

Nourishing Life & Growth

Sustainability
Report
2024



AUSNUTRIA DAIRY CORPORATION LTD

(Incorporated in the Cayman Islands with limited liability)

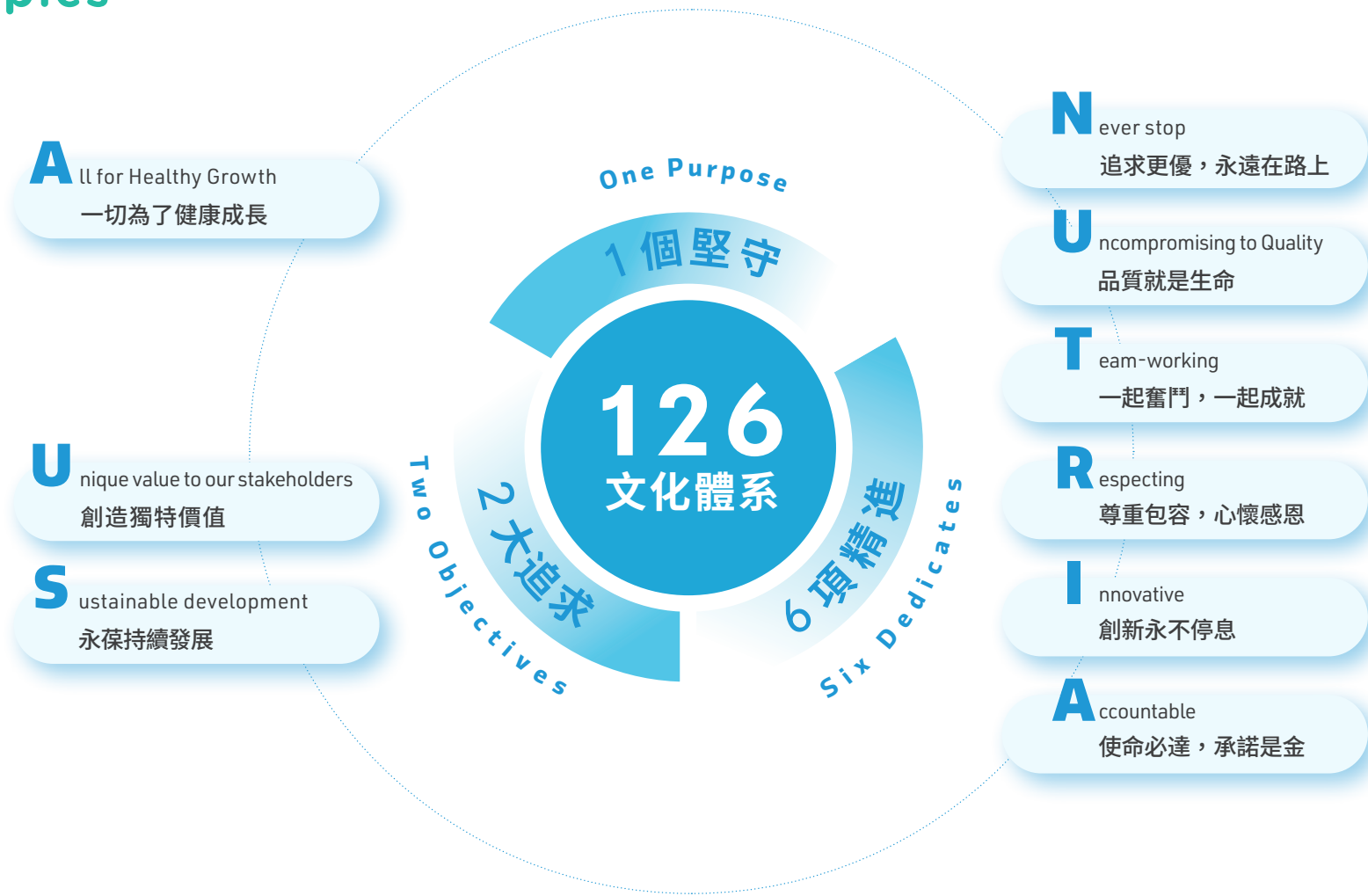
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Ausnutria
Principles



Ausnutria

Business Philosophy



Sustainability **Vision**

Ausnutria endeavours to nourish life and growth by providing quality nutritional options to all on a global level. The Group is dedicated to generating value sustainably and contributing to the establishment of a society where all individuals have the ability to lead a healthy and prosperous life.



Sustainability Strategy Framework



Our Commitments

Better Nutrition

We foster innovation and offer quality nutritional products and solutions to promote healthy living and well-being for all.

Our Focus Areas

- Product quality and food safety
- Product innovation
- Customer engagement

Relevant UNSDGs



Our Commitments

Better Life

We promote meaningful partnerships to create a healthy and inclusive workplace and community for our stakeholders to grow and thrive.

Our Focus Areas

- Employee welfare and development
- Employee health and safety
- Diversity & inclusion
- Community investment
- Consumer health & well-being

Relevant UNSDGs



Our Commitments

Better Environment

We commit to responsible production and consumption and act on climate change for our future generations.

Our Focus Areas

- Tracking our environmental targets
- Energy efficiency
- Preserving water
- Waste management
- Eco-friendly packaging
- Managing climate risks

