



luckin coffee

TRANSFORMATION AND REINVENTION

2020-2022 CORPORATE GOVERNANCE REPORT



ABOUT THE REPORT

OVERVIEW

This inaugural corporate governance report (hereinafter referred to as the "Report") is published by Luckin Coffee Inc. ("Luckin Coffee") to disclose information on its current governance concepts, structure and practices. The Report aims to help all stakeholders better understand its operations and promote its sustainable development through a sound and stable approach.

REPORTING PERIOD AND SCOPE

Reporting period: The Report covers the period from January 1, 2020 to September 30, 2022, unless otherwise noted.

Reporting scope: The Report discloses the important corporate governance measures taken by Luckin Coffee.

REFERENCES

For convenience, "Luckin Coffee," "Luckin," the "Company" and "we" in this report all refer to Luckin Coffee Inc., its subsidiaries and, in the context of describing the consolidated financial statements, its variable interest entity.

Unless otherwise stated, all financial data in this report are in RMB.

DATA SOURCES AND RELIABILITY

The data and information cited herein are primarily sourced from the Company's internal statistical reports and records as well as public information, including prospectuses, annual reports, media releases and other publications.

Any projections or forward-looking statement made by us in the Report is based only on information currently available to us and speaks only as of the date of the Report. Forward-looking statements are neither historical facts nor assurances of future performance. Because projections or forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict, many of which are outside our control.

ACCESS TO THE REPORT

The electronic version of the Report is available on the Company's website (<https://investor.luckincoffee.com/corporate-governance/governance>).

The Report is published in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

CONTENTS



**MESSAGE FROM THE CO-CHAIRMEN
OF THE SUSTAINABLE DEVELOPMENT COMMITTEE** 02

ABOUT US 05

INTEGRITY

- ACTING RESPONSIBLY AND BIDDING FAREWELL TO THE PAST 10
- RESHAPING GOVERNANCE SYSTEM AND STRUCTURE OPTIMIZATION 12
- RISK CONTROL AND COMPLIANCE IMPROVEMENT 22
- PROMOTING SMOOTH AND TRANSPARENT COMMUNICATION 26

CRAFTSMANSHIP

- COMPREHENSIVE FOOD SAFETY AND QUALITY CONTROL SYSTEM 30
- EFFICIENT IMPLEMENTATION OF STANDARDS 34

INNOVATION

- NEW RETAIL MODEL RECONSTRUCTION WITH TECHNOLOGY EMPOWERMENT 52
- CREDIT ENHANCEMENT AND INFORMATION SECURITY 58

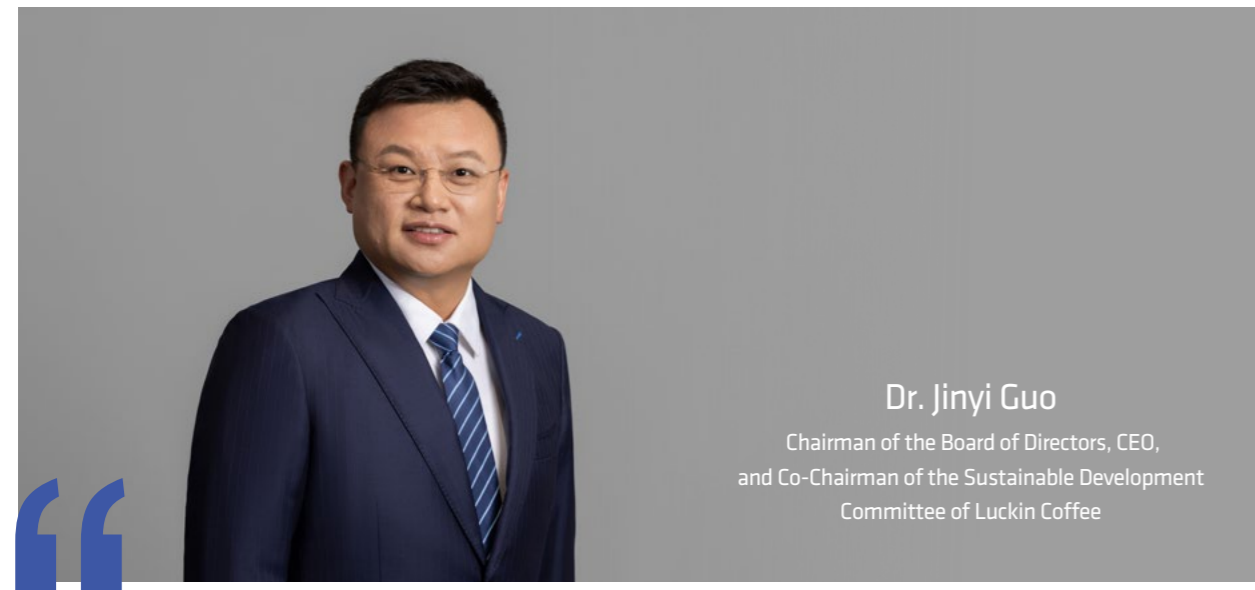
OWNERSHIP

- ATTRACT AND RETAIN TOP TALENTS 64
- EMPLOYEE TRAINING AND DEVELOPMENT 70

COOPERATION

- VALUE CREATION FOR ALL STAKEHOLDERS 80
- MANAGEMENT OPTIMIZATION AND SUSTAINABLE PRACTICES 82

MESSAGES FROM THE CO-CHAIRMEN OF THE SUSTAINABLE DEVELOPMENT COMMITTEE



The year 2022 marks the fifth anniversary of the founding of Luckin Coffee, and is a very special year for us. After more than two years of hard work, we have completed the offshore overseas debt restructuring, completed up bankruptcy proceedings and remediated the problems associated with the past to truly get the company back on track. Moreover, we achieved profitability for the first time in the first quarter of this year and maintained rapid growth in the second quarter. Luckin Coffee has ushered in a new beginning, stepped onto a healthy track, and is now better positioned to bring long-term value for stakeholders.

Emerging from our darkest moment, Luckin Coffee has not just paid the price for past mistakes, but also learned a valuable lesson that we will continue to explore in our future development. We need to continuously demonstrate our self-sufficiency and the sustainability of our business model through our business performance, and we must maintain a prudent attitude to governance so we can continuously implement the fundamental changes in our corporate governance. We need to ensure that we will not repeat our past mistakes so we can rebuild trust from all our stakeholders, step by step.

With this in mind, we humbly release this *Transformation and Reinvention - Luckin Coffee Corporate Governance Report*. This report provides a review of our progress in reshaping our company culture, our initiatives to solve the legacy issues related to the fabricated transactions, and our corporate governance improvement efforts to strengthen internal control and compliance. In addition, it seeks to introduce the efforts Luckin Coffee has made in ensuring product quality, empowering our business with technological innovation, and continuously optimizing talent development and incentive mechanisms which are critical to the sustainability of our business growth. We hope this report will share our perspectives on our efforts and achievements in our corporate governance. Meanwhile, our team and all the stakeholders involved in the changes can take this opportunity to reflect and work toward our next five-year objectives under the guidance of the values of Integrity, Craftsmanship, Innovation, Ownership, and Partnership. Our pursuit of excellence in governance is a driving force to push Luckin Coffee's development to a new level.

For Luckin Coffee, sustainable and long-term development is more important than short-term growth. Now that our business is back on track, we will focus more on social value and customer value and be more proactive in taking social responsibility, continuing to promote the implementation of our sustainable development strategy, and we will make every effort to earn the trust of the community, with a more forward leaning posture and a reliable and creditable performance. We hope our experiences and reflections can build a solid foundation for Luckin Coffee to enter the next stage. We have high expectations that Luckin Coffee will create greater value for society.

Finally, I would like to extend my sincere thanks to all our customers, partners and staff who supported us. I firmly believe that along with the rapid growth of the Chinese coffee market, Luckin Coffee will become a celebrated company, and we will live up to everyone's expectations.



Centurium Capital was one of the earliest investors and shareholders in Luckin Coffee. We have been through the ups and downs of the Company in the past five years, experiencing its growth and setbacks, and helping bring it back to the right track today. We have always been committed to supporting our portfolio companies to build a robust and transparent corporate governance structure and responsible management system. Since the discovery and disclosure of the fabricated transactions by Luckin Coffee in 2020, we have supported the board and management team to restructure and transform the Company. Today, we are pleased that Luckin Coffee has re-established itself as one of the largest coffee chains in China.

As an investment firm focusing on business fundamentals and long-term value creation, the investment in Luckin Coffee demonstrated our unwavering conviction in the growth potential of the Chinese coffee market and Luckin's business model. Even in the toughest times, we stood by the Company and the new management team, and fully supported the Company's turnaround efforts, such as terminating the former management team involved in the fabricated transactions, improving governance, and strengthening internal control and compliance measures.

With our joint efforts, Luckin Coffee has undergone a profound transformation at the strategic and operational levels, and has achieved fundamental changes in its governance mechanisms, management structure and organizational culture. Today, Luckin Coffee has transformed from a founder-centric start-up into a strong institution with a modern governance structure. It has also fundamentally changed its business growth strategy, ending its strategy of reckless store and business expansions to one focused on quality growth and customer experience. While the Company remains laser-focused on its core coffee business, it has always been the top priority of the management team to reshape the company's culture and governance, which is key to bringing the business back on track.

The *Transformation and Reinvention - Luckin Coffee Corporate Governance Report* aims to update our stakeholders on the Company's transformation of its governance system, as our takeaways and this unique case study will be beneficial for the industry. I also hope more people could gain insights into the Company's arduous journey in the past two years and we invite you to continue to follow the Company's development down the road.

We expect so much for Luckin Coffee's future. I believe that it will not only create lucky moments and good experiences for consumers, but also create a better future for itself!



 Xiamen, China

ABOUT US

Headquartered in Xiamen, Fujian Province, Luckin Coffee is one of the largest coffee chain brands in China by store count. With the mission "To create lucky moments and inspire", Luckin Coffee pioneered a new retail model combining the mobile internet and big data technology, and collaborates with suppliers to create a unique user experience and lucky moments for customers. With the vision "To build a world-class coffee brand and become part of everyone's daily life" and core values of "Integrity, Craftsmanship, Innovation, Ownership, Cooperation", Luckin Coffee aims to become an essential part of people's daily life through its products and services, delivering on the concept and inspiring expectations of a better life.

By the end of June 2022, Luckin Coffee had 7,195 stores covering 236 Chinese cities, providing customers with high-quality, cost-effective and convenient services. The Company won Gold Medals for five consecutive years at the IAC International Coffee Tasting Competition, and its signature coffee product, "SOE Yirgacheffe", won the Platinum Medal at the IAC2021 International Coffee Tasting Competition. In the first quarter of 2022, Luckin Coffee achieved net revenues of RMB2,404.6 million, turning profitable for the first time in a single quarter. In the second quarter of 2022, Luckin Coffee achieved net revenues of RMB3,298.7 million, representing an increase of 72.4% over the same quarter of 2021.



Improvement in Luckin Coffee's Financial and Operational Performance



OUR VALUES

RECONFIGURING CORPORATE VALUES

In 2020, Luckin Coffee embarked on a journey of fundamental change across the organization following the discovery of fabricated transactions. After profound reflection on the past, recalibration of the present and repeated reviews of strategies, approaches and tactics, we have reconfigured our corporate values to drive corporate innovation and sustainable development. We have promoted and implemented the right corporate culture, driven business development and organizational change under a new mission and vision to promote the widespread and routine awareness of "Integrity" as our core value to help Luckin Coffee start a new journey.

OUR MISSION

To create lucky moments and inspire.

We are proud to offer our customers premium, high-quality coffee, with utmost affordability and convenience. We hope each encounter with Luckin Coffee will be a lucky moment for our customers. We also hope our products and services will convey a positive philosophy of life, inspiring our customers to aspire to a better life.

OUR VISION

To build a world-class coffee brand and become part of everyone's daily life.

With the goal of building a world-class coffee brand, we are committed to serving our customers' needs, supporting our partners' development and creating social value. We not only pursue excellence in performance but also make unremitting efforts in areas such as social contribution and brand value to integrate Luckin Coffee into everyone's daily life.

OUR CORE VALUES

Integrity, Craftsmanship, Innovation, Ownership, Cooperation

Our core values serve as the basis for what we do in achieving our mission and vision, and they represent our reflection on our historical issues and determination to move forward. "Integrity" is at the core of our value system and has the highest priority in our judgment and selection of our values. "Craftsmanship" and "Innovation" are requirements for "everything" - "Ownership" and "Cooperation" are our self-disciplinary requirements for "everyone".



We have launched over 1,000 different forms of learning sessions nationwide via our values learning platforms, including OA, internal training center ELN platform, WeChat LeXiang and Culture Wall. We have established a convenient and efficient corporate culture learning channel for nearly 32,000 full-time and part-time employees. We initiated a "culture officer system" in which we invite Company management to our online forums, such as "luckin moments," to explain and interpret our core corporate culture from different perspectives. By the end of August 2022, the total number of visits to the content-themed "New Luckin Coffee, New Culture" campaign exceeded 446,100.

The core values of Integrity, Craftsmanship, Innovation, Ownership and Cooperation have been fully incorporated into Luckin Coffee's performance assessment mechanism. Luckin Coffee will continue strengthening daily management by combining value behavior points. From 2021 to 2022, 100% of full-time employees completed the values assessment.

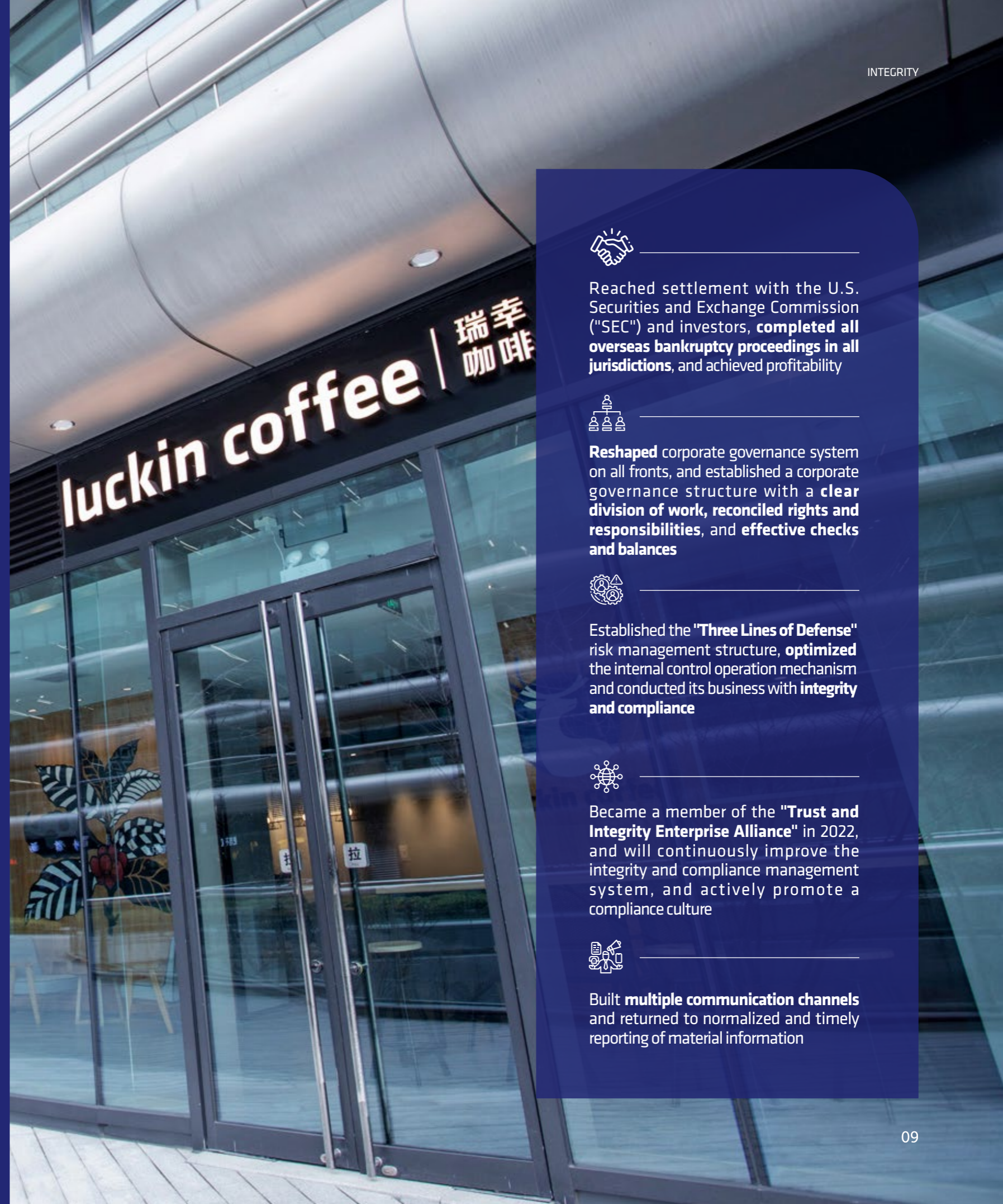
01 INTEGRITY

**ACTING RESPONSIBLY
AND BIDDING FAREWELL TO THE PAST**

**GOVERNANCE SYSTEM RESHAPING
AND STRUCTURE OPTIMIZATION**

**RISK CONTROL
AND COMPLIANCE IMPROVEMENT**

**PROMOTING SMOOTH
AND TRANSPARENT COMMUNICATION**



Reached settlement with the U.S. Securities and Exchange Commission ("SEC") and investors, **completed all overseas bankruptcy proceedings in all jurisdictions**, and achieved profitability



Reshaped corporate governance system on all fronts, and established a corporate governance structure with a **clear division of work, reconciled rights and responsibilities**, and **effective checks and balances**



Established the **"Three Lines of Defense"** risk management structure, **optimized** the internal control operation mechanism and conducted its business with **integrity and compliance**



Became a member of the **"Trust and Integrity Enterprise Alliance"** in 2022, and will continuously improve the integrity and compliance management system, and actively promote a compliance culture



Built **multiple communication channels** and returned to normalized and timely reporting of material information

ACTING RESPONSIBLY AND BIDDING FAREWELL TO THE PAST

On April 2, 2020, Luckin Coffee disclosed to the U.S. SEC and the public its discovery of fabricated transactions from the second quarter to the fourth quarter of 2019 during its annual audit. The Board took immediate steps to form a Special Committee consisting of independent directors to oversee an internal investigation. As the investigation progressed, the Board implemented remedial measures to improve internal controls, and restructured the Board and senior management team. The Company proactively engaged with regulators and investors to reach settlements.

