carbon operational level through effective energy-saving and carbon-reduction measures at various stages, such as raw material procurement, product packaging, and production, reducing environmental pollution and resource consumption, and promoting comprehensive green, low-carbon, and even zero-carbon sustainable development in the future.





In 2022, Genki Forest officially launched a strategy for practicing sustainable development called 'Three Friendly', which aims to gradually achieve three major goals: 'Environment Friendly,' 'User Friendly,' and 'Social Friendly'.

Since 2019, Genki Forest successively established 6 self-built factories in Chuzhou, Anhui; Zhaoqing, Guangdong; Xiqing, Tianjin; Xianning, Hubei; Dujiangyan, Sichuan; and Taicang, Jiangsu, with a total investment of 6.7 billion yuan. The total production capacity after reaching full capacity exceeded 6.2 billion bottles of beverages.

Genki Forest's self-built factories have all introduced advanced fully automatic aseptic carbonated production lines. Aseptic liquid and aseptic packaging materials are filled and sealed in a sterile environment, achieving true commercial aseptic production without without adding preservatives such as sodium benzoate and potassium sorbate. Genki Forest is the industry leader in having the most aseptic/carbonated dual-use production lines.

In addition to zero carbon emissions during the stages of raw material production and packaging, Genki Forest's own factories have continuously made improvements during operations. The factories in Anhui, Tianjin, Guangdong, and Hubei have obtained the SGS "Zero Landfill Waste Management System" Diamond-level certification, representing Genki Forest's industry-leading performance in waste reduction and resource utilization. From 2022 to 2023, Genki Forest has implemented 116 energy-saving and consumption reduction projects, gaining profit over 65 million yuan. Additionally, 26 patent projects have been completed or are currently being applied for. In the field of carbon neutrality, Genki Forest completed the certification of its first carbon-neutral factory in Dujiangyan, Sichuan, and launched its first "zero-carbon" sparkling water product in the same year. Compared to regular beverages, consuming one bottle of Genki Forest's carbon-neutral sparkling water reduces CO<sub>2</sub> emissions by 379 grams, equivalent to turning off the lights for 120 minutes at night or walking 1800 meters instead of driving.

In 2023, Yuanqi Forest's 5 operating factories utilized a total rooftop area of more than 360,000 square meters to build approximately 39.45 MW of distributed photovoltaic power stations. This will generate 36.624 million kWh of green electricity per year and reduce approximately 25,928.6 tons of CO<sub>2</sub> emissions, equivalent to planting around 11,000 trees. Electricity consumption per unit compared to the same period decreased by 15%, water consumption per unit decreased by 13%, and fuel consumption per unit decreased by 12%. Genki Forest's own factories continue to make improvements during their operations. In their latest factory in Taicang, Jiangsu, Genki Forest innovatively introduced wind power into the food manufacturing industry for the first time. The exploration of the "PAA (peracetic acid) separation and recovery technology" has filled an industry gap, saving nearly 20 million yuan in costs per year.



### 3

## Building a zero-carbon living community

Continuous emissions of carbon dioxide from human activities have led to global warming, forming shared risks on a global scale. It is a consensus to reduce carbon emissions until a balance between emissions and absorption is achieved. This requires not only countries to explore intervention paths and strategies but also society to build a zero-carbon living community. In this regard, Genki Forest is committed to constructing a green and clean zero-carbon society and building a zero-carbon living community, contributing to the construction of a beautiful China.

Firstly, Genki Forest guides consumers to choose a zero-carbon lifestyle by analyzing the carbon footprint of beverages throughout their lifecycle. As a food and beverage company with internet genes, Genki Forest endeavors to bring the internet model into the beverage industry, using data to empower its business

and reduce operational carbon emissions. In exploring "zero-carbon products," Genki Forest based its analysis on the LCA methodology, conducting a full lifecycle carbon footprint analysis of its white peach-flavored carbonated water, from raw material acquisition to distribution and end-of-life treatment. It then achieved international carbon neutrality by offsetting an equivalent amount of emissions. This was the first LCA full lifecycle analysis of a domestic brand's carbonated water and the world's first carbon-neutral carbonated water. Additionally, every bottle of beverage will have a "Zero-Carbon Green Code," allowing consumers to scan the QR code and view the carbon footprint of the beverage's entire lifecycle, thus guiding consumers to choose a zero-carbon lifestyle.