Relevant UNSDGs





Better Nutrition

FOCUS AREAS	OBJECTIVES	2024	2025
Product quality and food safety	Continually enhancing our product quality and food safety through the development and implementation of quality and food safety systems, standards and practices	<ul style="list-style-type: none"> • Obtained BRC 8 Global Food Safety Initiative (GFSI) certification, FSSC 22000 Food Safety System Certification, ISO 9001 Quality Management System, Hazard Analysis and Critical Control Points (HACCP) System, GMP+ Good Manufacturing Practices and COKZ certification in our production facilities • Implemented strict measures and a tracing system to safeguard the safety of the product at all stages of production • Developed robust management systems to communicate with suppliers on the Group's expectations for product quality and monitor the quality control of supplier performance 	<ul style="list-style-type: none"> • Continuously implement and maintain quality management systems in our production plants • Maintain zero product recalls regarding product safety • Increase supplier collaboration and enhance assessment process to ensure product safety and quality assurance
Product innovation	Unleashing the full potential of our nutritional products by understanding customer needs and aligning with internal and external research & development ("R&D") on a global level	<ul style="list-style-type: none"> • Conducted scientific research on breast milk and improved the nutritional value of infant formula with breast milk data banks and technology innovation centres, and showcased significant research findings at scientific conferences • Expanded the product portfolio by introducing new formula milk and probiotic products to fulfil the nutritional needs of customers • Maintained close collaboration with universities, research institutions, industry partners and contract manufacturers on nutritional research and innovative product development 	<ul style="list-style-type: none"> • Continuously source and incorporate innovative and effective ingredients into our products, especially for infants, children and mothers-to-be • Enhance our product portfolio to further promote nutrition products, especially foods for special medical purpose • Increase partnerships with health professionals and advance scientific research
Customer engagement	Continuously improving products to meet customer needs by strengthening customer engagement channels and giving them information on a local and global level	<ul style="list-style-type: none"> • Engaged with customers through diversified channels, such as social media, mobile application, web live broadcasting, and promotional events • Monitored the effectiveness of customer feedback mechanisms, implemented internal customer complaint policies, and kept track of customer satisfaction 	<ul style="list-style-type: none"> • Enhance customer engagement channel diversity and efficiency to better disseminate product information • Strengthen and regularly evaluate customer feedback mechanisms to better capture areas for improvement



Better Life

FOCUS AREAS	OBJECTIVES	2024	2025
Employee welfare and development	Promoting workplace well-being by providing fair, inclusive and attractive working conditions and training and development opportunities, and creating and reinforcing supportive policies and procedures on a local and global level	<ul style="list-style-type: none"> • Maintained a whistleblowing and anti-fraud mechanism for employees to address grievance in the workplace. The mechanism will be regularly reviewed to ensure its effectiveness • Provided structured training and development programmes for employees, such as U Classroom, and through learning platforms like the Dairy Academy and the Ausnutria Academy • Employed a formal appraisal system to review employees' performance and reward eligible employees with incentives. The mechanism will be regularly reviewed to ensure its effectiveness 	<ul style="list-style-type: none"> • Implement and review the effectiveness of grievance mechanisms for employees • Continuously optimise training and development programmes • Constantly implement and review effectiveness of employee incentive and recognition programmes
Employee health and safety		<ul style="list-style-type: none"> • Maintained zero work-related fatalities • Set up a health and safety committee to ensure all health and safety standards and procedures are carried out properly and efficiently • Organised sports competition, employee healthcare events, and the Employee Assistance Programme to support employees' physical and mental well-being through providing sports activities and counselling sessions 	<ul style="list-style-type: none"> • Maintain zero work-related fatalities • Protect labour rights and promote safe and secure working environment for employees • Advocate physical and mental well-being initiatives to employees
Diversity & inclusion	Creating equal opportunities by respecting mutual differences among internal and external stakeholders	<ul style="list-style-type: none"> • Cultivated a family-friendly and mother-friendly culture in the workplace through organising flexible working arrangements and family activities • Established a balanced board's composition in terms of gender and standard procedures to maintain gender equality and equal opportunities during recruitment process and daily operations in the Code of conduct and Employee Handbooks. 	<ul style="list-style-type: none"> • Strengthen mutual respect and cultural integration across the organisation • Maintain gender equality and equal opportunities in the workplace

2025

Sustainability Commitment





FOCUS AREAS	OBJECTIVES	2024	2025
Community investment	Promoting healthy lives and equal opportunities for the communities by cooperating with charitable parties and initiatives worldwide	<ul style="list-style-type: none"> Ausnutria Foundation donated millions of cash or in-kind donations to provide tangible assistance to the community Provided donations to various charities and organisations related to health and education development Provided sponsorship to different sports events in local communities including sc Heerenveen football team 	<ul style="list-style-type: none"> By 2029, inject RMB100 million in cash or in-kind donations into the Ausnutria Foundation Consistently provide support for different communities through donations and charitable initiatives Continuously partner with different parties to raise public awareness of healthy lifestyle
Consumer health & well-being	Empowering and inspiring consumers to lead better lives through advocating and educating the benefits of healthy products and lifestyle	<ul style="list-style-type: none"> Encouraged the appropriate use and marketing of breastfeeding as a member of the European Union Chamber of Commerce and in compliance with the recommendations of the World Health Organization and legislative provisions of the People's Republic of China (the "PRC") Optimised marketing channels such as WeChat, Weibo channels and other live broadcast platforms to support and educate consumers on healthy lifestyles 	<ul style="list-style-type: none"> Support breastfeeding by promoting responsible marketing and advertising practices Leverage marketing efforts to support and promote healthy diets and lifestyles

2025

Sustainability Commitment



Better Environment

ASPECT OF OUR ENVIRONMENTAL TARGETS		2024	2025 ¹
	GHG emissions²	Compared with 2019 <ul style="list-style-type: none"> Total GHG emissions intensity ↓ 14% The Scope 1 emissions intensity ↓ 15% The Scope 2 emissions intensity ↓ 10% 	Compared with 2019 <ul style="list-style-type: none"> Total GHG emissions intensity ↓ 20% The Scope 1 emissions intensity ↓ 15% The Scope 2 emissions intensity ↓ 20%
	Energy consumption	Compared with 2019 <ul style="list-style-type: none"> Energy consumption intensity ↓ 13% Natural gas consumption intensity ↓ 22% Electricity consumption intensity³ ↑ 15% 	Compared with 2019 <ul style="list-style-type: none"> Energy consumption intensity ↓ 20% Natural gas consumption intensity ↓ 20% Electricity consumption intensity ↓ 15%
	Water consumption	Compared with 2019 <ul style="list-style-type: none"> Water consumption intensity ↓ 33% 	Compared with 2019 <ul style="list-style-type: none"> Water consumption intensity ↓ 35%
	Waste⁴	<ul style="list-style-type: none"> Maintained the recycling rate of paper and wood at 100% Maintained the recycling rate of rest milk and rest powder at 100 % Achieved the recycling rate of plastic of 100% 	<ul style="list-style-type: none"> To maintain the recycling rate of paper and wood at 100% To maintain the recycling rate of rest milk and rest powder at 100% To achieve the recycling rate of plastic of at least 90%

¹ We will keep monitoring our achievements to seek continuous improvement and review the targets in the coming years where necessary. The scope of the environmental target excludes the Global Headquarters Building in the PRC, Bioflag Huaian and Anhui factory.