Meanwhile, to stabilize operations and turn the Company's business around, the management team changed its overall growth strategy, reshaped company culture and focused on improving internal controls, governance and equity structure. We worked diligently to restructure our offshore debt and optimize our capital structure. After more than two years of effort, we settled with the SEC and investors, completed the debt restructuring and emerged from all bankruptcy proceedings. The Company also achieved profitability despite the impact of the COVID-19 pandemic and challenging economic headwinds.



2022 🕒

📅 2022

August: Series B senior secured notes fully redeemed

The Series B senior secured notes, including the outstanding principal and accrued interest totalling US\$110.6 million, were fully redeemed. These notes were Luckin Coffee's only offshore debt securities.

August: Second quarter results released, demonstrating steady revenue growth.

The financial statements for the second quarter of 2022 demonstrated a 72.4% YoY increase in revenue.

May: First quarter results released.

The financial statements for the first quarter 2022 showed that Luckin Coffee had quarterly operating profit for the first time.

May: Board restructured.

The Board directorship term and composition was adjusted, further enhancing the governance structure of Luckin Coffee.

April: Bankruptcy proceedings completed.

Bankruptcy proceedings under Chapter 15 of the U.S. Bankruptcy Code were completed.

January: Overseas debt restructuring completed.

Luckin Coffee made a cash payment of US\$245.5 million and issued senior secured notes and American Depositary Shares to overseas creditors, and announced the completion of debt restructuring.

January: Investment from Joy Capital completed.

Luckin Coffee received an equity investment of US\$10 million from Joy Capital.

📅 2021

2021 🕒

December: Announced the completion of investment from Centurium Capital.

Luckin Coffee received an equity investment of US\$240 million from Centurium Capital to help fund the shareholder class action settlement and debt restructuring repayments and associated expenses.

December: Debt restructuring scheme of arrangement became effective.

Luckin Coffee announced its debt restructuring scheme became effective after it was approved by creditors and the Cayman Court.

October: Settlement with overseas shareholders reached.

Luckin Coffee signed the class settlement agreement of US\$175 million in total with the Federal Lead Plaintiffs, which included the release of most of the potential claims by Luckin Coffee's overseas shareholders and represented a further step toward normal operations.

September: Debt restructuring scheme of arrangement launched in Cayman Court.

Luckin Coffee announced the commencement of a debt restructuring scheme arrangement in compliance with the restructuring support agreement.

June: RSA financing milestone reached.

To meet a key milestone in the Restructuring Support Agreement (RSA), Luckin Coffee obtained approval from the regulators to conduct a capital reduction to ensure sufficient funds were available overseas to repay the amounts specified in the RSA.

April: New financing secured.

Luckin Coffee announced an investment agreement with Centurium Capital as the lead investor and Joy Capital, and the proceeds will be used to fund offshore restructuring and fulfil obligations under the SEC settlement agreement.

March: Entered into the debt RSA.

Luckin Coffee entered into a debt RSA with most existing bondholders and actively sought the support of other bondholders to drive debt restructuring and enhance the capital structure.

February: U.S. SEC settlement approved by court.

The settlement with the U.S. SEC received the necessary court approval, marking another positive step in resolving the issues in relation with the fabricated transactions.

📅 2020

2020 🕒

December: Settlement reached with the U.S. SEC.

Luckin Coffee reached a settlement with the U.S. SEC with a penalty of US\$180 million, subject to court's approval.

July: Internal investigation substantially completed.

It took three and a half months to complete the internal investigation and release the results, with about 550,000 documents reviewed and more than 60 individuals interviewed. The Board was restructured, with Dr. Jinyi Guo appointed as the Chairman and CEO.

May: Senior management and the Board composition adjusted.

The composition of the Board and senior management were adjusted and employees who were involved with or had knowledge of the fabricated transactions were dismissed.

April: Announced the establishment of the independent Special Committee.

Luckin Coffee self-reported to the U.S. SEC and disclosed to the market about fabricated transactions. It promptly set up a Special Committee after identifying the issue, to investigate and engaged independent external firms to assist with the investigation.

Figure: Luckin Coffee's Turnaround Milestone Events

GOVERNANCE SYSTEM RESHAPING AND STRUCTURE OPTIMIZATION

Luckin Coffee has reshaped its corporate governance system on all fronts and established a corporate governance structure with a clear division of work, reconciled rights and responsibilities with effective checks and balances. These efforts are essential to resolve the root causes of the historical problems, promote profound changes and guarantee the implementation of core values and the realization of our vision and mission. By doing so, we have established well-coordinated and efficient mechanisms for supervision, reporting and execution, combined with the upgrading and optimization of the culture and value system. These measures have facilitated establishing and improving our corporate governance system and brought corporate governance to a higher level.

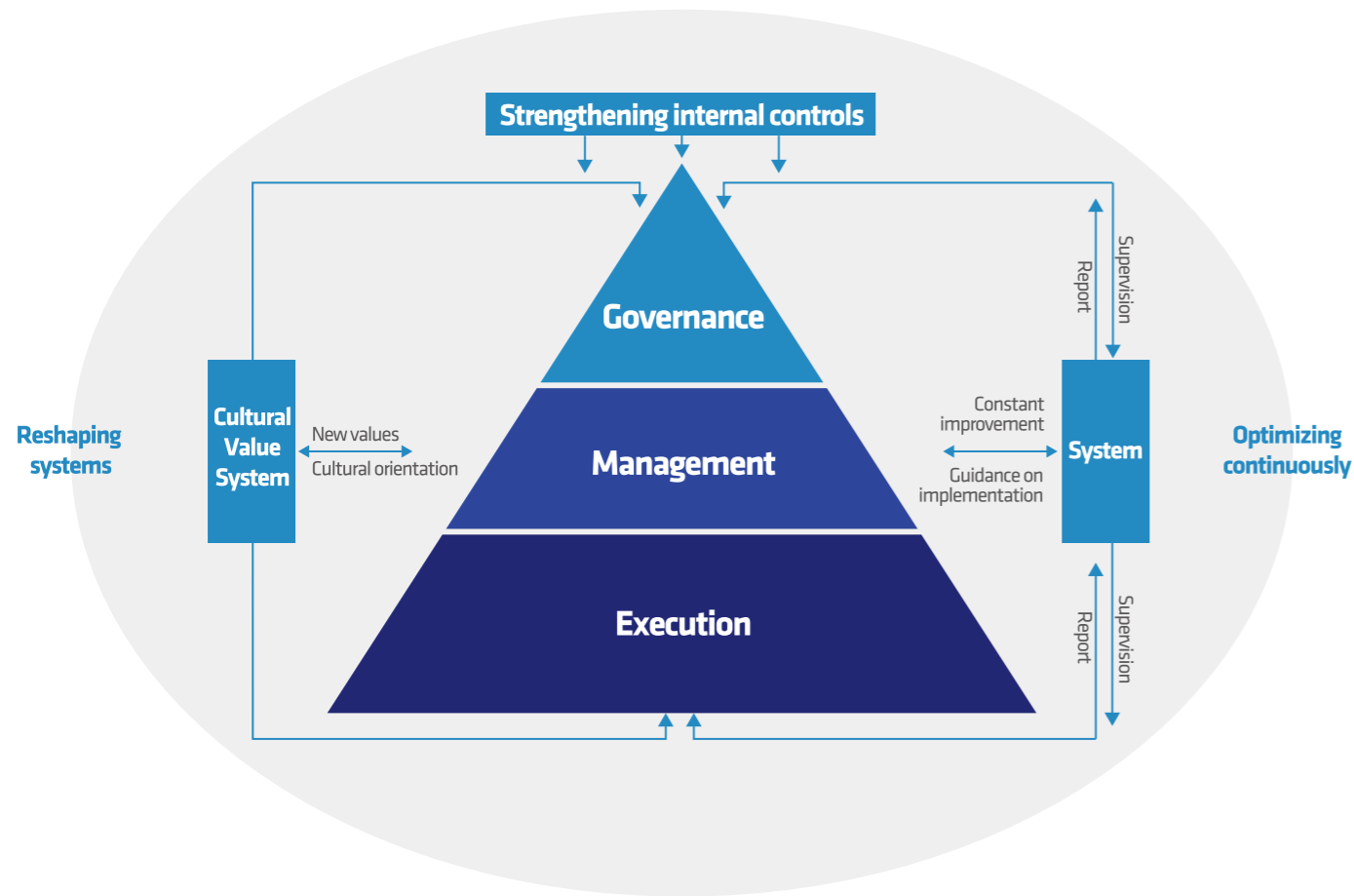


Figure: Luckin Coffee's Governance Structure

Based on this, the Board of Directors and its subordinate committees have directed an overhaul of Luckin Coffee's development strategy and business logic, fully exercised its supervision, guidance, decision-making and risk prevention functions. Under the supervision of the Board of Directors, our management team led the reshaping of our business growth strategy following the new strategic direction, and significantly enhanced the compliance of internal controls. In addition, it broke down and assigned operational objectives to guarantee the implementation of the Company's development plans, ultimately promoting the Company's operational efficiency.

BOARD OF DIRECTORS

With the goals of strengthening the capabilities of core strategic decision-making and risk prevention and control, Luckin Coffee has restructured the Board of Directors and its governance and supervision mechanisms. The Company continues to carry out reforms in key areas, such as the professionalism and independence of the Board of Directors, to ensure that directors' duties and governance mechanisms are properly designed to support the Company's effective operation. The reform aims to enable the Board of Directors to operate in a transparent, fair, legal and compliant manner, thus driving the continuous improvement of corporate governance and internal control systems within Luckin Coffee.

BOARD MEMBERS

The Board of Directors consists of nine directors, including seven non-executive directors, of which four are independent non-executive directors. They provide professional advice on business development and decision-making from the perspectives of corporate governance, finance, law, risk management and sustainable development, helping Luckin Coffee make decisions more accurately over the last two years and for further sustainable development.



Jinyi Guo

Dr. Jinyi Guo is a co-founder of Luckin Coffee and serves as our Chairman of the Board, Chief Executive Officer and Co-Chairman of the Sustainable Development Committee. Dr. Guo graduated from Beijing Jiaotong University with a PhD in Transportation Planning and Management, and served in the Ministry of Transport of the People's Republic of China and UCAR Inc. Since serving as the Company's Chairman and CEO, Dr. Guo has been committed to continuously strengthening corporate governance and internal control construction. He aims to promote the comprehensive improvement of Luckin Coffee in regard to strategy, operation, governance mechanism, management structure and organizational culture.

Wenbao Cao

Mr. Wenbao Cao is Senior Vice President and executive director of Luckin Coffee. Mr. Cao is in charge of the Company's operations, including store operations, construction, development and customer service. Before joining the Company, Mr. Cao had over 23 years of experience at McDonald's China. His joining injected valuable operational management experience into Luckin Coffee.

Yang Cha

Mr. Yang Cha is an independent director. Mr. Cha graduated from St. John's University School of Law with a J.D. degree. He has more than 20 years of experience in law, investment, and management. He was President of the Tsinghua Education Foundation, North America, with a focus on research and development of corporate finance and governance matters. Mr. Cha also served as the venture partner for several venture capital firms, focusing on early-stage technology start-ups. His joining is strategically advantageous to us.

Feng Liu

Mr. Feng Liu is an independent director and serves as the Chairman of the Audit Committee. Mr. Liu graduated from Xiamen University with a PhD in Economics (Accounting), and he is a professor and doctoral supervisor of the Research & Development of Accounting Centre at Xiamen University. He is a leading scholar with expertise in financial auditing and has accumulated rich experience in auditing, accounting, internal control and risk management. He has served for a long time as an independent director of different companies and as consultant to many firms. His joining helps to promote the standardization of our financial system and the building of information transparency.

Sean Shao

Mr. Sean Shao is an independent director and Chairman of the Compensation Committee. Mr. Shao has served as an independent director and the Chairman of the Audit Committee of UTStarcom Holdings Corp. (NASDAQ: UTSI) since 2012 and 21Vianet Group, Inc. (NASDAQ: VNET) since 2015. Mr. Shao is a member of the American Institute of Certified Public Accountants and worked at Deloitte Touche Tohmatsu for 10 years while serving in several Board and senior executive roles in various companies. Mr. Shao has brought professional advice on optimizing and improving our governance structure from an independent perspective.

Weihaio (Michael) Chen

Mr. Weihaio (Michael) Chen is a non-executive director, Chairman of the Nominating and Corporate Governance Committee and Co-Chairman of the Sustainable Development Committee of Luckin Coffee, and a Managing Director and member of the investment committee of Centurium Capital. Mr. Chen is a member of the Association of Chartered Certified Accountants (ACCA) and worked at Warburg Pincus where his last position was Managing Director. Prior to that, Mr. Chen served as a Vice President at Crescent Advisors China (Shanghai) Co., Ltd. He also worked for Morgan Stanley Asia Limited in Hong Kong and Accenture Consulting Co Limited in China earlier in his career. Mr. Chen is also a director of ANE (Cayman) Inc., a Hong Kong listed company, and Chairman of its ESG Committee. His involvement is of great significance to us in creating social value and realising sustainable development.

Jun Liu

Mr. Jun Liu is a non-executive director and Managing Director of Centurium Capital. Mr. Liu holds a J.D. from Vanderbilt University. Prior to joining Centurium Capital, his experience included serving as Senior Vice President at Warburg Pincus and Executive Director at Goldman Sachs, both in Hong Kong. Mr. Liu previously worked as an attorney at Cahill Gordon & Reindel LLP in New York City and O'Melveny & Myers LLP in Beijing. Mr. Liu is qualified to practice law in China and in New York State, and has extensive experience in corporate governance. His experience has been invaluable in our risk management and compliance system construction.

Qianli Liu

Ms. Qianli Liu is an independent director of the Company. Ms. Liu has over 18 years of experience in investment banking and corporate finance, including holding senior management positions at Phoenix New Media Limited (NYSE: FENG), ChinaEdu Corp. (NASDAQ: CEDU) and MainOne Information Technology Company Ltd. She is currently an independent director of XD Inc. (HKEX: 2400. HK), BAIOO Family Interactive Limited (HKEX: 2100. HK), and Feiyu Technology International Company Ltd. (HKEX: 1022.HK). With Ms. Liu's rich experience in the investment and finance industry, our journey along the capital market will be smoother.

Shaoqiang (Gary) Liu

Mr. Shaoqiang (Gary) Liu is a non-executive director and the Managing Director of Centurium Capital. Mr. Liu is a Chartered Financial Analyst (CFA) and has more than 15 years' experience in banking, investment and management. He has held several Board and senior executive positions in various companies. As a member of the Board, Mr. Liu is helping to diversify our governance body with his expertise and management skills, improve the effectiveness of Company governance and make the decision-making process more rational.



COMMITTEES OF THE BOARD

To further improve our corporate governance structure, Luckin Coffee has established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee under the Board. We have standardized the operating rules for each committee to support the Board to effectively perform the functions of supervision, balance, and decision-making, and assist the Board in making more professional, accurate and rational decisions.