Secondly, Genki Forest is establishing a virtuous cycle between zero-carbon emission factories and the social and ecological environment. It has set goals for its factories to achieve carbon neutrality by 2025 and operational carbon neutrality by 2030. It anticipates that all factories in operation for more than a year will be certified as provincial green factories, those in operation for more than two years will be certified as national green factories, and it aims to

challenge for world-class lighthouse factory certification. However, for Genki Forest, creating zero-carbon emission factories is the foundation, and more importantly, it is based on the community concept, combining its technology with giving back to society. The self-built factories have been designed with a focus on green and zero-carbon principles from the beginning, optimizing the entire process. Factory 3.0 was designed with an industrial tourism element, meeting the standards of ecological tourism, and integrating production with society and the environment using an open garden factory concept. Moreover, the wastewater from industrial production is treated using cold water recovery technology, and the treated effluent is supplied to municipal green areas, thereby improving water resource utilization efficiency and reducing carbon emissions from water treatment processes.

In 1935, Chinese sociologist Sun Benwen proposed: "Various social undertakings that are carried out in accordance with the needs of the social environment and the wishes of the people are referred to as social construction." Here, the environment mainly refers to the social environment, but today it extends to the ecological environment, which is more in line with the practical needs of constructing a zero-carbon society. Since its inception, Genki Forest has always made ecological environmental protection a characteristic of the company. Through technological guidance, innovative R&D, and cooperation with enterprises, it has achieved a leading role in zero-carbon emissions in the food and beverage industry. It is committed to meeting consumers' demand for healthy eating and the growing need for a beautiful ecological environment. The 20th National Congress of the Communist Party of China pointed out that China is committed to promoting the building of a human community with a shared future. Genki Forest is undoubtedly providing a Chinese solution to the global "carbon governance" challenge by constructing a zero-carbon living community.



## Ecovacs: Upholding Business Essence to Create Social Value

Ecovacs as a global leading service robot company, not only focuses on its core business but also consistently pays attention to corporate social responsibility and the creation of social value. In 2022, Ecovacs launched a new brand mission, "Let robots serve everyone."



## 1

## Explore artificial intelligence, and transform ideas into creative solutions

Ecovacs is one of the earliest global manufacturers and developers of service robots. Since its establishment in 1998, it has been deeply involved in the field of service robotics, focusing on independent research, design, and manufacturing of service robots, promoting high-quality intelligent living and production methods. In addition, Ecovacs has also been deeply involved in the robotics industry ecosystem, establishing the Artificial Intelligence Engineering Institute, and advancing research in intelligent sensors, continuously leading the industry's cutting-edge technological development.

As the impact of artificial intelligence on society and the economy becomes increasingly prominent, its importance in national development strategies is also growing. Relevant government departments have successively introduced a series of policies to promote the development of the industry, providing a clear and broad market outlook and a favorable policy environment for the development of the artificial intelligence industry. The development of robots is closely related to artificial intelligence and is one of the practical applications of artificial intelligence. As a leader in the household service robot industry, Ecovacs has been deeply involved in the industry for many years, while not forgetting its original intention to continuously fulfill social responsibilities. It uses environmentally friendly materials in production and promotes environmental friendliness by offering "trade-in" options for customers. Based on the Innovation Science Museum, it organizes robot innovation shows for university students and establishes a robot incubation accelerator, creating a complete system to popularize knowledge of artificial intelligence science, actively fulfilling the important task of talent cultivation and output. Over the past 25 years, Ecovacs has laid the foundation for future innovation in artificial intelligence technology and talent, guiding more creative ideas to ultimately transform into creations and innovations, providing a replicable path for the social responsibility and social value innovation of technology companies.



## 2

### **Producing environment friendly products whilst promoting technology for public welfare and education**

Ecovacs adheres to energy-efficient, environmentally friendly, and green development practices from production to sales, promoting both sustainable business growth and a strong commitment to social responsibility. With over 20 years of extensive experience, Ecovacs has continuously achieved breakthroughs in technologies such as robot mapping and navigation, as well as obstacle avoidance, placing the company at the forefront of the industry. When it comes to product development, it is dedicated to environmental conservation, starting from material selection to the production process.