² Emission data used in target are calculated by market-based method.

³ The absolute electricity consumption of 2024 comparing to that of 2019 has increased due to business expansions, which also contribute to an increased revenue and thus impacting the intensity figure. We will assess any feasibility to increase the energy efficiency regarding the productions in the future.

⁴ Recycling rate target is for production-related waste only.

2024 Achievements

BREAKTHROUGH IN THE GLOBAL MARKET

For the past decade, Ausnutria has dedicated significant effort in product development and scientific research verification, striving to penetrate the global market with goat milk as a distinctive strategic product. Following the strict reviewing progress by the United States Food and Drug Administration (the "US FDA"), Kabrita infant goat milk powder is now available in the United States (the "US"). With its outstanding performance in product quality and safety, it has become the first goat infant milk formula ("IMF") to obtain three certifications under the US Clean Label Project.



IMPORTANT MILESTONE REGARDING INNOVATION AND R&D

In November 2024, the 2024 Functional Food Industry Conference was held in Shanghai. Centered around the theme "Scientific Evidence-based, Technological Innovation", the conference brought together nearly 1,000 industry experts and well-known entrepreneurs to delve into cutting-edge research, innovative technology and application of the functional food industry. During the Conference, the "2024 Probiotics Industry White Paper", developed with active involvement from Bioflag, was officially released. The white paper offers a comprehensive analysis of the current landscape of the functional food and probiotics industry, equipping practitioners with a clearer understanding of industry trends and growth opportunities to foster the healthy development of the probiotics industry. Bioflag showcased its premier probiotics and related application products at the conference exhibition, attracting wide attention from attendees.

PARTICIPATION IN THE 2024 WORLD DAIRY SUMMIT

In October 2024, the prestigious "2024 World Dairy Summit" took place in Paris, France. Hosted by the International Dairy Federation (IDF), the summit gathered elites and leaders from the global dairy industry to deliberate on key issues concerning the development of the entire dairy industry chain under the theme "Proudly Committed to a Sustainable World". Ausnutria's participation in this prominent industry event signifies our success in international development, underscoring the increasing recognition of our brand in the global market. Demonstrated by two of the brand's star products at the Summit, Ausnutria garnered significant attention for our product excellence and innovative development model.



About This Report

Ausnutria Dairy Corporation Ltd (“Ausnutria” or the “Company”, together with its subsidiaries, the “Group”) is proud to present its annual Sustainability Report, which outlines the Group’s objectives, strategic plan, and initiatives to achieve sustainable development. This report presents the Group’s collaborative efforts with stakeholders and showcases its achievements in creating a sustainable shared value for the Group, its employees, customers, business associates, the broader community, and the environment.

REPORTING STANDARD

This report was prepared in accordance with the requirements of the Environmental, Social and Governance (“ESG”) Reporting Code (formerly named as the ESG Reporting Guide) set out in Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The preparation of this report adopts the reporting principles of materiality, quantitative, balance, and consistency. The Group regularly engages with key stakeholders and management to address the most relevant and critical sustainability issues to the Group.

REPORTING SCOPE AND PERIOD

This report covers the period from 1 January 2024 to 31 December 2024 (the “Year 2024”), unless otherwise stated, and examines the material sustainability issues of the Group. This report encompasses the Group’s operations in the PRC, the Netherlands and Australia, including Ausnutria Dairy (China) Co., Ltd. and its subsidiaries (“Ausnutria PRC”), Ausnutria B.V. and its subsidiaries (“Ausnutria Netherlands”), Ausnutria Pty Ltd and its subsidiaries (including Australian Dairy Park Pty Ltd (“ADP”) and Nutrition Care Pharmaceuticals Pty Ltd (“NCP”), “Ausnutria Australia”). These locations account for over 90% of the Group’s non-current assets.

CONTACT FOR FEEDBACK

This report is available on the Group’s corporate website and the Stock Exchange’s website. The Group welcomes any insightful comments you may wish to make on how it operates sustainably. You can contact Ausnutria at ESG@ausnutria.com.



Message from the Chief Executive Officer

I am delighted to introduce the Group's ninth sustainability report on behalf of the board (the "Board") of directors (the "Directors") of the Company. This report highlights our strong dedication and significant achievements in embedding sustainability across our operations and value chain throughout the year 2024.

Over the course of the year, the Group's primary market in the PRC, particularly the IMF industry, continued to face obstacles stemming from a diminishing birth rate in recent years. Despite these challenges, the sector has shown signs of improvement with the gradual introduction of products meeting the new national standards (the "New GB"). The overall business landscape of the PRC IMF industry has benefited from ongoing industry consolidation and a steady increase in retail prices. Concurrently, we have been actively executing strategic measures to enhance resource allocation and operational efficiency across different regions. Throughout this endeavour, our focus remains on pinpointing opportunities to further embed sustainability principles into the Group's operations.

Since its establishment, Ausnutria has consistently reinforced its globalised system of management, emphasising strategic guidance, thorough supervision, and the assessment of managerial effectiveness, financial performance, and information transparency. This method ensures that the Group remains proactive in improving its management strategies on an international level. To achieve and maintain strong corporate governance, sustainable growth, and a competitive advantage that delivers lasting value for our stakeholders, we recognise and embrace the benefits of cultivating a diverse and inclusive Board. In Year 2024, our Board consists of nine Directors with diverse backgrounds, cultures, races, and extensive knowledge in multiple sectors. This encourages increased board effectiveness and ensures that a broad spectrum of viewpoints and ideas are considered in the boardroom, fostering a more comprehensive decision-making process.