Audit Committee

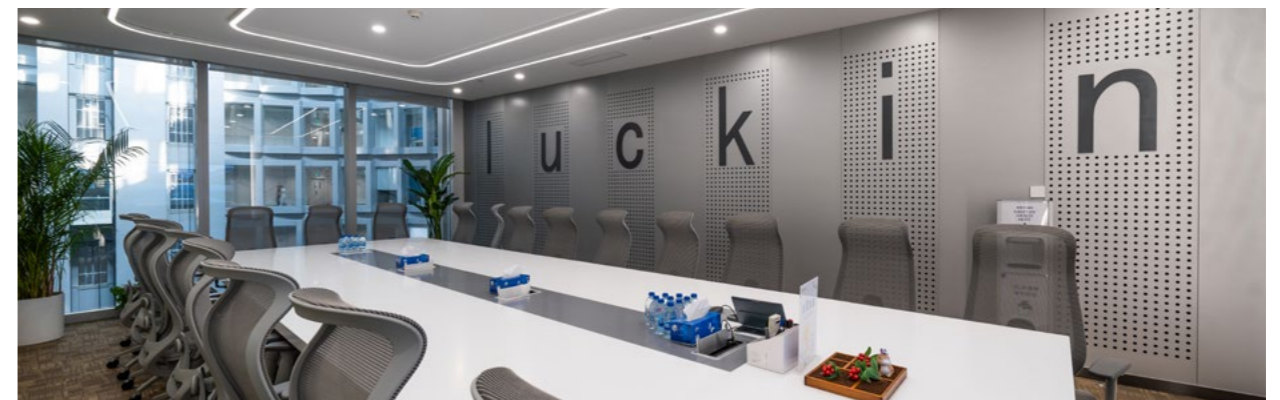
The Audit Committee is responsible for, among other things: (1) Overseeing accounting and financial reporting processes and auditing and reviewing the financial statements; (2) Appointment, re-appointment or removal of the independent auditor; (3) Reviewing and approving proposed related party transactions; (4) Reviewing the adequacy and effectiveness of accounting and internal control; (5) Approving annual audit plans and undertaking an annual performance evaluation of the internal audit function

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for: (1) Recommending nominees to the Board or committees; (2) Reviewing the composition of the Board and its appropriateness against our development requirements; (3) Evaluating the performance and effectiveness of the Board; (4) Reviewing and approving compensation (including equity-based compensation) for the directors; (5) Developing policies and procedures for recommendation, nominations or appointments; (6) Implementing corporate governance as required by SEC rules

Compensation Committee

The Compensation Committee is responsible for, among other things: (1) Overseeing the development and implementation of compensation programmes; (2) Reviewing and approving, or recommending to the Board for its approval, the compensation, incentive compensation or equity-based plans of our executive officers and other senior management personnel; (3) Overseeing our regulatory compliance with respect to compensation matters



To further match our strategic and business development needs, respond to the expectations of stakeholders, promote long-term development, implement corporate responsibility and promote the formulation and implementation of Luckin Coffee's sustainable development strategy, we have adopted the concept of sustainable development and introduced an environmental, social and governance framework. We established our Sustainable Development Committee in July 2022. The Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities on sustainability matters.

MANAGEMENT STRUCTURE

To effectively execute our business development strategy, we have reorganized the management team with diverse professional background. We will ensure that Luckin Coffee always focuses on governance changes and will constantly optimize management skills as the Company undergoes rapid development. We continue to concentrate on R&D to provide quality products and services to our customers with technology at the core.

Luckin Coffee's core management team consists of eight members: Dr. Jinyi Guo, Wenbao Cao, Fei Yang, Weiming Zhou, Jing An, Reinout Hendrik Schakel, Gang Wu and Shan Jiang, who have all injected new impetus into our progress to the next stage.



Jinyi Guo

Dr. Jinyi Guo is one of the co-founders of Luckin Coffee and serves as Chairman of the Board, Chief Executive Officer and the Co-Chairman of the Sustainable Development Committee. Dr. Guo graduated from Beijing Jiaotong University with a PhD in Transportation Planning and Management, and served in the Ministry of Transport of the People's Republic of China and UCAR Inc. Since serving as the Company's Chairman and Chief Executive Officer, Dr. Guo has been committed to continuously strengthening corporate governance and internal control construction. He aims to promote the comprehensive improvement of Luckin Coffee in regard to strategy, operation, governance mechanism, management structure and organizational culture.



Wenbao Cao

Mr. Wenbao Cao is the Senior Vice President and executive director of Luckin Coffee. Mr. Cao is in charge of the Company's operations, including store operations, construction, development and customer service. Before joining the Company, Mr. Cao had over 23 years of experience at McDonald's China. His joining injected valuable operational management experience into Luckin Coffee.



Jing An

Ms. Jing An is our Chief Financial Officer (CFO) and is responsible for finance, accounting, investment and financing. Ms. An has more than 17 years' experience in corporate finance and management. She previously worked as a senior accountant at PricewaterhouseCoopers and as a senior corporate finance and management executive in several internet enterprises, including China Cache, Inc. and 58 Daojia Inc., where she served as CFO. Ms. An has provided important support for the continuous optimization of Luckin Coffee's financial management.



Reinout Hendrik Schakel

Mr. Reinout Hendrik Schakel is our Chief Strategy Officer (CSO), responsible for corporate strategic development and the execution of Luckin Coffee's capital markets strategy. Mr. Schakel was an analyst, Associate and Vice President at the Investment Banking Division of Credit Suisse and as an executive director at Standard Chartered Bank, and possesses profound insights into the development and growth trend of the Asian consumer market. He played an important role in completing the debt restructuring and solving the historical problems of Luckin Coffee and in corporate development planning and comprehensive strategic optimization.



Fei Yang

Mr. Fei Yang is one of the co-founders of the Company and has been responsible for Luckin Coffee's brand creation since the inception of our Company. He has served as our Chief Growth Officer (CGO) in charge of sales growth, user operation and marketing since June 2020. With more than 20 years of experience in branding and digital marketing, Mr. Yang has made significant contributions to Luckin Coffee's brand value and cultural communication growth.



Weiming Zhou

Mr. Weiming Zhou is our Senior Vice President, and is primarily in charge of the product line. He has more than 20 years' experience in the catering and food sectors. Before joining the Company, Mr. Zhou served as senior director at Meituan, where he was responsible for F&B and private label merchandise. He held key positions at Coca-Cola, McCormick and Yum! Brands where he was responsible for product development.



Gang Wu

Mr. Gang Wu is the Company's Senior Vice President and oversees public affairs and strategic cooperation. Before joining the Company, Mr. Wu worked for 26 years in the airline industry, including holding senior management positions at China United Airlines, China Eastern Airlines and Air China. Mr. Wu's rich experience in business innovation, business market system construction and expansion and information construction, has helped us create value in cross-industry cooperation and government relationship management.



Shan Jiang

Mr. Shan Jiang is our Senior Vice President in charge of compliance, legal and quality control matters. Mr. Jiang holds a J.D. from Columbia Law School. Before joining the Company, Mr. Jiang served as Associate General Counsel of Airbnb, Inc. (NASDAQ: ABNB). Prior to joining Airbnb, Inc., Mr. Jiang worked for Amazon.com, Inc. (NASDAQ: AMZN) and Davis Polk & Wardwell LLP. With extensive experience in commercial projects and capital markets compliance, Mr. Jiang has made important contributions in helping the Company complete its debt restructuring, resolve historical issues, as well as reshape and continuously improve overall compliance system.



EXECUTIVE LEVEL

Luckin Coffee has defined each business department's responsibilities, authorities, division of work and collaboration mode. It has established an executive architecture with the front, middle and back offices working together cohesively and supported by the Business Partner (BP) units to operate efficiently and stay agile. The front office is responsible for store operations and market expansion, the middle office for new products R&D, supply chain assurance and ensuring the smooth development of our business with technology, and the back office includes supporting functions for overall operation. All departments work together to ensure the efficient and steady operation of the Company. They rely on continuously improving technological platforms to enhance management efficiency, thereby driving business growth and contributing to the Company's long-term stable and sustainable development.

Front office	Operation		Growth		Human Resources Finance Compliance	BP units
Middle office	Technology	Business analysis		Product		
Back office	External cooperation	Finance	Human resources	Compliance		

Figure: Organization Chart at Executive Level

The Company has established executive committees to ensure the effective implementation of business strategy objectives. We continue to promote sound business operations across the Company ecosystem to facilitate cooperation across all lines of business, strengthen inter-departmental communication and coordinate the provision and allocation of resources.

The main responsibilities of the executive committees are as follows:

Budget Management Committee	Responsible for making decisions on key matters such as the Company's budget management system, business direction and budget strategy for a fiscal year, deliberating and adopting the Company's specific budget plan, and supervising the implementation of the Company's budget plan and the achievement of the budget goals.
Human Resources Committee	Responsible for approving policies, mechanisms, planning, and key human resource management projects at the company level, making comprehensive deliberations, making recommendations and forming resolutions.
Procurement Committee	Responsible for reviewing and approving our procurement management policy, charter and operation mechanism of the Procurement Committee, decision-making approval of major procurement business and assessment of procurement strategy and process management.
Food Safety and Quality Control Committee	Responsible for planning the overall framework regarding how food safety and quality are guaranteed, coordinating risk management and major decisions, and supervising the continuous optimization of quality and food safety.
Data Security Management Committee	Responsible for developing data security and personal information protection strategies, plans, systems and specifications and providing necessary support, coordinating and making decisions on major data security incidents in the Company.
Crisis Management Committee	Responsible for preventing and responding to critical incidents in a unified manner and judging, analyzing, reporting, classifying and dealing with incidents by risk type and rating based on the main types of crises we face.
Information Disclosure Committee	Responsible for determining disclosure obligations in a timely manner, overseeing the drafting, review and coordination of relevant disclosures, facilitating the flow of information related to the drafting of disclosure documents, and continuously monitoring the proper collection and processing of material information

RISK CONTROL AND COMPLIANCE IMPROVEMENT

Establishing a sound risk management and internal control compliance system is crucial in implementing our core value of "Integrity". To ensure that the Company can identify and effectively defend against potential risks in various business segments while undergoing fundamental changes and rapid development, we aim to establish a comprehensive risk management system that meets the Company's long-term development needs in accordance with relevant laws and regulations, and continuously strengthen our risk management capabilities. We have built an internal control system in line with the COSO internal control framework, are continually improving the level of internal control, and we have launched rules and culture construction around the compliance management system to promote the steady improvement of the Company's operation and management.

RISK MANAGEMENT

Luckin Coffee has established the "Three Lines of Defense" risk management structure based on the positions and responsibilities of each department. It divides risk management responsibilities and optimizes according to changes in the organization's size, structure, and complexity, to ensure that each layer of defense is focused on the organization's risk management objectives and that each line of defense has clear responsibilities and collaborates with each other. Those charged with governance are responsible to all stakeholders and bear the responsibility for supervision. Senior management is responsible for turning our goals into reality, and it is responsible for the first line of defense and the second line of defense. The third line of defense independently supervises the first and the second line of defense to ensure their effectiveness, and it reports to the governance level. Each department of the Three Lines of Defense communicates with each other and works together to minimize the risks faced by the Company to an acceptable level and achieves the strategic goal of overall risk management.

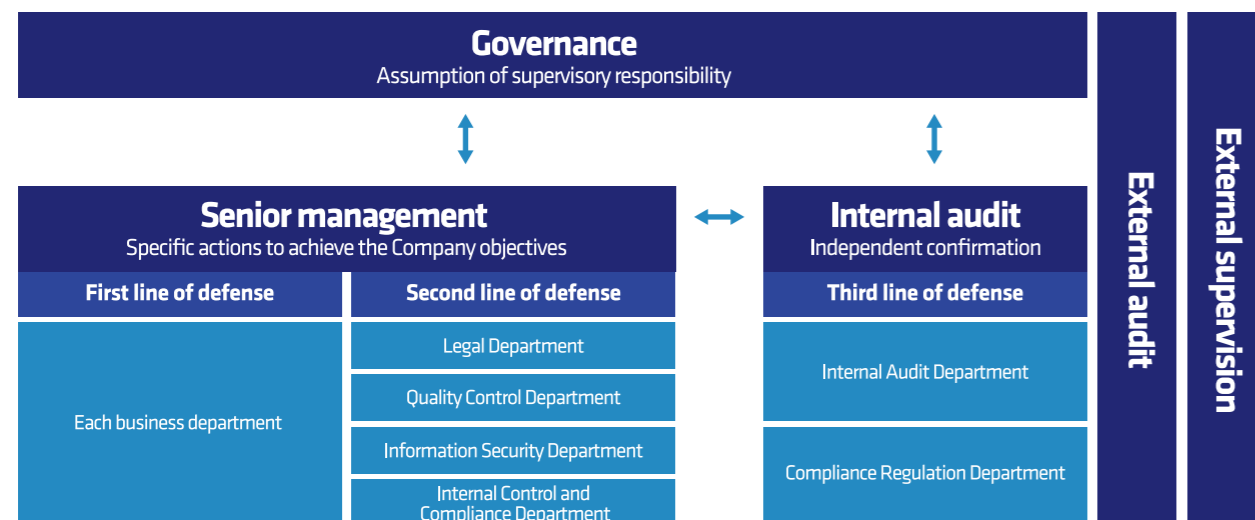


Figure: Luckin Coffee's "Three Lines of Defense" Risk Management Structure



INTERNAL CONTROL

Luckin Coffee continues to optimize the internal control mechanism. Regarding the management framework, the Board of Directors is responsible for the establishment and effective implementation of internal control, while the Audit Committee reviews the adequacy and effectiveness of internal control. We have established a professional internal control team with a clear division of responsibilities.

On the terms and rules for internal control, we have established a sound classification and grading system and standardized the process. We have launched an Internal Control Manual, which is continuously adjusted to the daily business activities of each department. We have implemented internal control management from the system level and ensure that our internal control measures have rules and regulations for staff to follow and comply with. In addition, we focus on updating our business processes and reviewing the actual implementation, assisting business departments and management to carry out active rectification, and have completed 33 optimization matters to ensure process design and implementation is standardized, effective and compliant.

The Internal Control and Compliance Department developed the control matrix and the *Internal Control Manual* for all business processes and supervises its implementation. It organizes an annual comprehensive test to identify major risk exposure and urges rectification to drive business optimization. Starting from 2021, Luckin Coffee has engaged a professional external advisor to assist management to review and test internal controls over financial reporting every year to strengthen and improve the effective operation of internal controls. The assessment conducted in 2021 assisted management in identifying 64 enterprise-level risks, establishing 118 control procedures, identifying 186 process-related risks (secondary level) and establishing 567 control procedures (including information system application control).



To strengthen the identification and management of related party transactions, we automatically verify whether our customers and suppliers are related parties through our system. Transactions that trigger related party risks will be automatically submitted to the Internal Control Compliance Department for further review. Transactions exceeding a certain amount or unconventional businesses will be subject to the Audit Committee's approval. In addition, suppliers identified as having serious compliance risks are blocked from being entered into the supplier management platform.

We have established a multi-layered authorization mechanism which includes risk assessment and classification, cross-review, approval traces and regular reviews, significantly reducing potential compliance risks caused by breach of authorization protocol. Each system's risk level is graded and assigned a supervisory department, and tasks with higher risk levels are approved at a more senior level. Applications for new tasks must be cross-reviewed by the department head and its overseeing department. The authorization rights are set for specific positions and responsible persons are required to maintain its day-to-day operation.

To strengthen employees' awareness and implementation of compliance requirements, we promote the Company's compliance requirements to all employees through the OA collaborative office system, email notifications, special offline training, online training and exams on the internal training center platform as well as enterprise WeChat account. Employees can also log into the OA system or platforms like the internal training center to read and understand our policies.



COMPLIANCE MANAGEMENT

Luckin Coffee is committed to conducting its business with integrity and in compliance to standards and norms. We strictly abide by the compliance requirements in the jurisdictions where we are listed or operate and have formulated a series of internal compliance policies, such as *Code of Business and Ethics*, *Complaints and Whistleblowing Policy*, *Anti-Fraud Policy*, *Anti-Corruption Policy*, and *Gifts and Hospitality Declaration Policy*. We have enacted compliance requirements throughout our daily work and ensured the effective implementation of the policies. We have set up a Compliance and Supervision Department responsible for receiving and handling reports of compliance issues, conducting anti-corruption and anti-fraud investigations, and promptly reports events that may cause significant risks to the management. The Internal Audit Department performs oversight, regular reviews of results and summary reports of the Compliance and Supervision Department on compliance cases. It reports to the Audit Committee on compliance risks and problems, including potential risks, non-compliance, remedial action and other actions taken to prevent a recurrence.

By asking to sign the Letter of Integrity Commitment and training, our commitment to integrity and ethical behaviour is also extended to managing our suppliers and other business partners. Suppliers and business partners are obliged to report truthfully to the Company and provide valid supporting documents if the Company's employees receive illegal benefits or solicit bribes.

In 2022, we became a member of the "Trust and Integrity Enterprise Alliance", a voluntary Chinese industry initiative to promote business integrity. We will further advocate honest operation, continuously improve the integrity and compliance management system and actively promote construction of our compliance culture.

PROMOTING SMOOTH AND TRANSPARENT COMMUNICATION

The construction of open, transparent and efficient communication channels will not only help internal and external stakeholders to understand Luckin Coffee, but also supervise our business conducts. We have built a multi-channel and diverse information exchange mechanism to better respond to external enquiries and ensure the effective and timely transmission of information to relevant departments in the Company.



Figure: Company Communication Channels

INFORMATION DISCLOSURE

We actively pushed to resume the normal schedule of disclosure as soon as possible after the delay of our 2019 financial statement. We followed the applicable disclosure requirements to promptly disclose material information to the market, and issued the audited annual report for 2019 in June 2021 and the audited annual report for 2020 in September 2021. In April 2022, Luckin Coffee released the audited annual report for 2021 in compliance with requirements under U.S. securities laws, which marked the normalization of our disclosure schedule.

Luckin Coffee publishes reports and statements, including annual reports on Form 20-F and current reports on Form 6-K. These are in compliance with laws and regulations, regulatory requirements, and best market practices of Chinese companies listed in the U.S. Investors, customers, suppliers and other stakeholders can visit Luckin Coffee's company website or the SEC website to keep abreast of Luckin Coffee's latest financial updates, major adjustments in organizational structure and management personnel and other key matters. We will continue to improve our information disclosure mechanism. We hope to provide an in-depth understanding of our operations and overall performance through truthful, transparent, timely and complete disclosure of information on all aspects of Luckin Coffee, and rebuild the public's trust in Luckin Coffee.