Firstly, Ecovacs maintains high qualification requirements for its raw material suppliers. It conducts rigorous systematic assessments and risk analyses, covering areas such as basic legal and regulatory expertise, ongoing management, and material safety. Suppliers must meet social responsibility standards and sign commitments to environmental health and safety. Within its factories, it has specialized departments responsible for selecting suppliers and introducing new materials for core products, ensuring that all materials used in the production process meet national requirements. Additionally, Ecovacs' Phase Four and Five factories are equipped with energy-saving and emission-reduction equipment, generating green energy through photovoltaic facilities. During the production process, Ecovacs strictly controls emissions of solid and liquid pollutants. Regarding products at the sales end, it has implemented a "trade-in" program since 2016. Old products that are returned are first subjected to harmless processing and refurbishment. After quality assessment, products meeting core requirements are repackaged and priced for resale, often at discounts exceeding RMB 1,000. This process minimizes resource consumption for products and accessories. For products that cannot be refurbished, it conducts evaluations and ensures they enter compliant waste disposal processes.



Over the years, more than 100,000 users have participated in this initiative. In addition to making efforts towards environmental conservation, it has also contributed to the establishment of positive brand sentiments among users. From production to sales, Ecovacs places a strong emphasis on resource integration and maximization in its business operations. As an industry leader, its actions have also spurred and encouraged the upgrading of green technologies throughout the entire industry supply chain.

Ecovacs utilizes various channels and methods for public welfare and science education. In 2016, the company established the CreaThink Robot Science & Technology Museum to create immersive experiences, interactive learning, and inspirational education. Through collaborations with local communities and schools, it has integrated its efforts with the labor education curriculum deployed by the Ministry of Education, providing science and technology labor education activities for elementary and middle schools. This initiative aims to promote robotics education. *Since its establishment, the CreaThink Robot Science & Technology Museum has organized and conducted more than a hundred social practice and themed activities. It has hosted tens of thousands of study tour participants, with minors accounting for 70% of*

the total. To date, it has received over a thousand domestic and international groups, including research teams from prestigious institutions such as Nanjing University, Fudan University, the National University of Singapore, and the University of Western Australia. It actively implements a dual strategy of "going out" and "bringing in," effectively facilitating the flow of high-quality science education resources. It has become an off-campus practical base for many domestic schools, significantly expanding the scope of science education offered by the museum.



### 3

## Let robots serve everyone

The rapidly evolving digital technology landscape has brought the world closer together, leading to a state of hyperconnectivity in society. Consequently, the relationship between businesses and society has become increasingly intertwined, and the category of stakeholders surrounding enterprises has expanded. Previously, stakeholders were primarily customers, shareholders, and suppliers. Nowadays, this extends further to include both customers and non-customers, such as governments, organizations, and the general public.

Although many of them may not be direct customers of the products and services, their influence on corporate activities is growing. It has been proven that when a company reflects social values in its management processes, products, and services, it not only enhances customer loyalty but also converts potential customers into new ones, thus ensuring the stability and growth of the enterprise.

In the case of Ecovacs, aside from customers who purchase their products, the company also imposes stringent environmental requirements on itself, suppliers, and partners. The concept of energy efficiency and emissions reduction is integrated throughout its product line and sales, contributing to the achievement of China's "peak carbon" and "carbon neutrality" goals. Furthermore, the overall scientific literacy of young people is a decisive factor in building a technologically strong nation. Ecovacs uses its artificial intelligence and robotics technology as an entry point to disseminate professional knowledge to youth, especially students, actively promoting science education and enhancing the scientific literacy of young people to jointly create a brighter technological future.

As a global leader in the service robot industry, Ecovacs, in its 25-year journey, has not only focused on its core business but has also consistently emphasized corporate social responsibility and the creation of social value. With the motto "Let robots serve everyone," Ecovacs drives industry development through innovation, supports various industries in their journey towards greater intelligence and digitization, and continues to create value.



## HEYTEA: Pioneering Green Chinese-Style Tea Beverages

As a "pioneer in the new tea beverage industry," HEYTEA has consistently focused on corporate social responsibility. From agriculture to environmental conservation, from employee development to the promotion of Chinese culture, HEYTEA embodies the corporate spirit of "Driving Quality, Igniting Joy." It leads in green development and strives to create a better future.



### 1

## Implementing the "Inspiration Regeneration" environmental conservation concept

HEYTEA actively responds to the national green environmental protection policies. In January 2020, the National Development and Reform Commission

and the Ministry of Ecology and Environment issued the "Opinions on Further Strengthening Plastic Pollution Control" (referred to as the "Opinions" below). It proposed that by the end of 2020, the nationwide restaurant industry should prohibit the use of non-degradable disposable plastic straws.