We have put in place a robust framework for sustainability governance to steer our sustainability endeavours, ensuring effective management and execution of sustainability strategies across our operations and value chain. Well-defined roles and responsibilities have been assigned to different stakeholders engaged in sustainability-related activities. The Board is responsible for overseeing sustainability risks, opportunities, strategies, as well as the progress of goals and targets, with support from the management team, our sustainability committee (the "Sustainability Committee") and its accompanying sustainability workgroup (the "Sustainability Workgroup"). Aligned with the Ausnutria's sustainability vision, we have continued to advance our three core pillars: Better Nutrition, Better Life, and Better Environment. Through these pillars, we reaffirm our commitment to the United Nations Sustainable Development Goals ("UNSDGs").

Dedicated to delivering Better Life to our employees, we are committed to fostering a healthy and inclusive workplace environment. Our human resource management strategy revolves around embracing diversity and inclusivity, recognising and celebrating the unique qualities of each individual. Moreover, we are focused on cultivating a positive work atmosphere and implementing employee-centric initiatives to address their specific needs. Understanding the importance of developing our workforce's skills and unlocking their full potential, we invest significantly in talent development programmes. In the Netherlands, we have continued our investments in a variety of employee training programmes, including offerings that emphasise both educational and personal growth. These programmes are accessible at all organisational levels, with the option for individual coaching. Moreover, the Group has upgraded the intranet system to keep employees informed about the latest developments within the organisation, such as external collaborations and updates on our governance structure. In the PRC, we provide training sessions focused on communication, strategy implementation, and talent assessment skills for employees transitioning into management roles. Structured into AB-PROJECT, MBA Class, and Pre-MBA Class initiatives tailored for varying management tiers, our training programmes are designed to empower them to achieve their full potential, enhance their leadership capabilities, and contribute to the organisation's long-term success. To promote employee well-being, we have organised various sports sessions, clubs, and athletic events to encourage a healthy lifestyle among our workforce.

Our dedication to Better Life extends beyond our employees to the broader community. In 2024, the Group collaborated on various sponsorships, donations, and community initiatives to promote community well-being. The Ausnutria Foundation generously contributed both funds and materials to provide tangible support to the community. We have actively provided financial aid and donations to assist in natural disaster relief efforts, including a donation of RMB300,000 worth of milk powder to Meizhou in Guangdong Province. For the eighth consecutive year, the Group has organised in the “The Ausnutria Foundation Hyproca Tundra Rose Project”, aimed at improving the health of Tibetan mothers and infants. Additionally, we have donated educational technology hardware to facilitate the transition to “smart classrooms” and have supplied school uniforms, stationery, and teaching materials to the Anshan Township Shatian United Primary School in Xinning County, Hunan Province. Furthermore, we have sponsored various sports teams and marathons to support health-related community programmes. Our commitment to corporate social responsibility and community investments has been recognised through multiple awards received throughout the year, underscoring our ongoing dedication to ESG principles and community betterment.

In our commitment to advancing Better Nutrition, Ausnutria dedicates substantial resources to product innovation to ensure the provision of top-tier nutritional products and solutions for our customers. Throughout 2024, the Group achieved notable milestones in R&D, with a continued investment of over RMB100 million in the creation of new products. We have enhanced our formula offerings in the Chinese market to optimise consumer advantages. Within its three primary business sectors – Cow Milk Formulas, Goat Milk Formulas, and Nutrition Business – the Group proudly introduced 15 new products. To bolster our expertise in scientific research and innovation, Ausnutria collaborates with esteemed tertiary institutions on R&D projects. In 2024, the Group unveiled its inaugural industry publication, “Guidelines for Nutritional Intake During Pregnancy and Postpartum”, during the 30th Annual Meeting of the China Dairy Products Industry Association. Besides, the “2024 Probiotics Industry White Paper”, with Ausnutria’s Bioflag as a major contributor, was published during the 2024 Functional Food Industry Conference. At the European Society for Paediatric Gastroenterology Hepatology and Nutrition, colleagues from the Ausnutria Nutrition Institute presented two abstracts addressing gastrointestinal issues in infants and the benefits of goat milk bottle feeding. Ausnutria launched the groundbreaking “Pro59 comprehensive nutrition formula” by employing various technologies, successfully integrating it into the Hyproca Hollory series of comprehensive nutritional formula milk products. In a bid to safeguard our intellectual property rights, the Group underwent an on-site audit to re-certify compliance with the PRC’s national standard for enterprise intellectual property management (GB/T 29490-2013) and secured the certificate in 2024.

In addition to our focus on enhancing product quality and fostering innovation, we have directed our efforts towards optimising our supply chain to enhance the efficiency of our production processes. The new milk processing plant in the Netherlands, which integrates low-carbon technologies and energy-efficient designs, has been completed this year. The plant only operates completely nitrogen- and carbon-free, but that a lot of effort is also put into energy savings within the production process itself. Besides this new facility, we are actively assisting our suppliers in adopting sustainable practices. In Year 2024, Ausnutria remained committed to supporting goat farmers through its involvement in the Dutch goat sector organisation’s Sustainability programme, which advocates for sustainable practices in livestock farming. We achieved a 100% participation rate from Ausnutria’s goat farms. Furthermore, the Group is dedicated to driving industry progress by actively participating in events such as the 2024 Special Food Association Conference and the 2nd China International Supply Chain Expo, demonstrating its commitment to sustainable practices and excellence in managing the global dairy supply chain as well as contributing to the advancement of the local food industry.