COMPLAINT AND WHISTLEBLOWING

To ensure the legal compliance and sustainable operation of the Company, we have established a whistleblowing mechanism and formulated the Complaints and Whistleblowing Policy to clarify what the whistle-blower should report, the channels available, the handling process, and how the issues will be dealt with. This will standardize report processing procedures and help us find and solve problems as soon as possible. We encourage all internal and external personnel to report Company violations of laws, discipline or regulations. Whistle-blowers can provide information by email (1000@lkcoffee.com), face-to-face reporting, anonymous reporting, or entrusting others to provide the information. These routes are listed on the Company's website, in employee handbooks, and contracts signed externally. In addition, to protect the rights of whistle-blowers, the Company keeps their information, the content of reports and reporting materials strictly confidential, develops a protection and incentive system and prohibits retaliation against whistle-blowers. Luckin Coffee has set up a dedicated Compliance and Supervision Department to investigate and handle all these issues to ensure that all reports are handled timely and appropriately.



CRAFTSMANSHIP

COMPREHENSIVE FOOD SAFETY AND QUALITY CONTROL SYSTEM

EFFICIENT IMPLEMENTATION OF STANDARDS



In 2021, we formed a **Food Safety and Quality Control Committee** to respond to the Company's strategic goals.



We have focused on five major areas covering **R&D, procurement, warehousing and logistics, production and sales, and customer feedback**, and have built the **food safety and quality control system across the entire value chain**.



We launched **113 new** products in 2021 and **92 new** products from January to September 2022, with the sales volume of Coconut Milk Latte exceeding **100 million** cups one year after release and those of Coconut Cloud Latte exceeding **4.95 million** cups just a week after release.



In 2021, production started at Luckin Coffee's first fully automated roasting facility in Fujian Province with total capacity of **15,000 tons per year**.



Product quality audits across multi-level functions are conducted to ensure quality standards are met

COMPREHENSIVE FOOD SAFETY AND QUALITY CONTROL SYSTEM

Food safety and quality control have always been our top priority. Strong quality assurance is key to maintaining our competitiveness in a challenging market to achieve growth. "Craftsmanship" is one of our core values which covers five major areas: R&D, procurement, warehousing and logistics, production and sales, and customer feedback across the entire value chain. With safety and compliance as the minimum requirements, we will continue to improve the standardization and digitization of our food safety management system, and we will optimize our risk control and food safety management capabilities to achieve effective food safety and quality management.

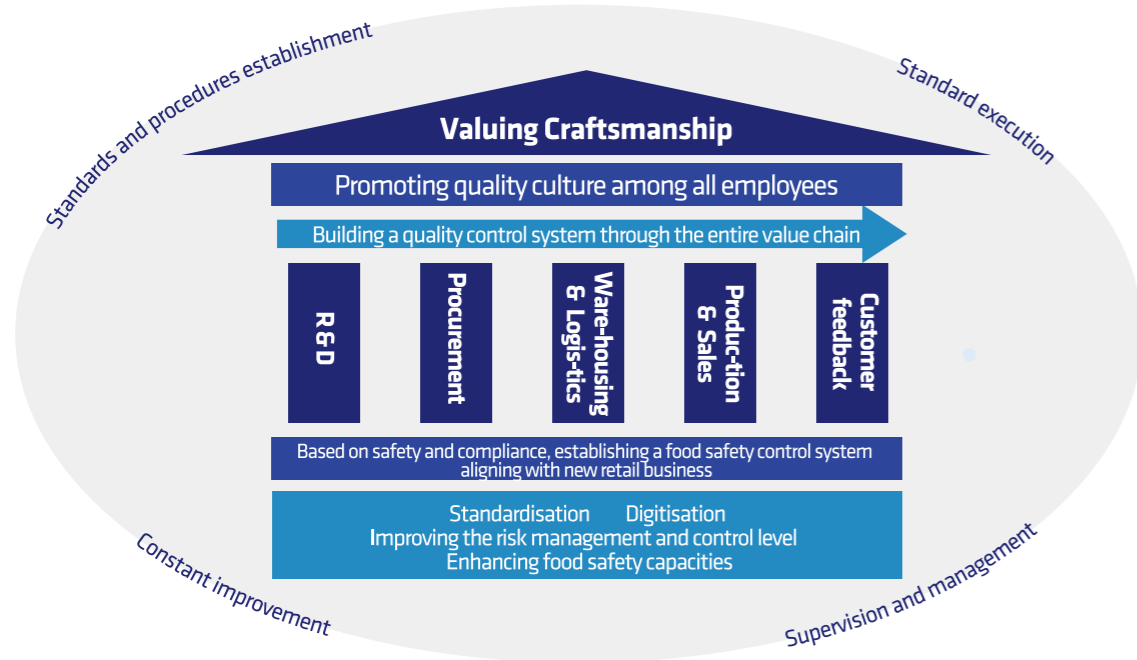


Figure: Comprehensive Food Safety and Quality Management Framework

At the same time, to ensure the efficiency and depth of our food safety and quality control efforts, we consistently review and optimize our protocols to align with our strategic objectives and structural changes. In line with the Company's front, middle and back office structure, the Quality Control Department has established a "one middle office, two front offices" structure to ensure that food safety control is business-oriented and precise, helping management initiatives through targeted digital innovation.

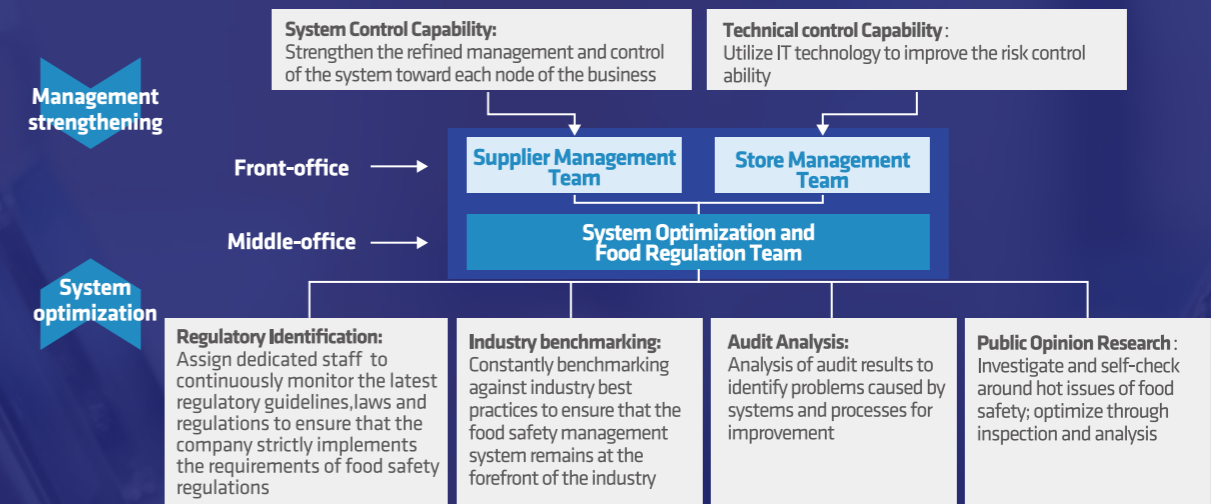


Figure: Quality Control Organization Structure

We leverage our IT technology to monitor store operations to maintain food safety and quality control capabilities, for example using IoT (Internet of Things) technology to monitor, be alert to and manage food safety risks. With multiple systems in place and optimized synergistically, we can reduce the risk of human error. At the supply chain end, we ensure that the Company always implements the value of "craftsmanship" in the fast-paced introduction of new products and new suppliers through the refinement of supplier management standards and an automated mandatory filtering system.

We have established a risk identification and system optimization mechanism that combines both regular self-inspections and inspections based on public opinion. To strengthen our self-inspection capability, the Quality Control Department conducts regular audits and irregular spot checks, and examines customer feedback. These activities monitor systemic and process issues to ensure continuous refinement of risk control, as we keep improving our mechanism for monitoring, analyzing and investigating public opinion on food safety issues. We are exploring the possibility of enhancing key control points against our processes and actively formulating response strategies to prevent problems before they occur.

In 2021, Luckin Coffee established a Food Safety and Quality Control Committee, with members covering all food-safety-related departments, including the Quality Control Department, Self-Operated Management Department, Partnership Management Department, Product R&D Department, Supply Chain Management Department, Warehouse and Logistics Department, Public Relations Department and Legal Department. The committee holds regular meetings to assess food safety and quality-related risks, oversee the implementation of internal food safety and quality control work, and formulate and optimize development strategies to continuously improve the Company's food safety and quality control.

LUCKIN COFFEE



EFFICIENT IMPLEMENTATION OF STANDARDS

Luckin Coffee's pursuit of "craftsmanship" runs through every functional business unit of the Company, including product R&D, supply chain management, warehousing and logistics, and store operations, with the whole process of management and auditing. We integrate safety and quality control into every key business unit, keep abreast of the results of audits at each step of the process, optimize food safety and quality management processes and continuously improve product quality.

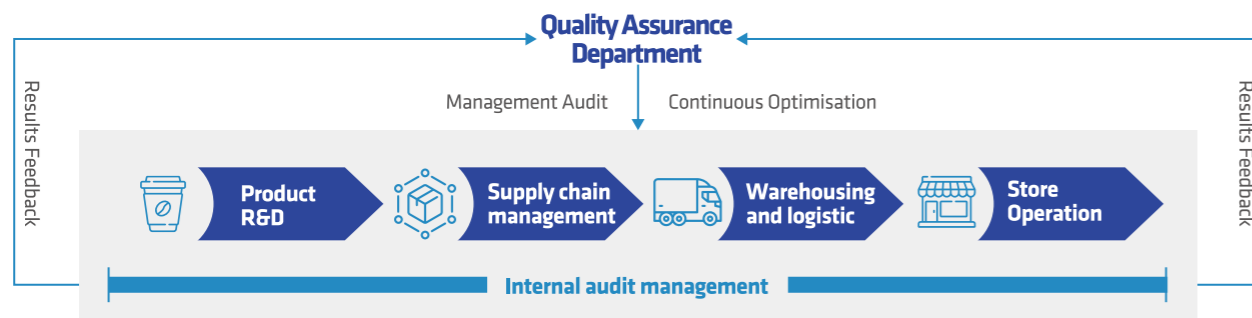


Figure: Full-chain Management and Auditing of Food Safety

R&D-DRIVEN PRODUCT QUALITY



Figure: Coconut Milk Latte and Coconut Cloud Latte

Luckin Coffee prides itself on its technological and product innovation and capabilities. Our industry-leading product research and development team has introduced many popular products to drive growth. Luckin Coffee launched 113 new products in 2021 and 92 new products from January to September 2022, forming a product matrix consisting of nine core product lines and over 60 products.

The sales volume of Coconut Milk Latte exceeded 100 million cups a year after release, and that of the Coconut Cloud Latte exceeded 4.95 million cups just a week after release, as the company continues to promote coffee culture adapted to local tastes. Moreover, high-end product lines, such as the "Little Black Cup (SOE coffee)" series, have contributed to the "popularization of premium coffee", and the phenomenal launch of SOE Hambella has resulted in more consumers drinking premium coffee as part of their daily routine.



WBC World Barista Championship Winner Team: Agnieszka Rojewska, Hidenori Izaki, Andrea Lattuada and Zhimin Pan

At the same time, we ensure quality control in the R&D process to guarantee each product's high-quality performance as we execute successfully our frequent new product launches. Through the design of quality assessment standards at crucial links such as selection, testing, verification and re-inspection, we aim to ensure that the quality concept is pre-installed in each product.



Figure: Product Quality Control Matrix



To ensure that our understanding of coffee beans is always aligned with industry development and to guarantee the quality of our coffee sources, we established a specialized product development team to focus on R&D, production and quality control of coffee beans, coffee equipment and roasting technology. At the end of September 2022, Luckin Coffee had 48 certified Q-graders.



Luckin Coffee Q-Graders

SELECTING BEST RAW MATERIALS TO ENSURE CONSISTENT QUALITY

Luckin Coffee has established a strict raw material management mechanism to manage our suppliers, such as supplier access, sampling inspection, acceptance inspection of raw materials, supplier rating and supplier disqualification. We identify food safety risks related to raw materials to ensure effective control over the quality of raw materials.

- 1 Supplier access**
 Quality control throughout the access process, screening of key criteria, risks and qualifications. The Quality Control Department is entitled to a one-vote veto.
- 2 Supplier daily management**
 Sampling and unannounced inspections are conducted frequently on selected suppliers to ensure the quality of raw materials from new suppliers.
- 3 Multiple acceptance inspections**
 Acceptance inspection covering warehouse, inter-warehouse transfer and storage are implemented strictly. Non-compliant raw materials will be rejected.
- 4 Supplier rating**
 Material and service quality are strongly linked to the volume and supplier priority, incentivizing suppliers to improve quality.
- 5 Instant termination**
 Immediately start supplier termination procedure when products fail tests or complaints are filed on product quality.

Figure: Raw Material Quality Control Matrix



Figure: Top 5 Coffee-producing Areas - Yunnan (China), Colombia, Brazil, Ethiopia and Guatemala

We have established a strict supplier management system, implemented a dual-line comprehensive performance evaluation system of "quality + service", and set up a supplier withdrawal and emergency call-off mechanism to ensure and promote the high quality, stability and steady growth of suppliers. Luckin closely monitors suppliers to ensure continuous quality supply even under the high-frequency launches of new products. Moreover, we continue to search for and explore premium suppliers with technical and source advantages globally to better cope with global epidemics and natural environmental changes that reduce production and cause transportation bottlenecks for raw materials. We are making every effort to ensure that our stores nationwide provide a better consumer experience.

To ensure the supply of high-quality coffee beans, we established a coffee bean supply network covering five major products worldwide. While cooperating with world-renowned coffee bean traders, we continue to deepen our cooperation with countries of origin. In December 2021, we signed a strategic procurement agreement to purchase 1,000 to 2,000 tons of premium coffee beans

per year in the Yirgacheffe production area of Ethiopia for three consecutive years. In September 2022, we reached an understanding of strategic cooperation with Xiamen C&D Inc., Mitsui & Co., Ltd and Swiss ECOM Group to purchase Brazilian coffee beans. In addition, with China's Yunnan Province as a core region of origin, we plan to further encourage the industrialization, refinement and internationalization of Yunnan coffee. We are working on developing Chinese standards for coffee beans and comprehensively strengthening our coffee bean R&D and high-quality coffee supply capabilities.

We continue to invest in the construction of roasting facilities to enhance control of the whole coffee bean processing chain. In 2021, Luckin Coffee's first fully automated smart roasting facility, installed entirely with imported equipment, went into operation in Fujian Province. With a total processing capacity of 15,000 tons per year, this facility achieves fully automated production from raw bean processing to roasting, packaging and palletizing, to storage, and has achieved the FSSC22000 food safety standard and Rainforest Alliance certification. In 2022, Luckin Coffee signed a contract to open its second coffee roasting plant in Kunshan, Jiangsu Province, after the built of which is expected to roast 30,000 tons of coffee beans annually.





PRECISE DECISION-MAKING FOR STABLE FRESH SUPPLY

To ensure stable, efficient and fresh supply in stores nationwide, Luckin Coffee established a fully digitalized and intelligent supply chain. We continue strengthening our supply mechanism using an industry-leading warehousing and distribution system. This allows us to effectively respond to the supply risk of raw materials, such as international shipping obstructions and pandemic fluctuations, so we can support our frequent new product launches and sales spikes for hot-selling products, thus fully meeting consumer demand.

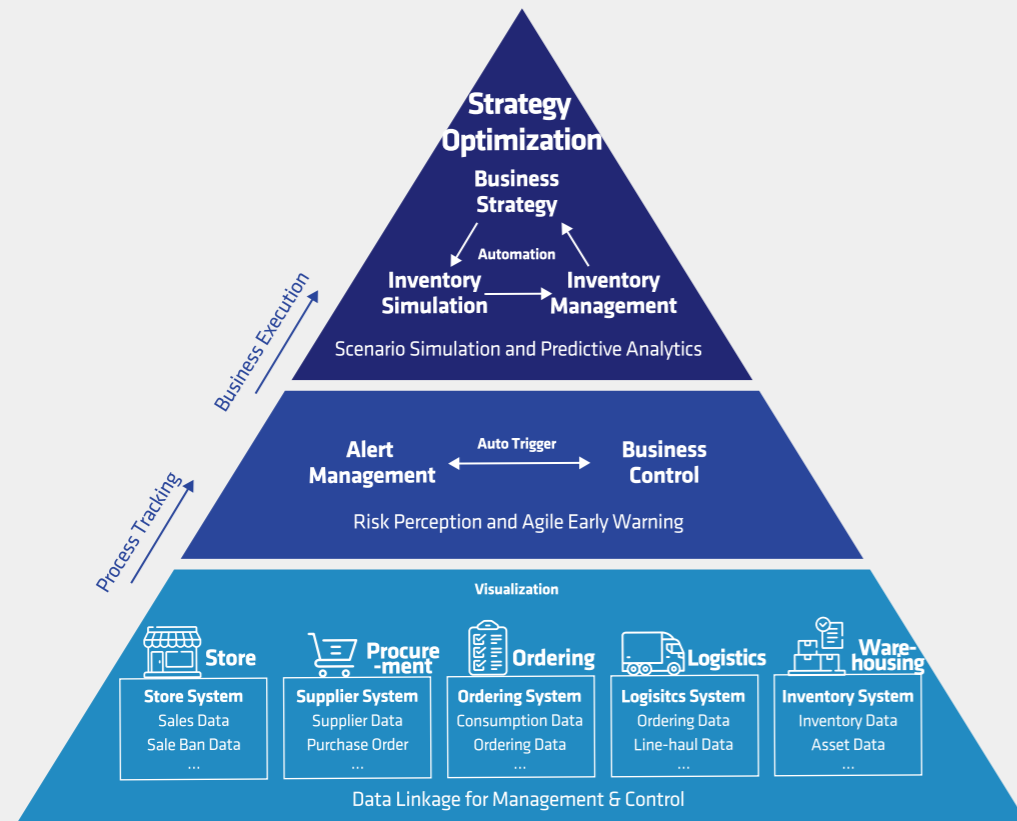


Figure: Collaborative Decision-making Path of Supply Chain Control Pyramid

With the construction and continuous optimization of the supply chain control pyramid, we have built a digital platform to manage the whole process, including purchasing, ordering, warehousing inventory and store inventory. Through comprehensive data collection, real-time monitoring, forecasts and in-depth application of intelligent algorithms, the supply chain platform provides agile warnings on risks of out-of-stock, inventory abnormalities and stagnant inventory. It supports automated business decisions in procurement, shipment, allocation, ordering and unfreezing through inventory simulation, analysis and prediction and scenario management. It can identify early and respond rapidly to supply risks through its powerful workflow tracking capabilities.