HEYTEA initiated an environmental program called "Green HEYTEA," aiming to achieve green development in the new tea beverage industry through low-carbon environmental actions such as promoting paper straws, encouraging the use of personal cups, and creating green tea drink spaces. Starting from June 2019, "paper straws" were gradually introduced in all national stores, along with the use of more environmentally friendly packaging materials. Traditional plastic packaging materials were recycled, and various environmental measures were incorporated into the daily operations of all national stores. On Earth Day, April 22, 2020, HEYTEA continued its green environmental initiative from 2019 and launched the "HEYTEA X Qingshan Plan" plastic cup recycling campaign in Shenzhen, immediately collecting 800 kilograms of HEYTEA plastic cups. By May 31 of the same year, a total of 1,800 kilograms of plastic cups were collected, resulting in the recycling and remanufacturing of 4,000 eco-friendly products. HEYTEA also concurrently promoted the "Bring Your Own Cup and Get RMB 2 Off" campaign. According to the annual report data, more than 30,000 plastic cups and over 120 million plastic straws were collectively reduced.

HEYTEA was among the first in the industry to use PLA straws, addressing the issue of poor texture in paper straws. Since 2021, it has been collaborating with upstream suppliers to research and develop alternative materials for paper straws. After stages of material selection, testing, and improvement, HEYTEA independently developed PLA straws made from corn stalk materials. In addition to material considerations, it conducted extensive testing in various aspects such as straw length, inner and outer diameters, slit angles, drop performance, appearance, and more, tailored to the characteristics of its hot and cold beverages. Blind tests were also organized with consumers to assess factors like straw mouthfeel, ease of picking up small particles, durability when bitten, and the presence of foreign substances. After gaining consumer



approval, the supply solution was finalized. HEYTEA ultimately became one of the earliest brands in the industry to develop and use PLA straws. By the end of 2021, its efforts had reduced the use of over 230 million plastic straws. It not only improved the consumer experience and promoted actual business development but also drove the application and popularization of PLA straws, reducing the use of plastic straws and making tea beverages more environmentally friendly.



In addition, recognizing that its primary consumer base consists of young individuals with increasingly heightened environmental awareness and a greater acceptance of eco-friendly products, HEYTEA has devoted significant effort to design. They've created more interesting and trendy HEYTEA -inspired merchandise to engage consumers and make low-carbon environmental actions more enjoyable. In April 2022, it collaborated with the trend designer Hiroshi Fujiwara to launch limited edition merchandise, including the "Tea Residue Inspiration Travel Cup Set" and the "Tea Residue Inspiration Multifunctional Art Cup Set." Both products are made from tea residue and clay, which are more environmentally friendly materials and can be used by consumers for an extended period.

Beyond small items like straws, cups, and insulated bags, HEYTEA has integrated its environmental pursuits and design aesthetics into its stores, injecting more aesthetic enjoyment into the combination of low-carbon and trendiness. In December 2020, its first environmental-themed store, located in Shenzhen Coastal City mall, officially opened. Inspired by the symbiotic relationship between humans and nature, every detail of the store exemplifies HEYTEA's commitment to environmental conservation.

The storefront is composed of arranged paper straws, the walls are paved with its proprietary "artificial stone" made from 10% recycled receipt paper, and the tables are crafted from recycled pomelo peels mixed with artificial stone materials and hot-pressed. Additionally, the store is equipped with a tea pick-up counter that, in the style of the periodic table, showcases HEYTEA's scientific approach to environmental issues. Store employees also explain various innovative features to every customer. During the renovation process, the store also followed rigorous green construction process management, practiced material classification and storage, conducted regular on-site cleaning, and classified and recycled on-site waste, achieving an 81% waste conversion rate during the construction process. In 2021, HEYTEA's Shenzhen Coastal City environmental-themed store received a gold-level certification from the world's most influential green building evaluation system, LEED (Leadership in Energy and Environmental Design), making it the first brand in China's



new tea beverage industry to obtain this certification. HEYTEA's philosophy is to make environmental protection more usable through design, and this philosophy is vividly demonstrated in its "Inspiration Laboratory." In the "Inspiration Laboratory," there are environmentally friendly raincoats made from PET components found in 21 Boba cups, eco-friendly travel bags made from 13 recycled Boba cups, and phone cases made from 0.5 recycled cups. It is also planning to release more "Inspiration Merchandise" in the future. Each uniquely designed item reflects HEYTEA's commitment to low-carbon environmentalism, its confidence in its distinctive aesthetics, and its curiosity about the realm of possibilities.