In our endeavour to forging a Better Environment for future generations, we are dedicated to minimising the environmental impacts stemming from our manufacturing processes and improving the environmental performance of our operations. The Group has set ambitious targets to reduce greenhouse gas (GHG) emissions, energy consumption and water usage, and increase waste recycling rates. Significant progress was made towards achieving these objectives in 2024, and we will continue to closely monitor our advancement towards these goals, providing regular updates on our accomplishments. To progressively reduce the carbon footprint of our operations, we are committed to integrating low-carbon technologies and maximising the use of renewable energy sources whenever feasible. In 2024, all electricity consumption for Ausnutria Netherlands' operations was offset by renewable energy sources. Additionally, the on-site solar system at Ausnutria Australia was expanded, resulting in a 17% reduction in total electricity consumption in Australia. Regarding waste management, the Group maintained a 100% recycling rate for paper, wood, residual milk powder, and 100% for plastic materials. In pursuit of environmentally-friendly products and packaging, Ausnutria Netherlands optimised its packaging processes, leading to a 50% decrease in stretch wrap foil usage on pallets. Implementing inline auto sampling to collect powder samples before sealing them in tins has helped prevent the generation of sample waste. Our goal is to continually enhance our environmental management systems as part of our ongoing commitment to promoting a more sustainable environment.

I am sincerely grateful to all our stakeholders for their steadfast support on our sustainability journey. Furthermore, I would like to express my heartfelt appreciation to our devoted employees for their unwavering dedication during this challenging period. Their hard work is pivotal to the Company's achievements, allowing us to deliver exceptional products. I am confident that the Group will uphold its outstanding performance in 2025 and enhance cooperation with our partners to further sustainable development.

Ren Zhijian

Chief Executive Officer

The PRC

29 April 2025



About Ausnutria

CORPORATE PROFILE

Established in September 2003 in Changsha City, Hunan Province, the PRC, Ausnutria has emerged as a leading manufacturer of premium dairy and nutrition products globally. In October 2009, the Company achieved a milestone by becoming the first IMF company to be publicly listed on the Stock Exchange (stock code: 1717). Operating a comprehensive business network across the international dairy and nutrition sector, the Group manages the entire value chain, spanning R&D, procurement, production, marketing and distribution.

Ausnutria runs eleven factories worldwide, comprising three in the PRC, six in the Netherlands and two in Australia. These factories collectively produce a diverse array of goods for more than sixty different countries or regions, establishing a comprehensive care system that encompasses products such as IMF, dietary supplement, FSMP, tailored nutrition products, and services providing comprehensive nutrition care throughout all stages of life.

In 2024, Ausnutria unveiled a range of novel products as a component of its continued initiative to broaden its product lineup, including Hyproca Huanzhi, Hyproca Hypure, Hyproca Neolac, Hyproca Hyeaze, the Jade version of Hyproca Hollory, and Kabrita Beibeigao. Ausnutria also achieved significant milestones in scientific research, particularly in nutritional health studies. The Group actively participated in key national R&D projects focusing on innovative key ingredients for IMF, new generation IMF manufacturing technology based on Chinese breast milk research, and the creation of formulated foods for specific medical conditions. Additionally, Ausnutria contributed to initiatives like the Demineralised Whey Product Supply Capacity Improvement Task Unveiling Project. These efforts led to accolades such as the recognition of its “Basic Life & Nutrition Science Research Center” and the advancement of the “Pro59 Comprehensive Nutrition Formula”. Furthermore, the Group strategically established a comprehensive digital operating system to improve operational efficiency, customer service and corporate management. The Group aims to maintain its focus on the Own-branded Goat Milk Formulas and premium cow milk formula businesses, investing in brand-building activities to solidify its position as a top goat milk formula brand and premium imported cow milk formula brand, while also fostering sustainable business development and sustaining healthy growth momentum. The Group will continue to introduce high-quality and sustainable dairy and nutrition products to revitalise the nutrition business comprehensively. The Group aspires to establish itself as the preferred choice for consumers seeking IMF and toddler formula, as well as high-end nutrition and healthcare products.

THE GROUP'S OWN BRANDS

kabrita®
佳贝艾特®

海普诺凯1897®
全面营养 百年精研

NC
Nutrition Care®

Bioflag
锦旗生物

康素得®



MEMBERSHIPS

Ausnutria is committed to promoting the development of the nutrition and dairy industries and takes an active role in multiple international associations and voluntary initiatives. Moreover, the company engages in constructive discussions with industry partners and peers, fostering a culture of sustainable advancement and operational enhancement within the Group.



China Dairy Industry Association

Being one of the vice-president units of the China Dairy Industry Association, Ausnutria attributes to the industry guideline development and administrative work to promote high-standard dairy products.



China Nutrition and Health Food Association (“CNHFA”)

Serving as a member, Ausnutria is committed to promoting the development of nutritional and health food and special food in China.



Hunan Academy of Agricultural Sciences (“HUNAAS”)

Ausnutria has developed the strategic partnership with HUNAAS and established the Institute of Academician Shan Yang's Innovation Team.



Dairy Association of China (“DAC”)

As a board member of DAC, Ausnutria hopes to make contribution to the promotion of dairy products and development of the Chinese dairy industry.



Dutch Dairy Association (“NZO”)

Being involved in the working groups of the NZO, Ausnutria encourages knowledge exchange and continuous advancement in Dutch milk processing.



Dutch Goat Dairy Association (“NGZO”)

Being involved in the working groups, Ausnutria promotes better industry image, environmental sustainability and animal welfare. Ausnutria supports NGZO's “KwaliGeit”, by collaborating with its goat milk suppliers. Please refer to Better Nutrition for more details.



European Union Chamber of Commerce in China

As a member of the Pediatric Nutrition Desk of the European Union Chamber of Commerce in China, Ausnutria encourages the appropriate use and marketing of pediatric nutrition products and breastfeeding.



Platform Melkgeitenhouderij (Dairy Goat Farming Platform)

The Dairy Goat Farming Platform initiates sector-specific projects in the field of market information, food safety, animal health and sustainability. The Dairy Goat Farming Platform also provides direction for research that adds value to the goat dairy chain.



Infant Nutritional Council (“INC”)

Ausnutria actively participates in discussions and exchanges opinions with other members through the INC platform on different industry policies.