We have established whole-chain, digital and systematic warehousing and logistics management systems with operational process standards to build the industry's leading warehousing and logistics service system. With a solid full-chain resource allocation, transportation control capability, and a flexible and robust warehouse logistics network, we can always provide timely, stable and fresh supply guarantees for stores nationwide under different circumstances, such as the rapid growth of the Company's stores, sharp sales increases driven by hot-selling products, and frequent new product launches. The warehousing and logistics system tracks products in the whole chain through real-time interaction and automatic verification of system data. We can calculate and match optimal routes and allocate flexibly through a network of grid-based multi-warehouses covering all regions of the country, which forms a large national supply network and small regional hubs to ensure supplies get to stores, despite pandemic-induced supply disruptions.

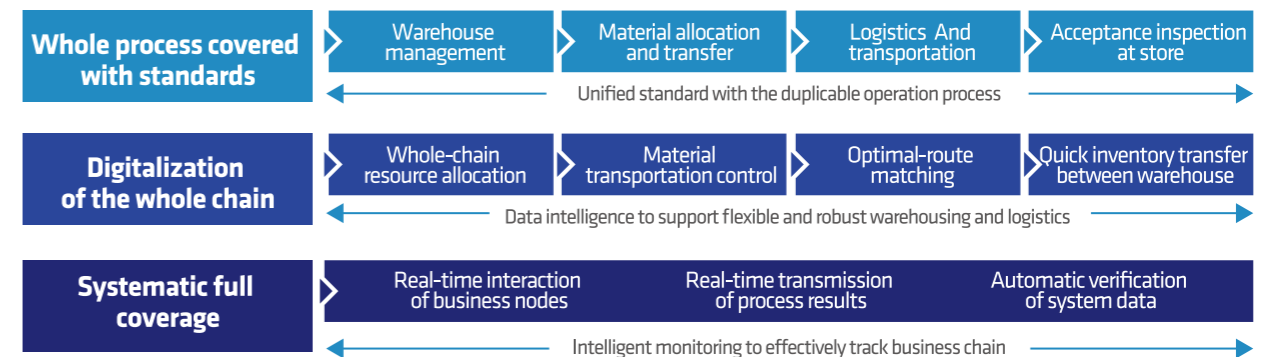


Figure: Warehousing and Logistics Management System

With our intelligent supply chain management and warehouse logistics network, we have achieved collaborative control for stores and each supply chain. We can guarantee sufficient inventory of core materials in our warehouses and stores, and continuously maximize sales while minimizing waste and optimizing costs.

SMART OPERATIONS TO STRENGTHEN PRODUCTION CONTROL

As an essential part of quality management, we aim to continuously improve store operation management capabilities and establish a systematic, standardized and easy-to-use store quality management system. Our systems are frequently optimized to empower our management efficiency through various means, including the refinement of key management modules to try to achieve the goal of high-quality performance in every day and every cup of coffee in our stores nationwide.

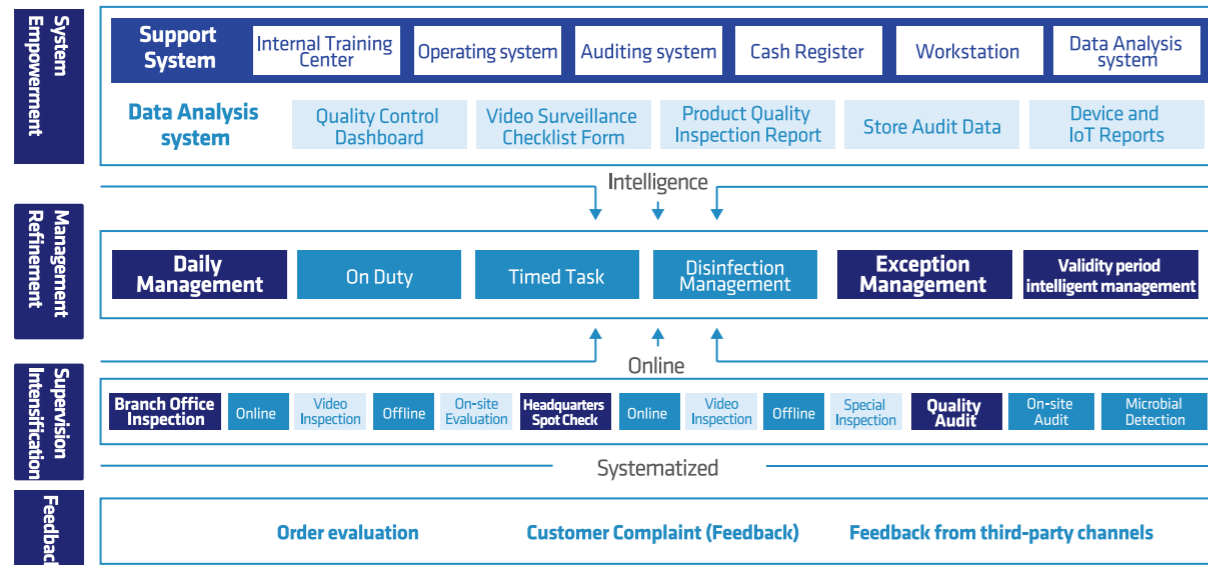


Figure: Store Quality Management System

Luckin Coffee has built a surveillance mechanism covering key steps in the whole business process to guarantee refinement and effective depth of operational supervision. It systematically regulates store operations, reduces management pressure and improves monitoring efficiency by triggering scenario refinement and two-line strict management provided by automatic monitoring and manual auditing.

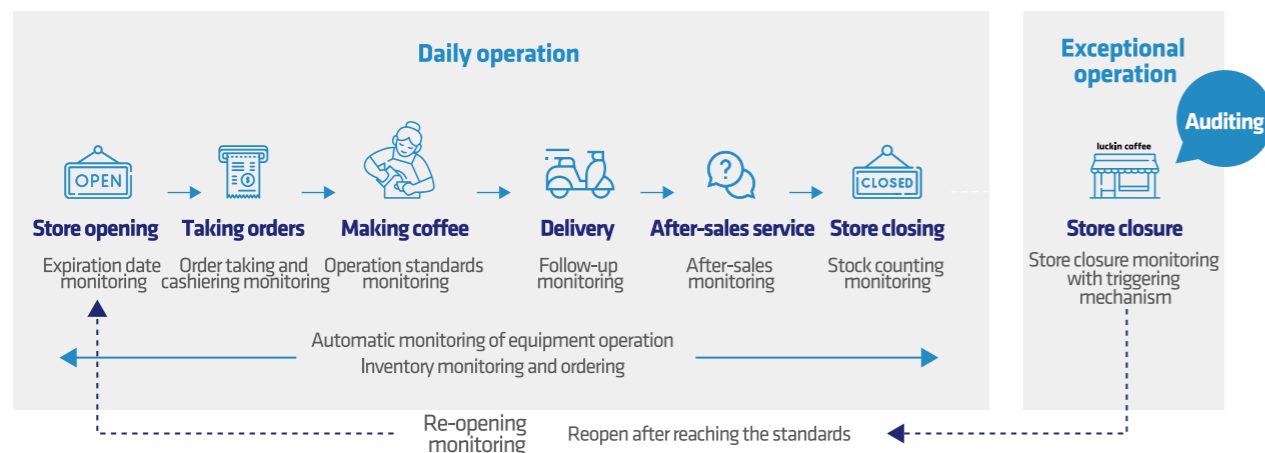


Figure: Store Operation Monitoring and Management



Utilizing the continuous introduction of dominant technologies, we improve the intelligence of the operation system, explore the optimization space based on traditional store operations management, and improve in-store food safety and quality management.



Figure: Continuous Optimization of the System



AUDIT OPTIMIZATION TO COMPLETE CLOSED-LOOP QUALITY MANAGEMENT

We have established a matching audit system by combining a "small audit" on each business link and a "big audit" with quality management at the core, based on the multi-integrated business chain encompassing "product - supply chain - operation." Mutual audits between multi-level functions are conducted to ensure the reliability of the audit system and strengthen the effectiveness of cross-supported verification. We use different audit methods to improve the range and depth of supervision.

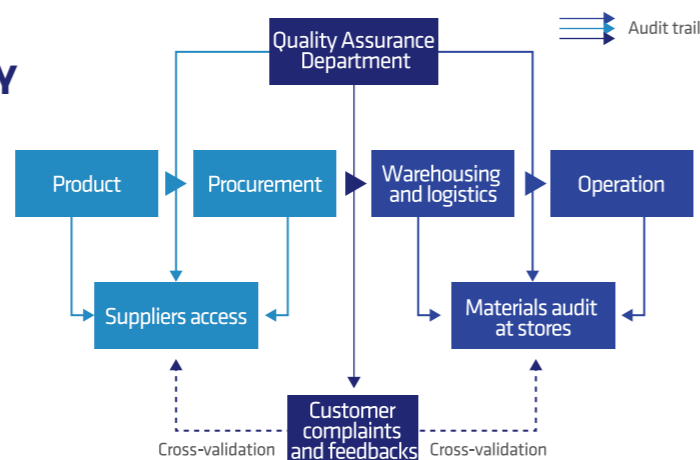


Figure: Closed-loop Management of Overall Audit

We firmly believe that quality guarantee standards have to be monitored in real-time, backtracked accurately, and should respond to market changes in time. In addition, quality guarantee standards are the highest priority among all implementation standards.

For this, we have actively promoted the refinement and improvement of our performance appraisal system while optimising our auditing system. We have optimized the assessment criteria of raw material consumption around loss rate indicators and management strategies a number of times, ensured that loss indicators reserve sufficient space for product types and operational characteristics, significantly reduces the probability of quality-related incidents.

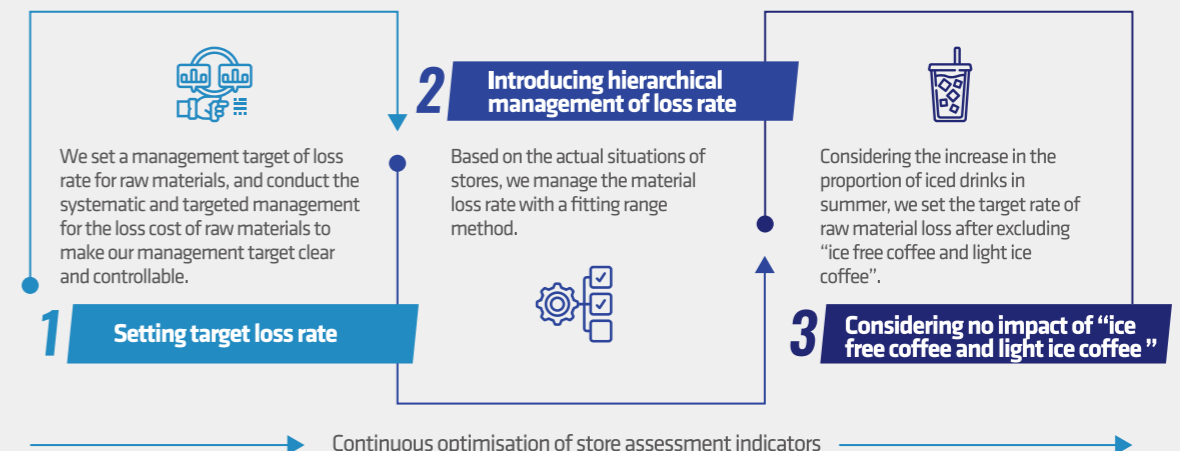


Figure: Continual Optimization of Store-end Assessment Indicators

03 INNOVATION

**NEW RETAIL MODEL RECONSTRUCTION
WITH TECHNOLOGY EMPOWERMENT**

**CREDIT ENHANCEMENT
AND INFORMATION SECURITY**



A data-driven approach to the whole supply chain, coupled with core algorithms such as **automated warehousing, ordering and delivery management**



Supporting management of **7,195** stores online (by the end of the second quarter of 2022)



Smart site selection, with a store calculation model to assist in opening stores in a targeted manner



IoT real-time monitoring, with equipment automation management and unified proportioning of raw materials



Blockchain technology assists in financial transparency and reliability and achieving **credit enhancement of operational and financial data**



As a technology-driven company, Luckin Coffee pioneered a new retail model with strong belief in the value of innovation and technology for business growth. Continuous innovation in data, informatization and intelligence contribute to the in-depth transformation and rapid growth of the Company's new retail business model.

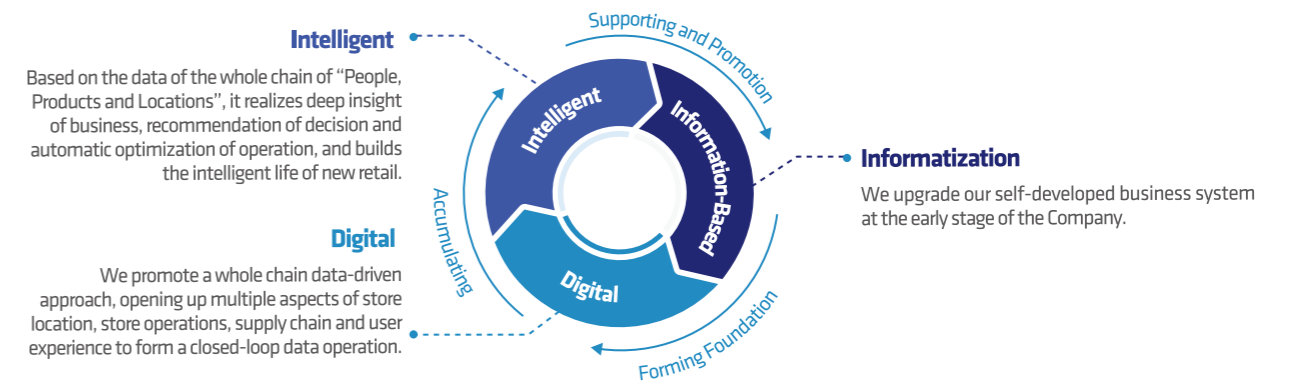


Figure: Evolution and Development Cycle of Luckin Coffee's Information Technology Capability

We have built a whole-chain digital closed-loop system based on the three pillars of "People, Products, and Locations" to support and optimize all business units in front-end production and distribution. We built a big data platform, promoted reform of financial management platforms to serve as middle-office support, interacted with front-end functions and achieved data and decision support, and we consolidated the back-office IT infrastructure and the operation and maintenance R&D guarantee system to provide a solid foundation. Finally, we have improved the Company's operational efficiency through linkage support of the front-office, middle-office and back-office and cross-module synergy.