## 2

### **Advancing agriculture to combat poverty and fostering the growth of organic farming**

On July 22, 2019, HEYTEA initiated a philanthropic program called "LOVE HEYTEA – Love Plan" in Beijing, partnering with the China Foundation for Poverty Alleviation to launch its first philanthropic project, the poverty

alleviation program for the Honghe Red Rice industry in Yunnan. In this project, HEYTEA pledged a total donation of RMB 2 million to the China Foundation for Poverty Alleviation over a two-year period for industry support. In addition to product support, HEYTEA adopted responsible consumption practices by procuring red rice produced by cooperatives, connecting it to the market, and enhancing and ensuring the economic income of local farmers. As of November 2019, it had responsibly purchased 2,220 pounds of Honghe terraced red rice, which was used to create two varieties of charity red rice packages that were well-received by consumers. This initiative helped stabilize the income of farmers in impoverished mountainous areas.

The Yunnan Honghe Red Rice industry project was just the beginning of HEYTEA's poverty alleviation efforts. In support of rural revitalization, it also signed a three-year industrial poverty alleviation plan with the China Foundation for Poverty Alleviation and donated RMB 3 million for poverty alleviation projects in different regions. The first RMB 1 million donation was allocated to support the tea industry in Leishan County, Guizhou, leading to the establishment of the "Leishan County Tea Industry Poverty Alleviation Professional Cooperative" in July 2020. This initiative not only facilitated technological advancements and income generation for local farmers but also contributed to local economic development and industry revitalization, effectively achieving poverty alleviation and wealth creation among farmers. By intervening upstream, HEYTEA not only secured a stable supply channel for raw materials but also helped the raw material market establish higher standards for cultivation environments and pesticide residue limits during the cultivation phase, ensuring that Leishan tea meets national standards. Additionally, it joined the tea production and marketing process in Leishan County, leveraging its experience in establishing its own tea gardens in Guizhou's Fanjing Mountain. It provided technical support and expert teams from South China Agricultural University, contributing to product development, raising consumer awareness of poverty alleviation projects, and allowing Leishan tea to embark on the path of brand development.



## 3

## Establishing a professional training system for new talent

In 2021, the Ministry of Human Resources and Social Security introduced several new professions, including "beverage mixologist," marking the professionalization of this role. As a leading player in the new tea beverage industry, Heytea has been at the forefront of innovative talent development in the field.

HEYTEA pioneered the role of "beverage mixologist," and as of 2022, it had over 13,000 beverage mixologists. Thanks to the efforts of HEYTEA and numerous other new tea beverage companies, the beverage mixologist has become a recognized new profession. HEYTEA has the clearest career rank system for beverage mixologists in the industry, offering a well-defined career advancement path and a comprehensive talent development and training system for its employees. In addition, it has introduced innovative management mechanisms and was the first in the new tea beverage industry to launch a partnership system. In 2021, HEYTEA store managers received

partnership bonuses exceeding RMB 10 million. Throughout this process, HEYTEA employees continuously enhance their store management capabilities and improve their personal career development skills.

Regarding promotion mechanisms, HEYTEA has established a promotion system for beverage mixologists. From "Tea Mixer" to "Operations Director," it has created a complete career skill advancement channel for front-line store staff. It has a dedicated operations training team and a digital training platform to assist beverage mixologists in skill training, covering professional skill training, transactional skill training, and functional course training. Additionally, HEYTEA introduced the "HEYTEA Academy" system for beverage mixologist training. This system combines both online and offline training methods, where beverage mixologists can learn theoretical knowledge online, watch operational videos, and take theoretical exams. Offline, they receive practical training led by dedicated trainers and undergo practical assessments conducted by store managers. Currently, HEYTEA has accumulated nearly 2,000 pages of professional training manuals and offers over 1,800 minutes of online video training courses. In addition to the training system for store-based beverage mixologists, it has launched special projects like "Educational Advancement" and "Leapfrog Program" for career skill enhancement. Through financial support and course cultivation initiatives, HEYTEA has nurtured a pool of highly qualified and capable leadership talents.





# The New Future of the Consumer Industry

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A New Consumer Era in the Context of  
New Relationships and New Concepts

Sustainable Development Pathway Driven  
by Social Value



## Seizing the "Present" of Creating Social Value

As the industry with the closest ties to people, the future development trajectory of the consumer industry will be deeply influenced by the concept of "creating social value," and consumer brands that practice ESG principles are the brands called for in today's era.

This research, based on social value analyses of 166 consumer companies through quantitative analysis and field research, summarizes three stages of the current development of social value impact in consumer companies: industry demonstration, steady exploration, and potential readiness. Two main findings have emerged.