Duurzame GeitenZuivel Keten (Sustainable Goat Dairy Chain, “DGZK”)

Ausnutria participates in the DGZK, an initiative that aims to further improve sustainability and animal welfare within the goat dairy sector.



The Association of Dutch Manufacturers of Children and Dietary Nutrition (“VNFKD”)

Ausnutria supports the VNFKD to represent the collective industry interests in advancing the best production and responsible marketing practices for IMF.



Sustainable Dairy Chain

Ausnutria pledged to support Sustainable Dairy Chain's 2020 goals of the cow milk sector by introducing and implementing environmental best practices in its operations.



IFOAM Organics International

In 2023, Ausnutria became a member of IFOAM, the global umbrella organisation for the organic agriculture and food sector. The organisation represents almost 800 affiliated umbrella organisations in 117 countries.

CORPORATE GOVERNANCE

The Board pledges to uphold the utmost levels of corporate governance excellence, and promoting transparency, independence and integrity within the Group to ensure enduring success and safeguard the shareholders' interests.

In accordance with the Corporate Governance Code in Appendix C1 to the Listing Rules, Ausnutria implemented robust governance principles. The Board holds the responsibility of pinpointing strategic business prospects for the Group and offering oversight, insight, and foresight of the Group's overall strategy and business activities. Additionally, the Board is responsible for regularly monitoring, evaluating and advising on corporate governance policies to ensure adherence to the most recent standards. To mitigate governance risks associated with bribery, extortion, fraud and money laundering, a Performing Behaviour Guide was formulated in the PRC, delineating the duties and obligations of middle to senior management in establishing robust corporate governance and corporate ethos.

The Group has established a Risk Management and Internal Control ("RMIC") Framework based on COSO ERM and ISO 31000, tailored for internal use, utilising the "Three Lines" model to allocate and coordinate risk-related tasks. The framework aims to manage risks related to business objectives, offering reasonable assurance against significant misstatements or losses. Key aspects of the RMIC systems include a defined governance structure, policies, procedures, and reporting mechanisms to aid in risk management throughout the Group's operations. For additional information on the Group's risk management approach, please refer to the corporate governance report section in the Company's Annual Report for the Year 2024.

Ausnutria acknowledges the significance of diversity and inclusiveness in the Group's future growth. The Board's makeup is carefully structured to encompass a blend of gender, age, ethnicity, educational background, professional skills, industry experience, management roles, and tenure. As at the date of this report, the Board consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive directors, each bringing a mix of diverse backgrounds, ethnicities, experiences and expertise. This diverse composition enriches the Group's inclusivity and promotes a multicultural setting.

ANTI-CORRUPTION

The Group's integrity is fundamental to maintaining its reputation as a trusted producer of dairy and nutrition products and a reliable business partner. Ausnutria adheres to the highest integrity standards to root out corruption across all operations. Every employee is required to adhere to and conduct themselves in line with the Code of Conduct, which outlines the Group's expectations regarding workplace conduct and behaviour involving conflicts of interest, bribery and corruption, and integrity violations. Regular training is provided to employees and Directors to enhance their knowledge of anti-corruption practices. In order to promote business ethics, leadership training and development programmes are offered to managerial positions in mainland China, focusing on behavioural learning and self-awareness evaluation. Additionally, department-led training sessions are organised to cater to individual needs, including experience sharing sessions and meetings, covering topics such as quality and integrity in our production processes.

Failure to comply with regulations may result in verbal warning, formal warning or other disciplinary and/or legal actions. Ausnutria has established a whistleblowing and anti-fraud mechanism enabling employees to report any suspected breaches of ethical business practices to management. External consultants will be engaged, as needed, to assess the Group's internal control, workflows, and the management systems, providing recommendations for system improvement. Furthermore, the Group's internal audit scrutinises financial and operational data to detect potential risks related to bribery, conflicts of interest, or corruption. The Board oversees the efficacy of these procedures and ensures that all reported cases are met with suitable and fitting action.

For more details regarding the Group's corporate governance policies, please refer to the corporate governance report section in the Company's Annual Report for the Year 2024.

Ausnutria's Approach to Sustainability

SUSTAINABILITY GOVERNANCE

Ausnutria has recognised the increasing global significance of sustainability and climate change and has acknowledged the necessity of incorporating sustainability into its corporate practices. To effectively manage sustainability across all facets of its operations, the Group has implemented a robust structure for sustainable governance. The Board, serving as the highest governing body, oversees and manages Ausnutria's sustainability strategy, risk management, performance, and progress towards sustainability targets. It also ensures the optimisation of synergies and alignment between the Group's sustainability strategies and long-term business visions. The Board evaluates and classifies the materiality of sustainability issues and risks related to the Group's operations and ensures the establishment of appropriate and suitable risk management and internal control mechanisms.

Under the leadership of Board Chairman Mr. Han Shixiu, a Sustainability Committee at the group level was established, comprising regional senior management representatives. This committee aids the Board in formulating, executing, and overseeing the Group's sustainability strategy and performance. It reports to the Board on crucial sustainability issues and performance matters to facilitate decision-making and convenes regularly. The Sustainability Committee is entrusted with the following responsibilities:

- oversees and provides the strategic directions for the Group's sustainability strategy and management;
- identifies, evaluates, and tracks the Group's sustainability risk exposure, including climate-related risks;
- evaluates and approves the Group's sustainability performance and targets and improves the accountability of sustainability data; and
- deliberates and reviews the steps implemented to manage sustainability-related risks and opportunities; reviews and approves the Group's annual sustainability report.

The Sustainability Workgroup is composed of regional representatives who support the Sustainability Committee in harmonising and enhancing sustainability efforts across various regional operations. Collaborating with regional teams, the Workgroup assesses the progress and implementation of sustainability initiatives, thereby aiding the integration of sustainability strategies into business operations. Local teams with relevant focuses, such as Environmental, Health, and Safety ("EHS"), are responsible for embedding diverse sustainable practices into daily operations. Senior management in departments like human resources and product quality assists in managing sustainability challenges on a daily basis.