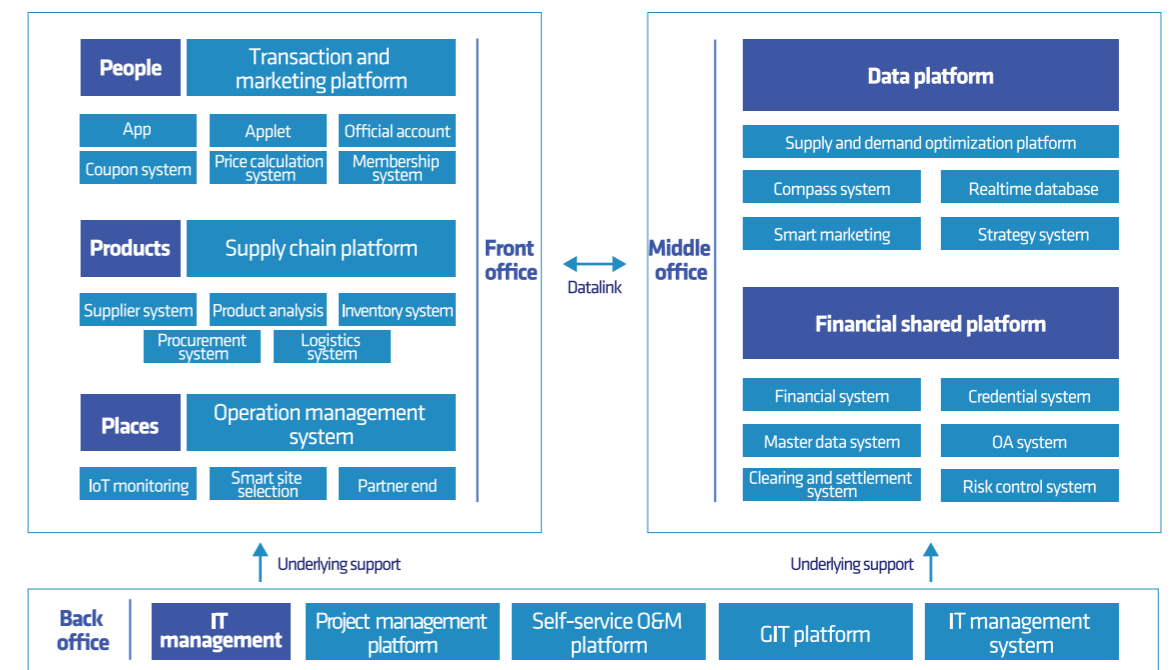


Figure: Structure of Luckin Coffee's IT system

NEW RETAIL MODEL RECONSTRUCTION WITH TECHNOLOGY EMPOWERMENT

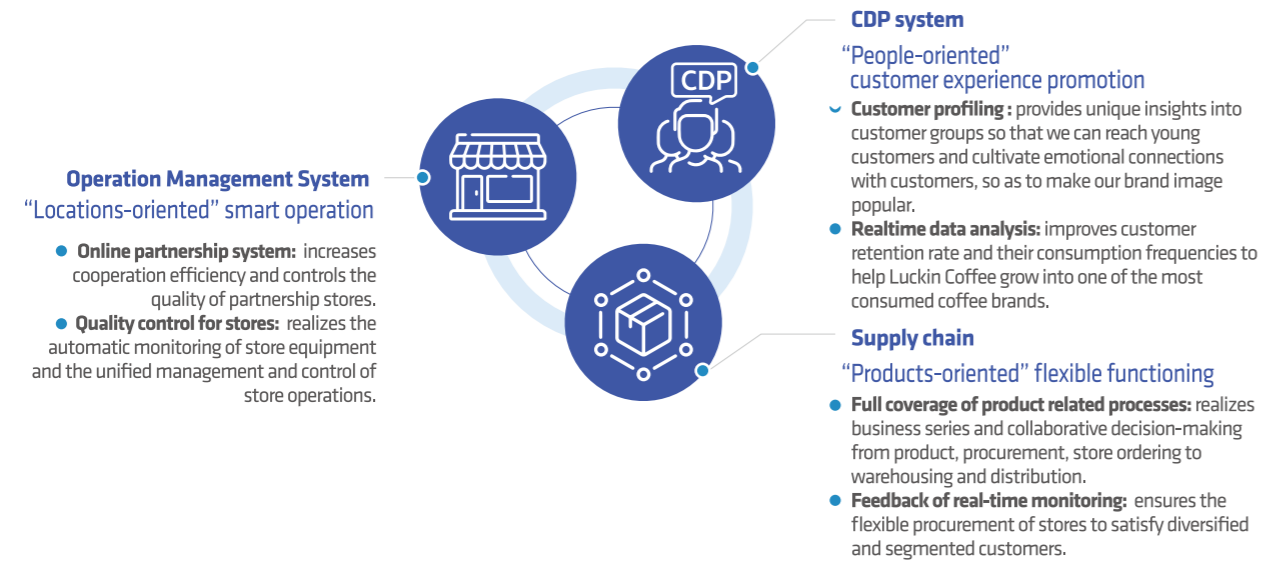


Figure: Technical Innovation based on the Model of "People, Products, and Places"



SUPER CDP-BASED TRANSACTION AND MARKETING PLATFORM

The smart system for consumer growth is continuously upgraded, evolving from a "waiting-for-customers strategy" (traditional marketing strategy) to a "looking-for-customers strategy" (more precisely targeted marketing strategy), which is the core of Luckin Coffee's new retail model. Luckin Coffee focuses on increasing the precision of customer profiling, and tailored customer experience is created at the operational level for different consumers. Since 2020, Luckin Coffee has established a transaction and marketing platform based on the super Customer Data Platform ("CDP") to promote a more precise user communication strategy.

Luckin Coffee ushered in full-scenario marketing automation as the 2.0 version of the super CDP system went live to enhance customer experience, leveraging its major functions such as customer insight, segmentation of scenarios and diverse strategies, exposure for specific customers, and data feedback. We launched over 400 multi-dimensional user communication strategies.

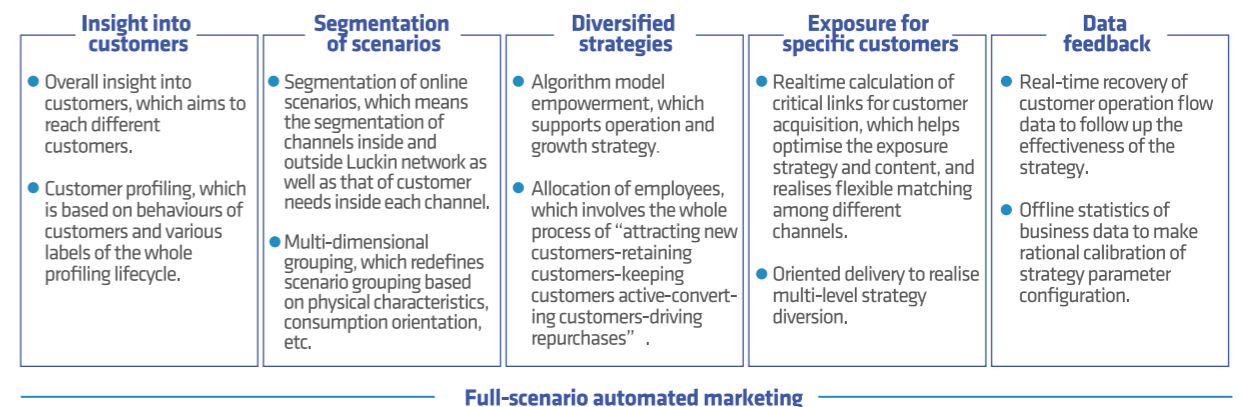


Figure: Operating Principles of the Super CDP Platform

The CDP system has integrated multi-dimensional customized data through analysis of massive data. Supported by the construction of on-site, public, private off-site and store contacts, the system can accurately reach diverse customers, continuously meet the demand for smart user communication and personalized services. This reduces customer acquisition costs, boosts customer retention and user experience.

SMART SUPPLY CHAIN PLATFORM

As of June 30, 2022, Luckin Coffee had 4,968 self-operated stores and 2,227 partnership stores, covering 236 cities across the country, with more than 100 new products introduced annually. The digitally enabled supply chain provides guarantee for the stable operation of the Company under the background of continuous store expansion and high-speed production of new products.

Luckin Coffee's research team has built a smart supply chain system with real-time feedback and smart decision-making supported by big data and algorithms to meet the operating requirements for horizontal integration of the supply chain, and fulfill business connection and coordination, from products, procurement and store ordering to warehousing and delivery. This promotes the collaborative operation of all businesses and maximizes the supply chain's overall value.

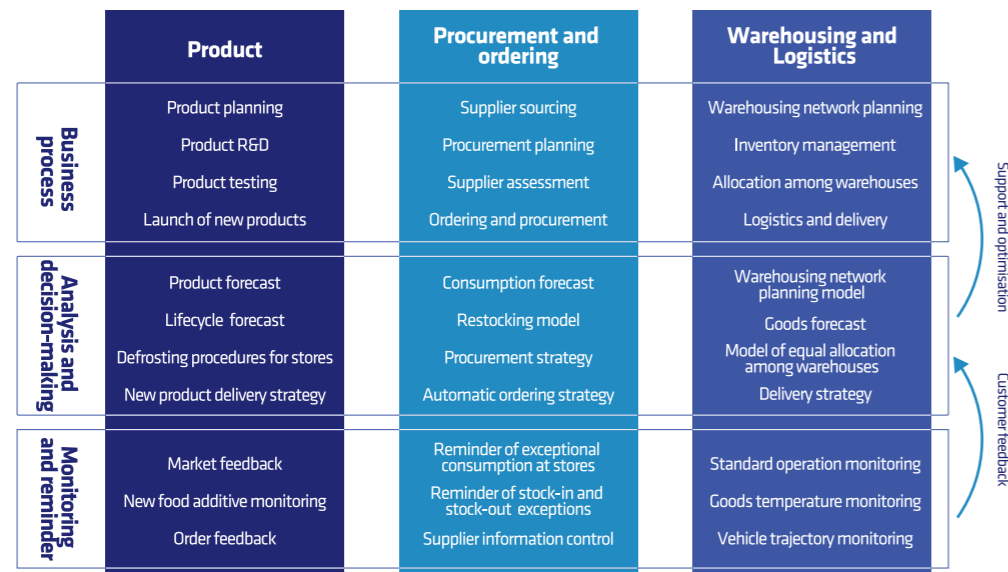


Figure: Front-to-end through Supply Chain Platform

By leveraging algorithms, the smart supply chain platform has achieved end-to-end connection of all businesses processes. It is supported by our new product delivery strategy, automated ordering strategy and our smart warehousing network planning and coordination model, enabling our product development strategy to respond to market demand quickly and accurately. The platform can respond to store supplies and supplier order demands while maintaining a stable warehousing turnover to ensure effective risk control and a more transparent supply chain.

The smart supply chain platform connects all businesses. It conducts bigdata classification and integrates data such as data about historical markets and real-time and future commodity forecasts to assist in improvement of business decision-making analysis. Meanwhile, the platform smooths communication with external suppliers, making it possible for efficient and controllable procurement and supplier coordination and management through direct communication with suppliers, making orders and traceable reach.

Luckin Coffee has widely used Internet of Things (IoT) technology in the whole supply chain to form agile supply chain management. For example, in the process of warehousing and delivery, Luckin Coffee monitors commodity temperatures and operation specifications in real-time through IoT technologies with the support of optimized delivery routes from the warehousing network planning and coordination model, thus ensuring real-time supply chain and fresh raw material monitoring.

STORE QUALITY AND OPERATION MANAGEMENT SYSTEM

To ensure accurate coverage of high-quality stores and high-level and uniform store operation management, Luckin Coffee has introduced a whole operation management process through a standardized store quality and operation management system (One System). This self-developed smart system, together with the mobile App and supporting technologies, enables systematic and accurate lifecycle management, from store site selection and partner recruitment to store operation.

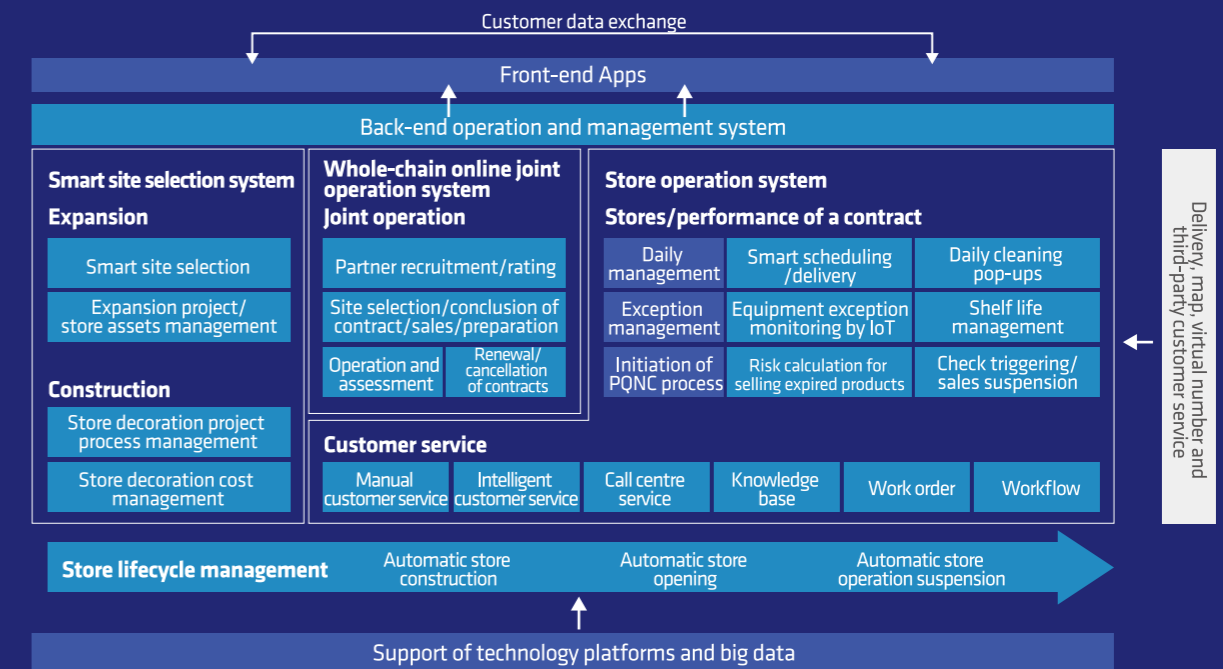


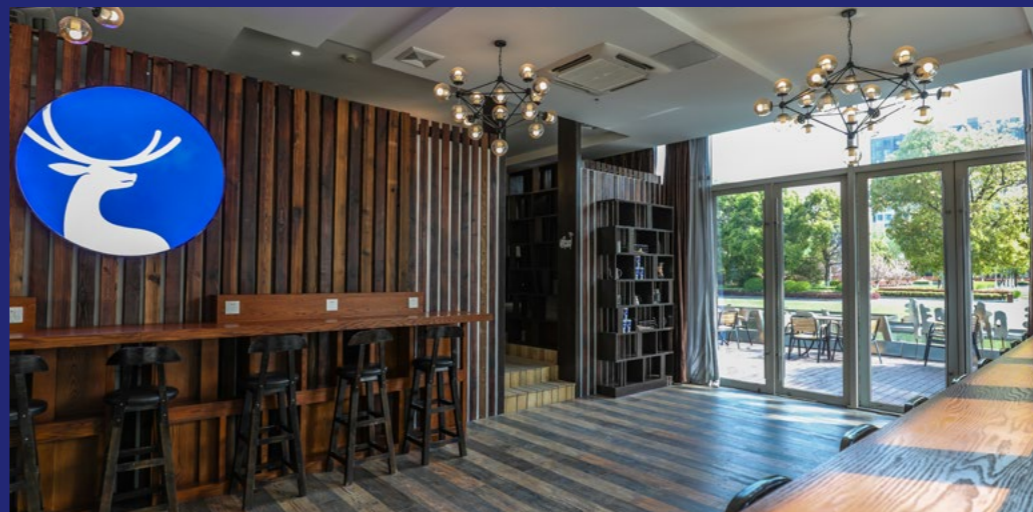
Figure: Store Quality and Operation Management System

The **smart site selection system** under the operation management system empowers store expansion and operation. The system analyzes surrounding market opportunity and crowd characteristics through grid-based observations, location recommendations, site profiles, comparison and estimation, and store modeling. With accurate estimates of sales by store, Luckin Coffee can identify high-value sites efficiently. Moreover, the system can continuously follow up and manage store decoration and costs to achieve systematic cost management.

The **whole-chain online joint operation system** underpins the partner recruitment process to improve cooperation efficiency and quality and reduce expansion costs, while targeting partners who share the same values as Luckin Coffee. In addition, the system performs partner assessments at regular intervals to ensure high-quality partnership store operation on a long-term basis.

The **store operation system** contributes to store automation for comprehensive online management and control from store operation and delivery to customer services. Store operation covers daily management, exception management and product quality non-compliance (PQNC) process initiation. It includes smart scheduling, automatic delivery follow-up, automatic defrosting of materials, exception alerting of IoT smart monitoring devices, and automatic monitoring of personnel certificates and product validity. The system standardizes and simplifies key procedures and visualizes data so employees can easily keep up with new product introductions. Meanwhile, management can easily manage stores in various regions, thus achieving a higher level of precision operation.

LUCKIN COFFEE



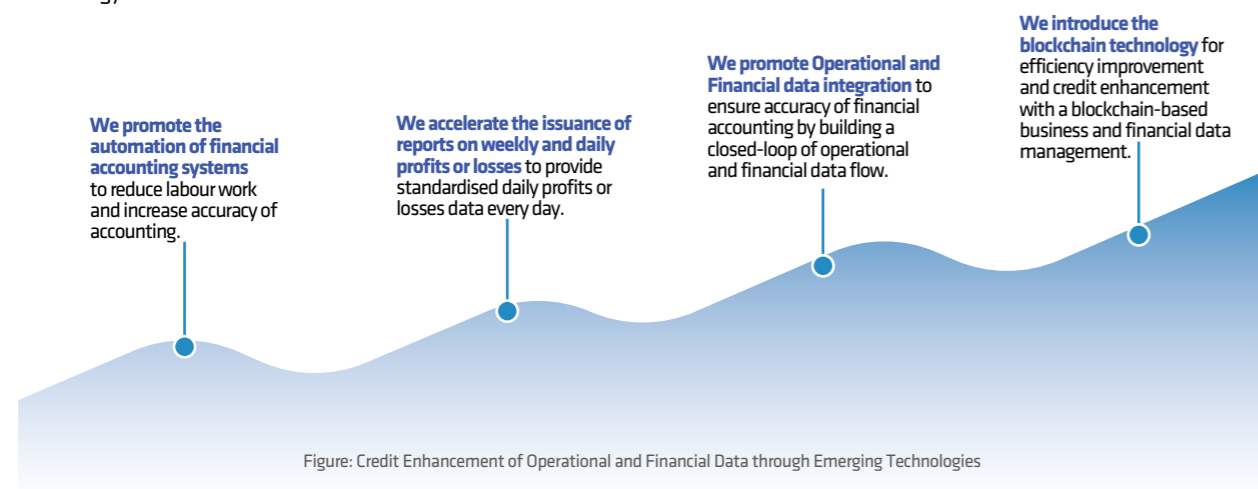
CREDIT ENHANCEMENT AND INFORMATION SECURITY

With financial management systems and big data platforms to support the middle office, a comprehensive information security framework and security management and prevention system involving prevention in advance, control in process and ex-post evaluation to safeguard the back-office information security, Luckin Coffee can boost credit enhancement of business and financial data and optimize information security.