First, there is a triple differentiation phenomenon in social value creation among current consumer companies. The first is a differentiation between leading and trailing companies, with leading companies having already established a competitive advantage in social value, while middle and later-stage companies still have considerable room for improvement. The second is industry differentiation, where the pharmaceutical and household appliance industries generally perform well in terms of social value, while the development potential of the beauty and personal care, as well as food and beverage industries, is yet to be fully explored. The third is differentiation in purpose and interest, with companies' social value practices showing a trend towards diversification, and becoming increasingly intertwined with their core businesses and industry characteristics.

Secondly, emerging companies are making innovative contributions to social value. Practicing ESG and creating social value are no longer exclusive to large or established companies. Many emerging consumer companies are

combining their core business with innovative thinking to enrich the essence of ESG and social value through creativity and responsibility.



## **Towards a sustainable “future”**

ESG practices can be categorized into two types based on their driving force. The first type is externally-driven, known as compliance-oriented ESG. In this case, a company's ESG practices are primarily motivated by external factors such as government regulations, capital pressures, and public opinion. From this perspective, ESG becomes more of a tool separated from the core business and may not fully realize its value.

The second type is internally-driven, known as transformational ESG. In this approach, the sustainability principles represented by ESG are integrated throughout the entire business process, driving product innovation, service improvement, and even the transformation of the company itself. At this level, ESG becomes fully integrated with the core business of the company and, guided by a "future-oriented" philosophy, fundamentally changes the company's development trajectory, thereby creating genuine social value.

What the consumer industry requires more is transformational ESG practices, continuously exploring the internal drivers within the process of "business for good." This involves searching for genuine internal motivations that can shape a long-term development path that effectively combines business operations with ethical principles.

In the journey towards building a "century-old business," consumer companies need to pay particular attention to three keywords: agility, resilience, and shared value.

**Agility:** Compared to other industries, the consumer industry has a much closer relationship with end consumers, making it more directly affected by various unforeseen events. This characteristic means that consumer companies must always maintain organizational agility, agility in addressing social issues and responsibilities, and agility in establishing and adjusting overall strategies.

**Resilience:** The consumer industry not only directly faces end consumers but also has a longer supply chain, involving various aspects like raw materials, production, supply chains, and retail outlets. This characteristic requires consumer companies to establish robust relationships with external stakeholders such as governments, institutions, and business partners, laying a solid foundation for long-term development.

**Shared value:** In the process of creating social value, consumer companies not only need to iterate themselves, improve their structure, and operate healthily but also need to open up their imagination. They should connect ecological businesses through actions, gather the forces of business for good, and collectively create more value.

Creating social value is an ongoing process that requires constant innovation and improvement. It should always keep pace with the times and undergo iterative development. It is an essential path for consumer companies to achieve sustainable development.

# Appendix

## Data Sources and Analysis Process

### ● Data sources

The data collected for this report is primarily derived from various publicly available sources, including but not limited to company quarterly and annual reports, various public disclosure information, and related databases. The databases mainly originate from various public databases and proprietary databases, such as Guotai Junan's database of listed companies, Wind, the All-China Federation of Industry and Commerce's database of "Ten Thousand Enterprises Help Ten Thousand Villages," the Corporate Social Value Project Assessment Database, and corporate CSR report data. Some indicators are further ensured for accuracy through expert scoring.

Data Collection Period: January 1, 2021 – December 31, 2021

Some of the data comes from public channels, and due to technical and communication limitations, some data may not accurately represent the actual situation of the companies. We continuously welcome relevant companies to join the research and provide valid and real data.

### ● Data Collection Process

(1) Target companies selection: Firstly, this study prioritized A-share listed companies as the primary research subjects and further filtered out 107 representative publicly traded companies in the consumer industry.

Meanwhile, with the rise of 'new consumption' in recent years, there are a number of outstanding companies that have not yet gone public. This study selected 59 of them for evaluation based on recommendations from investment institutions and experts.

(2) Data collection: Data collection was primarily focused on quantitative data. Additionally, following the principles of in-depth evaluation and operationalization, this study also sought qualitative data from multiple sources, including relevant cases, evidence, and practices of the companies.

(3) Data verification: In the specific workflow, this study applied a cross-validation mechanism by comparing data from different databases for consistency. Additionally, in order to more accurately reflect the company's current status, this study made prospective adjustments based on market expectations and past performance of the companies.

(4) Analysis and Scoring: In the final stage, this study dynamically adjusted the weights based on the distribution of company score data and generated the ultimate research conclusions.





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