Demonstrating its commitment to sustainability, the Group supports the UNSDGs. Ausnutria's sustainability strategy aligns with the global initiative to eliminate poverty, safeguard the environment, and promote universal well-being and prosperity. The Group has prioritised eight UNSDGs that are most relevant to its business and sustainability strategies to maximise its impact. These align with our three sustainability pillars – Better Nutrition, Better Life, and Better Environment – which are associated with the following eight UNSDGs.



As part of its commitment to align with the UNSDGs, the Group has been enhancing its sustainability strategy framework. Following a review of the sustainability strategy in 2020 and the identification and consolidation of focus areas within each sustainability pillar, it became evident that regional operations could benefit from clear and detailed guidance on setting specific targets for each sustainability pillar. Furthermore, the Group gathers and assess inputs from the Sustainability Workgroup, and discloses diverse sustainability targets and progresses in the relevant sections of this year's sustainability report focusing on Better Nutrition, Better Life, and Better Environment sections.

STAKEHOLDER ENGAGEMENT

By fostering communication channels among stakeholders, the Group can enhance its understanding of feedback and respond promptly to it. Key stakeholders, identified as those who wield a substantial influence on our business or are significantly affected by our activities, play a crucial role in this process. Through both formal and informal interactions, the Group remains attuned to stakeholder viewpoints and the changing corporate environment. This approach enables the Group to acknowledge and address risks and opportunities, tailoring its sustainability endeavours to achieve lasting business sustainability.

Since 2016, the Group has demonstrated its dedication to key stakeholders by consistently involving them in discussions to gain an understanding of their perspectives and concerns regarding various sustainability matters. Stakeholders were provided with an online survey to gather insights into their viewpoints and expectations regarding sustainability issues within the Group. A wide array of stakeholder groups, including employees, shareholders, investors, customers, suppliers, business partners, industry partners, R&D partners, media partners, community partners, and regulators, collectively submitted over 200 responses this year.

KEY STAKEHOLDER GROUPS AND REGULAR ENGAGEMENT METHODS



Government and regulators

- Regular working meetings
- Regular performance reporting
- Written responses to public consultations
- Interviews
- Online surveys



Employees

- Online communication platform
- Employee engagement activities and newsletters
- Meetings
- Online surveys
- Ausnutria Academy



Shareholders and investors

- Investor meetings
- Annual General Meetings
- Annual and interim reports
- Online surveys
- Interviews



Customers

- Members activities
- Consumer fairs and events
- Customer satisfaction surveys
- Customer hotline
- Website and social media
- Online surveys



Suppliers and business partners

- Assessments and site visits
- Online surveys
- Training programmes
- Meetings



Industry partners

- Industry conferences and seminars
- Online surveys



R&D partners

- Meetings
- Partnerships on various research topics
- Online surveys
- Conferences and seminars



Media partners

- Press conferences
- Interviews
- Online surveys



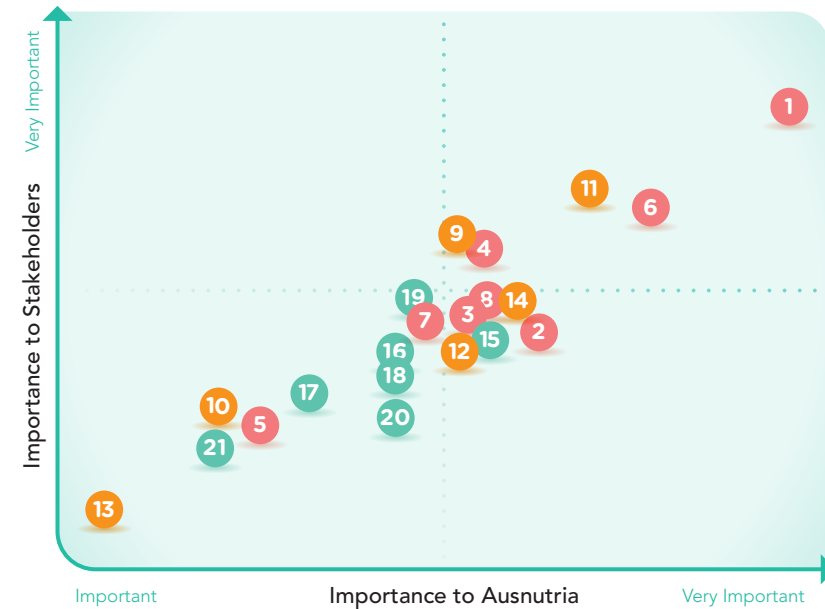
Community partners

- Community activities
- Online surveys

MATERIALITY ASSESSMENT

To enhance the synchronisation between stakeholders' requirements and our goal of sustainable expansion, we undertook a materiality assessment. The Group regularly evaluates sustainability matters relevant to both its operations and stakeholders to remain abreast of the swiftly changing business environment.

The Board utilises feedback from a stakeholder engagement survey, conducted through interactive multi-stakeholder approaches, to inform well-considered and sustainable business decisions. This feedback forms the foundation for evaluating and acknowledging Ausnutria's key sustainability concerns. Analysing input from over 200 stakeholders through an online survey, the Group translated the materiality analysis into a matrix to illustrate the comparative importance of sustainability issues to both stakeholders and the Group. The ESG report of Ausnutria was developed based on the results of the materiality assessment, which were reviewed and endorsed by the Sustainability Committee.



Better Nutrition

- 1 Product quality and food safety
- 2 Product innovation
- 3 Customer engagement
- 4 Supply chain management
- 5 Intellectual property rights
- 6 Compliance
- 7 Responsible marketing
- 8 Risk Management and Control



Better Life

- 9 Employee welfare
- 10 Diversity and inclusion
- 11 Employee health and safety
- 12 Training and development
- 13 Community Investment
- 14 Business ethics



Better Environment

- 15 Energy management
- 16 Greenhouse gas emissions
- 17 Water management
- 18 Resources and waste management
- 19 Use of packaging materials
- 20 Climate change
- 21 Environmental conservation and biodiversity



01.