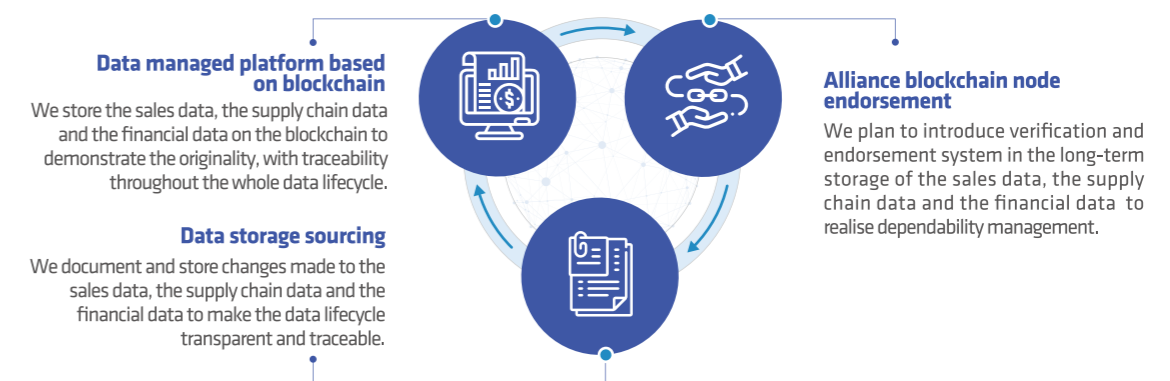


CREDIT ENHANCEMENT OF OPERATIONAL AND FINANCIAL DATA

Improving the transparency of operational and financial systems and boosting credit enhancement of operational and financial data is one of the keys to Luckin Coffee's complete transformation. With financial management systems and a big data platform supporting the middle office, Luckin Coffee optimizes the underlying data structure and continuously introduces innovative technologies to break the inherent limitations of operational and financial data. We are already witnessing the progressive promotion of accounting automation, reporting weekly and daily profits or losses, operational and financial data integration, and the introduction of blockchain technology.



By multi-party participation, tamper-proof and traceable technologies, Luckin Coffee, as the pioneer in attempting to gradually introduce blockchain into the catering industry for financial data management, stores key control processes and data on the blockchain in real-time to enhance the credibility and control of business and financial data. By the end of September 2022, we completed the development of important data linking for our own-operated and partnership sales business, and entered the trial operation stage. At the recent International Symposium on *Digitization and Accounting: Reshaping the Future*, Luckin shared its research and blockchain practices themed *Using Blockchain Technology to Improve the Credibility of the Corporates' Operational and Financial Data*. Luckin's presentation focused on its engagement of blockchain and credit enhancement to recognize digital influence and explore effective coping strategies.



INFORMATION SECURITY MANAGEMENT

LEGAL AND REGULATORY GUIDANCE

To abide by the *Cybersecurity Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China*, *Data Security Law of the People's Republic of China* and other applicable laws and regulations, Luckin Coffee released a suite of rules such as *Methods for Data Security Management*, *Methods for Data Classification and Management*, *Code of System Security* and *Code of Employee Information Security*. We established a sound information security framework and set up a security management and prevention system characterized by prevention in advance, control in process and ex-post evaluation. We assign dedicated staff to follow the latest regulatory guidelines issued by the State Council, the Ministry of Industry and Information Technology, the Cyberspace Administration of China, and other agencies to ensure strict implementation of the latest information and security requirements. We continuously inspect and adjust our mobile App, actively focus on industry-specific hot topics, and regularly conduct self-assessments on data security and algorithm security, with reports issued accordingly.

CONSTRUCTION OF INFORMATION SECURITY

To fulfill information security requirements, we established a risk identification system based on the WPDRRC (warning, protection, detection, response, recovery and counterattack) requirement, a solution proposed by information security experts under the National High-tech R&D Program (the 863 Program) for vulnerability scanning, penetration testing and regular IT audits. To ensure effective implementation, the Information Security Department was upgraded to a tier-1 technical function in 2021. With a self-developed risk control system, the Information Security Department can identify malicious traffic and access it at the business level to promptly carry out risk recognition and response.

On data security and cybersecurity management, Luckin Coffee set up the Data Security Management Committee in 2022, composed of the Internal Audit Department, Technology Center, Public Affairs Department, Legal Department and Public Relations Department, to improve data security. Meanwhile, Luckin Coffee fulfills data and algorithm security management requirements according to national regulations and engages external experts to build data and algorithm security systems.

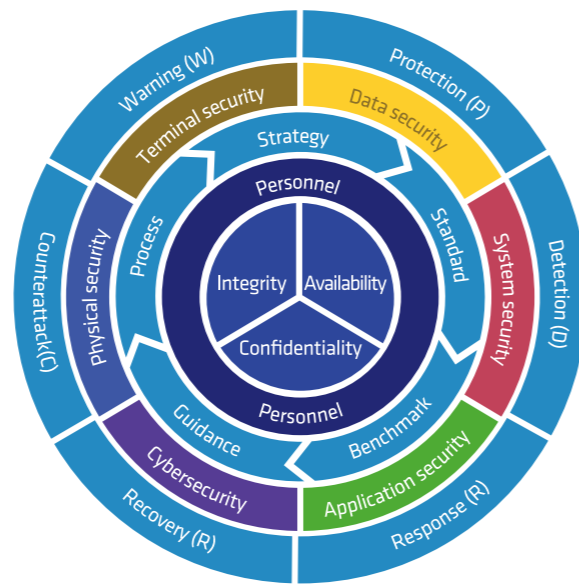


Figure: WPDRRC Model

Concerning customer privacy, Luckin Coffee clarifies the mechanism for protecting users' personal information and the responsibilities of relevant departments, including information that users choose to provide or allow Luckin Coffee to collect and use, and the transfer or storage of sensitive personal information through encryption and other security measures. It conducts personal privacy protection compliance training on hot topics at regular intervals. To raise employees' awareness of information security, regulate staff security behavior and safeguard information assets, we require every new employee to complete an information security training course and pass a supporting test. In addition, to enhance employees' in-depth understanding of information security and user privacy protection requirements, we conducted special training sessions on information security in 2022. By August 26, 2022, a total of 27,000 employees had completed the training.



ACHIEVEMENTS IN INFORMATION SECURITY CONSTRUCTION

In active response to relevant national laws, regulations, and regulatory requirements, Luckin Coffee has invited external professional security agencies to conduct regular security compliance tests on our mobile App. We passed the App security certification of the China Cybersecurity Review Technology and Certification Center (CCRC), the level III assessment on the Classified Protection of Information Systems and the ISO/IEC27001 information system security management system certification. At the same time, we have carried out the data security management certification evaluation, and participated in information security campaigns such as the Zhuoxin Big Data Program and the Data Security Community Program organized by the China Academy of Information and Communications Technology under the Ministry of Industry and Information Technology.

Application Security Certification of China
Cybersecurity Review Technology and
Certification Center (CCRC)



ISO/IEC27001
Information Security Management
System Certification



Level III assessment
on the Classified Protection of
Information Systems



OWNERSHIP

ATTRACT AND RETAIN TOP TALENTS

EMPLOYEE TRAINING AND DEVELOPMENT



Shared values of "**High Standards, High Belief, High Growth, High Reward, High Performance, and High Self-motivation**" for our employees



All-inclusive career development system and compensation system for employees, establishing a **dual-track promotion mechanism**



A barista can be promoted to store manager as quickly as **within six months**



Luckin Coffee has launched **more than 150** courses, with total employee online and offline training hours of **3,267,400 hours**, with a coverage ratio of **100% of employees**



The **proportion of female** store managers and deputy managers is **above 50%**, increasing yearly



60% - the proportion of female baristas for the past three years

ATTRACT AND RETAIN TOP TALENTS

People development is the cornerstone of the Company's value creation and the premise of a self-motivated workforce is the cornerstone of the Company's vision. To stimulate the full potential of talents and create the engine of sustainable development at Luckin Coffee, we have instituted a talent management philosophy of six core values – "High Standards, High Belief, High Growth, High Reward, High Performance and High Self-motivation." We continue to attract and cultivate talented professionals who can grow alongside the Company.

"High Standards" and "High Belief" are the basic requirements for our recruits. We set strict employment standards and recruitment procedures to attract qualified candidates who fit with the Company's culture and values.

"High Growth" and "High Reward" are the driving force of our employees' growth with Luckin Coffee. We reward high-value staff with opportunities and competitive compensation.

"High Performance" and "High Self-motivation" are our goals. We have developed a performance management mechanism to keep our employees motivated.

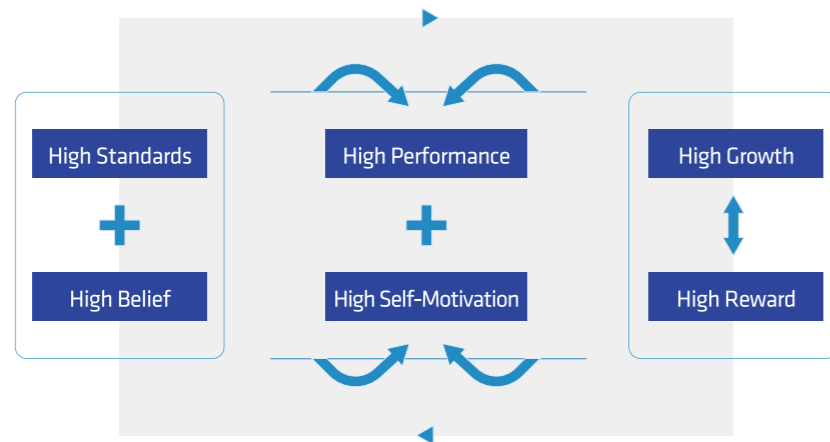


Figure: Luckin Coffee People Management Philosophy

Our business thrives on our people. By supporting employees' continuous progress and rewarding them accordingly, Luckin Coffee eventually benefits from the high performances of our people and teams. This in turn will attract more qualified people to join us, bring new ideas and capabilities to the team for the sustainable development of Luckin Coffee.



RECRUITMENT

There are four top criteria of performance, experience, ability, and potential when we select and recruit new staff. Qualified candidates should not only possess relevant experience and qualifications, they should also share the same values with us and have the potential of a long-term career with us. In each business unit, we have a talent pool to meet the growing personnel requirement the Company with its rapid growth.



Figure: Luckin Coffee Talent Assessment Standards

We have built an efficient recruitment mechanism by leveraging our internal recruitment resources, technology, our App and WeChat followers. We work closely with our business units in the recruitment process to seek and select talented professionals.

Our digitized recruitment management platform enables smart talent selection, assessment and classification. We not only ensure a fair and transparent recruitment process but also reduce labour costs and achieve cost-effective resource allocation. We have launched many unique recruitment programs, providing job opportunities for outstanding graduates and trainees. We continuously strengthen corporate branding and influence as a responsible employer.

In addition to external recruitment efforts, Luckin Coffee continues to optimize the internal promotion structure. The automated hiring platform is linked with business departments. Through data exchange with the talent pool, Luckin Coffee allows talent sharing, drives internal transfers and deployment of staff, and maintains an optimal personnel structure.

We continue to deepen the understanding and recognition of Luckin Coffee's values through the corporate culture handbook, employee sharing sessions and case studies. We believe each individual and the Company's missions should be aligned to achieve long-term development.

DIVERSITY

We strive to give full play to each of our employees with diverse backgrounds. We recruit from more than 230 prefecture-level cities, targeting graduates and professionals from technology companies, new retail/coffee industries and professional consulting institutions. At the end of June 2022, nearly half of Luckin Coffee's full-time employees were women. Nearly 82% were born post-1990s, mirroring a diverse and youthful employee profile, which fits Luckin Coffee's brand image of "professionalism, youth, fashion and wellness" and helps Luckin Coffee better serve our prime customers.

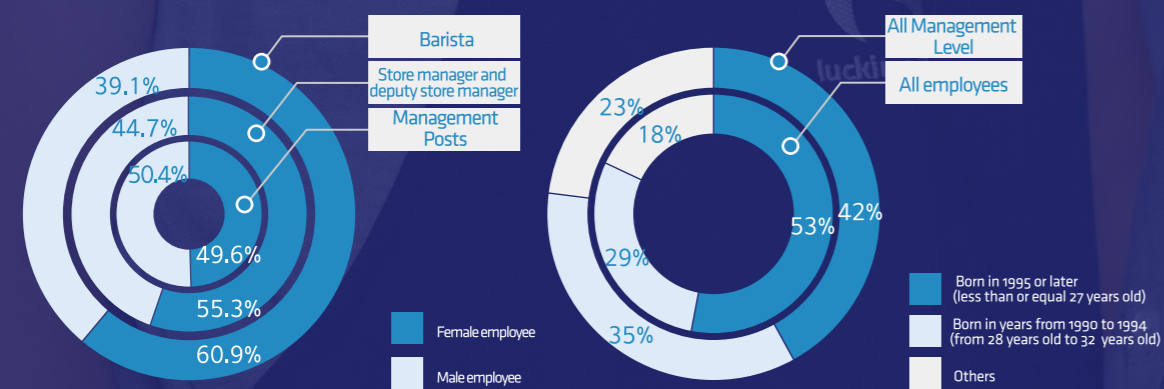


Figure: Luckin Coffee's Employee Profile as of 30 June 2022

LUCKIN COFFEE



EMPLOYEE TRAINING AND DEVELOPMENT

Luckin Coffee created diverse training programs to support the rapid growth of personnel. We have established a career development system and a comprehensive compensation system for our employees, giving them dual-track promotion opportunities, and support their personal development within the organization. Moreover, we have diversified incentive programs to ensure our employees' interests are aligned with the Company.

CAREER ADVANCEMENT SUPPORT

Our comprehensive and diverse training courses are given both online and offline and offer multi-scenario content, including sessions given by external experts, senior executives and case study sharing.

The internal training center, ELN platform, provides a wide variety of online courses for all employees. We organize workshops given by outstanding employees to share more intuitive offline training and experience sharing. As of June 30, 2022, total online and offline employee training totaled 3,267,400 hours, with a coverage ratio of 100%.

Luckin Coffee has developed three levels of training course: mandatory orientation training, professional skill building and leadership development.

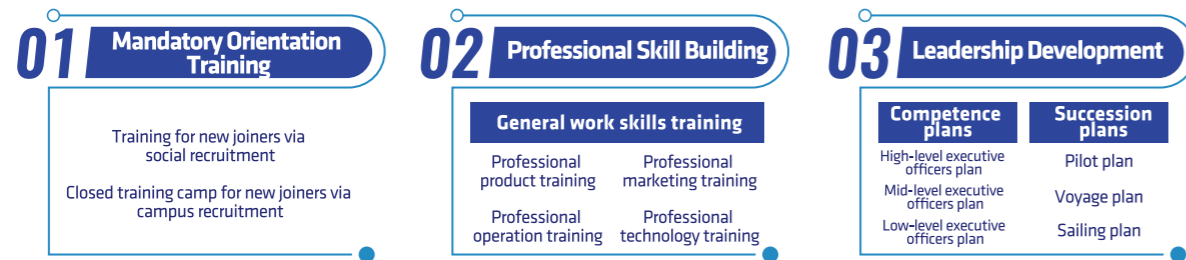


Figure: Training Courses Framework

Mandatory Orientation Training

Luckin Coffee has launched multiple mechanisms such as pre-training, offsite training camp and on-the-job training for new employees, covering corporate culture introduction, operations training and coffee culture learning. This enables them to adapt quickly to Luckin Coffee and integrate into their team.

Professional Skill Building

Luckin Coffee provides targeted skills training for employees in different positions and levels. We offer refresher courses according to the individual development needs of our employees, covering modules of essential skills for the workplace, and have developed more than 150 online courses. As of August 31, 2022, these online courses were attended 397,700 times.

For the technical improvement goals of baristas, we provide courses including induction training and on-the-job skill enhancement training to ensure that store employees are qualified. We offer the Coffee Master Raiser Program to stimulate employees' passion for coffee and enhance their knowledge. As of October 7, 2022, the Coffee Master Raiser Program has had nine editions, with 28,000 cumulative hits. We continue to conduct coffee-themed training for each core business segment in our headquarters to enhance professional knowledge for the whole team.



Leadership Development

Luckin Coffee has developed leadership training and development courses for the management team and mid-level managers. The courses include lectures from external industry consultants and internal experience sharing to widen managers' outlook and strategic thinking.



DUAL-TRACK PROMOTION MECHANISM TO BREAK THE PROMOTION BARRIER

Luckin Coffee has created a "Y-shaped" dual-track career development path in combination with market practice to retain top talent. For the management promotion channel, we value the employee's ability to "lead, win and build." Executives can push for organizational change and improve organizational effectiveness by driving team capabilities. The intellectual reserve of the staff is key to career development, where they can help the Company's technical and quality innovation by improving their professional skills.

By creating a managerial sequence leadership model and a professional sequence qualification standard, we support employees in choosing promotion paths according to their career plans and personal strengths. In this way, talents with different roles and qualities can develop better and achieve high growth and output.

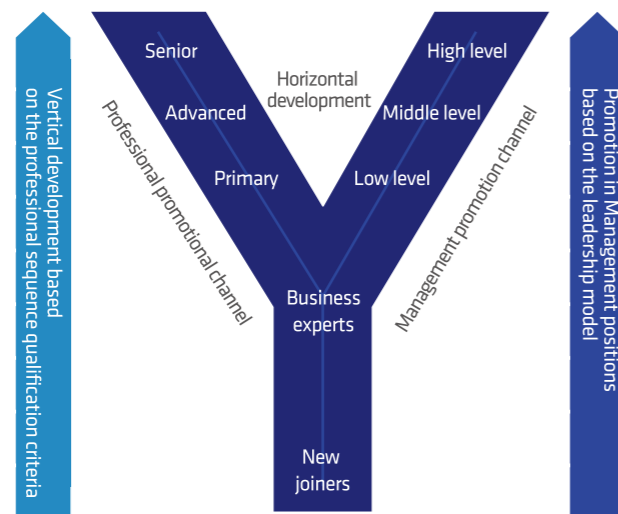


Figure: Luckin Coffee's dual-track promotion model



PROVIDING PROMOTION PATHWAYS IN STORES TO BUILD EXPANSION MOMENTUM

We provide a smooth and clear career development path from "barista – deputy store manager – store manager – operation manager," breaking the shackles of traditional promotion years and giving outstanding and qualified store staff a more efficient career path. Our employees are motivated and is reflected in our results.

Opportunities are equal, given our young staff. Luckin Coffee is keenly aware of the importance of long-term training to create more possibilities for promotion, improve their sense of responsibility and "ownership" in their work, and encourage them to grow together with Luckin Coffee. A barista can become a store manager in a minimum of six months. The proportion of store managers promoted internally in new stores has increased every year. In the first half of 2022, 75% of store managers were internally promoted. Outstanding store managers may seek promotion to operation managers.

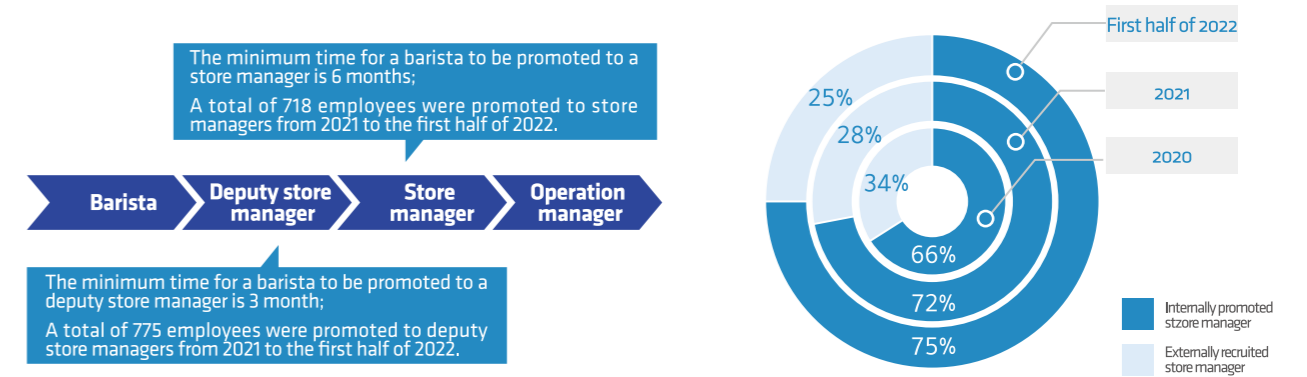


Figure: Promotion System in Stores

Exhibit: Luckin Coffee's Sources of New Store Managers from 2020 to 2022 H1

Luckin Coffee had over 4,000 deputy store managers and 6,000 store managers by the end of July, 2022. We have nurtured a rich pool of talent ready for the Company's future store expansion.





SHARED VALUES

Our people share our mission, vision and core values, as they seek to realize their personal development goals with us. They are our biggest assets in our journey to build a world-class coffee brand. We believe in the power of motivation and continue to optimize the incentives and award program. Luckin Coffee is committed to stimulating employees' strength and interest in work to gradually form a community of shared interests, thus realizing mutual achievement.

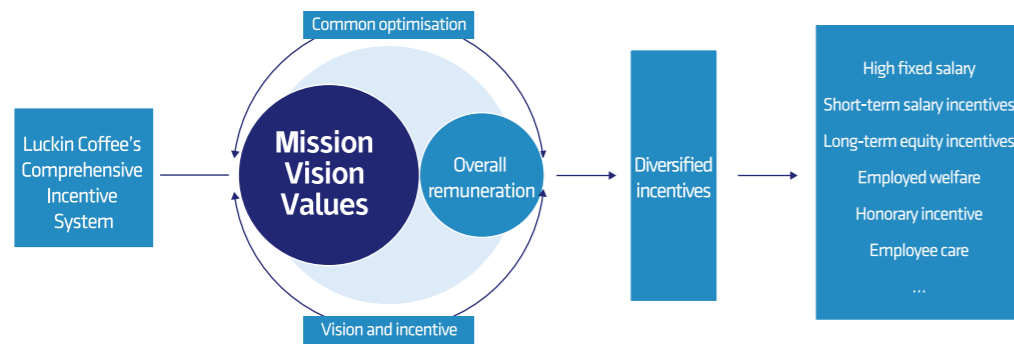


Figure: Luckin Coffee's Comprehensive Incentive System

Luckin Coffee has established an industry-competitive and comprehensive compensation system to value the employees' contributions, which encourages them to continuously create value and support their long-term and efficient development. We have a structured compensation program for employees at different levels, combining salary and performance-based incentives. We maintain our competitiveness in our incentives programs, which also meet the need of our development. In addition, Luckin Coffee has adopted an equity-based incentive program to continuously attract, motivate and retain high-calibre senior management team members and executives.

'Long-Term Equity Incentive Plan'

We set up an equity incentive system that meets the long-term development needs of the Company and customized a "Long-Term Equity Incentive Plan." By adjusting the profit distribution mechanism, we have turned Luckin Coffee into a community of shared interests, which will help us harness management initiative to create long-term value for the Company.

We have established a multi-tiered award program to motivate and recognize employees' value contributions and rapid growth to stimulate their sense of achievement, identity and enthusiasm for their work, and deliver incentives and rewards for contributors.

Monthly /Quarterly Special Incentives

Luckin Coffee awards star stores and excellent store managers and employees every month. We award honorary hats to excellent quarterly employees, conveying the Company's congratulations and recognition to star stores and outstanding employees. These exemplary employees' strengths drive our employees' value creation.

The Pride of Engineers

Luckin Coffee attaches significance to talent cultivation and technology development by setting up "The Pride of Engineers" competition to positively recognize technical staff. We encourage technical staff to uphold professional and innovative mindset.

'Luckin Coffee's Blooms' Annual Award

"Luckin Coffee's Blooms" is an annual award for outstanding teams/individuals that aims to praise the team and the individual with the most ground-breaking and brilliant contribution. We seek out outstanding representatives to convey the "new" spirit of Luckin Coffee.

'Little Ran Card'

The core value behavior points program is carried out to explore cases of employee behavior in line with the core values, and expresses recognition and motivation to the carded partners by awarding them "Little Ran Cards" and commending them at various regular management meetings, in order to promote the core values throughout daily business management.

Luckin Coffee is at a new stage of high-speed development. On the one hand, we encourage employees to optimize their capabilities and strengthen their driving force and combat effectiveness. On the other hand, we actively introduce numerous outstanding talents to inject power into the business needs of matching the Company's continuous innovation. Under the impetus of "high standards" and "firm belief," supported by "rapid growth" and "high reward," employees deepen their sense of trust and adhesion with the Company. This provides Luckin Coffee with the source of power and cohesion for sustainable development, creating "high performance" and promising "high self-motivation" for the Company.



luckin coffee

鹿绽放 luckin star of the year

求真务实

是瑞幸价值判断与价值选择的首要标准

品质至上

是瑞幸坚定不移的承诺

互信共赢

是瑞幸砥砺发展的纲领

2021瑞幸年度优秀人物

持续创新

是瑞幸矢志不渝的追求

非我莫属

是瑞幸伙伴昂扬澎湃的信念

03 COOPERATION

VALUE CREATION FOR ALL STAKEHOLDERS

MANAGEMENT OPTIMIZATION AND SUSTAINABLE PRACTICES



In 2022, during the Shanghai COVID-19 lockdown, we dispatched **1,655 vegetable care packages** to our employees.



Carried out an **epidemic analysis of the whole distribution road network jointly with suppliers**, formulated delivery routes in real-time, ensuring all goods are delivered **on time and in the exact quantity**.



Relying on our **multi-dimensional supports**, we have achieved mutual benefit with our retail partners. As of June 30, 2022, we have **2,227** partnership stores.



Since 2020, we have won **several awards** in product quality, brand value and social responsibility.



In July 2022, the **Sustainable Development Committee** was established.

VALUE CREATION FOR ALL STAKEHOLDERS

Luckin Coffee's rebirth would have been impossible without the input and creativity of every employee. We recognize that the Company and its internal and external stakeholders constitute a community of shared interests, and strive to collaborate with our partners for common development. We are open to our partners' ideas, trust their professional abilities and cherish their achievements. We unite our collective strength, coalesce consensus on cooperation and achieve win-win outcomes. We share new opportunities, overcome new challenges, and together we have the common goal of value creation.

MUTUAL TRUST

Luckin Coffee proactively supported employees, suppliers and business partners to combat COVID-19 pandemic challenges based on mutual trust and cooperation.

During the outbreak of COVID-19, departments worked together to continuously optimize business management and technical support. We formulated procurement forecasts, orders, warehouse transfer and other algorithms under different scenarios and quickly adjusted and developed a protocol for store closure and resumption of work, and to ensure the efficient operation of the supply chain.

Frontline staff were proactive in their response to the Company's pandemic prevention policy by thoroughly implementing pandemic prevention management in stores to guarantee food safety and coffee quality. To ensure timely delivery for customers in industrial parks that were locked down and without normal logistics, our frontline staff worked tirelessly to provide delivery services in person to ensure the on-time delivery of coffee. It is our desire to bring luck to customers through a cup of high-quality coffee in the pandemic era.

We appreciate all our employees for their support during these difficult times, and we strive to create a healthy and safe workplace for them. We have continued to enhance disinfection and environmental nucleic acid testing and provide sufficient masks, hand sanitiser and other anti-pandemic materials in stores. We enabled real-time pandemic status monitoring in stores across the nation to ensure all-around protection management for the health of our staff. In 2022, during the Shanghai COVID-19 lockdown, we dispatched 1,655 vegetable care packages to our employees to help meet their day-to-day needs. In addition, we provided financial aid totaling RMB700,000 for more than 800 part-time employees in Shanghai. Luckin Coffee adjusted the Company's attendance policy for this period to ensure compensation and benefits were paid on time and in full. Employees without a stable income due to the pandemic were issued special subsidies. Hence, every employee could feel a sense of belonging we call "home."

Luckin Coffee also paid more attention to its partnership stores during the pandemic. The headquarters equipped stores with protective materials, strengthened training and management on pandemic prevention, and provided policy support to guarantee normal operations at partnership stores. The partnership stores were proactive in their response to the policy requirements of pandemic prevention and as always, carried out store operations in accordance with our high standards and requirements.

Luckin Coffee carried out an epidemic analysis of the whole distribution road network with our suppliers. We formulated delivery routes in real-time, shared logistics and distribution resources to ensure all goods are delivered on time and in the exact quantity, laying a robust foundation for the stability of raw material procurement, warehouse allocation and delivery from stores to customers. This protected and allowed stable operations at a difficult time.



MUTUAL BENEFIT

We work with like-minded store partners to provide high-quality, convenient and cost-effective services to a wide consumer base. Through in-depth cooperation with our affiliate partners, we continue to improve our understanding of our diverse market. At the same time, with the help of Luckin Coffee's full-process and all-round professional support, which extends from site selection, store construction to daily operations and relies on professional training and the sharing of smart equipment, data, technology and operations concepts, our franchise partners continue to improve their business capabilities, achieve mutual benefit and provide consumers with consistently good coffee.

For our suppliers, we aim to continuously improve their supply capacity and service level, as well as improve the supplier management system, from access to supply processes and stages on the basis of strict supervision and evaluation, through the establishment of supplier return visits, seminars and long-term communication mechanisms. We will help suppliers clarify Luckin Coffee's standards and the direction of improvement, drive supplier level optimization and upgrading, and collaborate to promote the long-term development of the supply chain.

MANAGEMENT OPTIMIZATION AND SUSTAINABLE PRACTICES

In the past two years, along with the company's growth, Luckin Coffee has put more effort into building corporate values and our contribution to society, which has both won recognition from the industry and the trust of our customers.

Moving forward, we will continue to implement our core values, promote the effective practice of the Company's development strategy, and continue strengthening exchanges within the industry to jointly support the industry's growth.



Corporate Social Responsibility Award



2021 Global Corporate Sustainability Awards



2021 Best Employer in China



The Warmest Company During the 2022 Epidemic in China



2022 ALB China Top 15 New Economy Law Team



China Law & Practice Legal Awards 2022 In-House Team of the Year - Chinese

COMPLIANCE-BASED CORPORATE CULTURE

The development of an enterprise relies on sound risk, internal control and compliance management. Luckin Coffee has integrated the core value of "Integrity" into every step of its daily operations. In the future, Luckin Coffee will conduct continuous self-examination and standardization of our business systems and processes and enhance the comprehensiveness and directness of control points to better meet internal supervision and external compliance supervision requirements. We will not only focus on the effectiveness of internal operations but also on the potential impact of external risks to form a management mechanism based on strategic development needs at different stages to build and improve the risk management system.

PRODUCT QUALITY AND FOOD SAFETY

Luckin Coffee will continue to adhere to the value of quality first and digitally empower the food safety management system. We will carry out supply chain hierarchical risk controls including upstream suppliers, suppliers, warehousing and logistics. We monitor the entire store process of personnel, equipment, materials, operation standards and the hygiene environment, and use digital technologies such as IoT digital monitoring and AI intelligent monitoring to achieve real-time management of food safety risks throughout the value chain. By scanning and identifying external public opinion and internal early warning signals, we will quickly prevent and solve issues to ensure we provide consumers with safe, high-quality products.

VALUE CHAIN MANAGEMENT

Luckin Coffee is committed to the coffee market and works with its business partners in the whole value chain to maintain its competitiveness. Our coffee beans are sourced from the places of origin and premium production areas to ensure high standard of our coffee products. What's more, we plan to build more roasting plants. We are committed to combining technology, digitalization and intelligence with traditional delivery and warehousing network to efficiently manage our supply chains and warehousing networks. In addition, we will use dynamic route planning and inventory management technology to better cope with market fluctuations. Committed to our vision of building a world-class coffee brand, we will explore overseas market opportunities while remaining focused on the Chinese market.

INDUSTRY-LEADING DIGITIZED OPERATION SYSTEM

Adhering to the concept of Craftsmanship and sustainable development, Luckin Coffee will continue to improve our digitized and data-driven operating system to meet a more complex market situation and customer needs in the post-pandemic era. We will continuously upgrade existing processes and operation systems to ensure maximum efficiency. Meanwhile, we continue to empower our management with technologies in multiple aspects and dimensions. We will broaden our recruitment channels to enrich our talent pool. We will explore differentiated staff training programs for different job profiles to continuously strengthen our operations team. We will continue to improve the store environment refinement management and the intelligence level of the customer service system, and ensure store production quality, to provide customers with a more convenient, friendly and safer experience.

MULTI-DIMENSIONED TECHNOLOGY APPLICATIONS

Innovation and technology is at the core of our development strategy and in our intelligent operation systems.

Luckin Coffee will continue to invest in smart data algorithms and IoT technologies to address pain points such as multiple product recipes which are prone to human error in store operation. In June 2022, the "Hybrid Dual Cloud Project," which took five quarters to complete, was accomplished, achieving the target of supporting 5 million orders per day with an expansion capability of supporting 10 million daily orders in the future. This is an important milestone in the technical architecture, indicating that Luckin Coffee has completed the construction of the operation support system for the next five to 10 years or even further ahead of schedule. In addition, we will explore innovative technological means to further enhance the transparency of business and financial data. Luckin Coffee plans to complete trial application of blockchain for credit enhancement by the end of 2022. We will refine the granularity of operational and financial data to gain insights into each order, and realize real-time storage of transaction data and third-party data. Based on authenticity and being tamper-proof, we are able to share more data with the public and our shareholders which was not available previously.

SUSTAINABLE ORGANIZATIONAL CORE COMPETENCIES

Luckin Coffee will enhance the overall competitiveness of our organization as a whole, including the structure, our people and corporate culture. We are committed to developing a two-way system for our organization and people to thrive. We will optimize the human resources structure to create sustainable career path for everyone, enhance the depth and width of the talent pool and provide more training, and build Luckin Coffee's brand as a responsible and respectable employer. We will focus on building a culture based on mutual trust that is integrated throughout the business.

COMMITTED TO SUSTAINABILITY

Luckin Coffee is committed to long-term and sustainable growth. As approved by the Board, Luckin Coffee's Sustainable Development Committee was formally established in July 2022. We will assume social responsibility and continue to promote the implementation of a sustainable development strategy. We firmly believe that continuous customer and social value creation is an important cornerstone of Luckin Coffee's long-term development.