Better
Life



Focus Areas

Community
investment

Consumer
health &
well-being

Employee
welfare &
development

Employee
health &
safety

Diversity
& inclusion

Ausnutria is committed to making a meaningful impact that extend beyond financial contribution. As a responsible business, Ausnutria organises a variety of community initiatives aimed at supporting underprivileged populations and giving all levels of the community equal access to nutrient-rich dairy and healthcare products. This aligns with the Group's mission of nourishing lives and growth. Addressing social needs, the Group focuses on areas such as rural revitalisation, child development and empowerment, and healthcare through the collaborative efforts of various enterprises and international subsidiaries. Furthermore, the Group is dedicated to fostering an equitable and harmonious workspace, stimulating and recognising the value of employees' contributions. Diversity and Inclusivity are always Ausnutria's priority in order to ensure that staff feel respected, trusted, and consistently supported, especially during challenging times. The Group also invests in the professional and personal growth of its employees by offering a wide range of training and educational opportunities.

KEY HIGHLIGHTS IN YEAR 2024

- **Donated over RMB2.6 millions of cash and necessities** for communities in need, including residents effected by natural disaster, kids in rural areas, and infants and mothers in under-developed regions
- **Awarded in the PRC** for outstanding corporate practice demonstrating our commitment to community involvement and ESG performance
- Promoted healthy lifestyle via **sponsorship of sports events in the Netherlands** by sponsoring professional sport teams and supporting events upholding awareness of health and wellness of the public especially people with disabilities
- **Provided assistance to local communities in the PRC and the Netherlands through**
 - Ausnutria Foundation Hyproca Galsang Flower Project in Tibet, the PRC and supported over 6,500 families in 8 years;
 - Donations to **Metakids Foundation** and **The Foundation Kika** to advocating for cures of metabolic diseases and support childhood cancer research respectively; and
 - Supported education programmes in elementary schools throughout the province of Friesland in the Netherlands
- Continue to support employee development and wellness by launching the “**U classroom Micro-Training Camp**” in the PRC and the Employee Assistance Programme in Australia
- Enhanced performance in occupational health and safety with lowered **lost day rate** from 1.50 in 2023 to 0.85 lost day per 200,000 work hours
- **Zero cases** of work-related fatalities over the past three reported years



COMMUNITY INVESTMENT

Awards

Ausnutria has received recognition from the business sector for its commitment to community involvement. The Group was recognised for their efforts in 2024 with awards.



- Ausnutria was honoured with the “Exemplary Social Responsibility Award” by the 2024 Excellent New Quality Productive Forces Enterprises and ESG Development Conference. This recognition highlights Ausnutria’s dedication in integrating ESG into the core of our business, and bringing positive impact to local communities.

Ausnutria was nominated as “2024 Outstanding Case of Corporate ESG Practice in Social Responsibility” by China Internet Information Centre.



- Ausnutria is dedicated in young children education by integrating arts and enlightenment. This year, the Group collaborated with La Mar de Marionetas, a Spanish art creation team, to jointly launch the Baby Sensory Stimulation Theatre. The vivid performance, inspiring plots and delicate stage set-up brought sensory feast to young children, stimulating their creativity and imagination. The Drama Project was bestowed the Special Recommendation Award of Oh!Castle Festival in TOPU.



- On 6th September 2024, Ausnutria Foundation was honoured to be included in The 4th Changsha Charity “Unit Donation List” with the continuous commitment to charity and community services.

The Ausnutria Foundation

Ausnutria Foundation was founded to promote corporate citizenship responsibilities, commit to public welfare and charity, and promote social harmony and progress. The Group also forms partnerships with universities and charity groups to foster positive change in the community by delivering quality professional trainings to locals and providing aids to community members. The Group has set an ambitious target to invest 100 million RMB in cash or equivalent into the foundation within ten years from 2019. In 2024, the foundation made over RMB2.6 million cash or cash equivalent donation to communities in need. Looking ahead, the Group remains committed to proactively fulfilling its social responsibilities as a leader in the industry.



Fighting Against the Extreme Natural Disasters and Rural Revitalisation

Several natural disasters brought detrimental impacts to the community and the Group recognised that families in the disaster areas lacking necessities. During the past years, The Group actively participated in donations and offered living supplies, such as nutritional and healthcare products to the affected areas. Moreover, the Group also contributed to rural revitalisation by sending resources and organising visits to remoted regions. Ausnutria aims to build social resilience for better recovery and growth.

Case Study

In-kind Donation to Support Disaster Area

Since June, multiple regions in the PRC have experienced extreme precipitation, leading to severe flooding that threatened the lives of residents, especially those living in Meizhou in Guangdong Province. Hundreds of local families in the disaster

area are facing an extreme shortage of daily necessities, such as IMF. Having noticed this situation, Ausnutria immediately allocated infant formula milk powder to the affected region to help them through these difficult times. At the same time, the Group also closely monitored the progress of the disaster situation across the country and assisted the affected families. We aim to persist in creating value for society, uphold our social responsibilities, and safeguard the promising prospects of numerous mother-child households. Our aspiration is for each child to thrive in good health and happiness under the warmth of the sun.



Milk powder worth RMB300,000 was immediately sent to Meizhou in Guangdong Province, responding the call from local government.

Case Study

Educational contributions in Rural Revitalisation Programmes

Although remarkable results in economic is achieved under the national rural revitalisation strategy, education development in some rural areas still encounter many challenges. Ausnutria believes that education is of paramount importance to rural revitalisation and has carried out multiples school visits echo and support the national strategy. In 2024, Ausnutria donated educational information technology hardware to support the "smart classroom" transitions, as well as school uniforms, stationery, and other teaching supplies to the school, further improving the conditions for operation of the school. Moreover, the Group has prepared nutritious packages with formula milk and supplements to support the healthy growth during critical development stage of the children. Through these initiatives, the Group's commitment to the community shines brightly with the extensive the support to enhance the well-being of the rural nourishment, embodying a profound care and dedication to fostering a thriving environment in rural regions.



Providing Health Support for Tibetan Family

Case Study

The Ausnutria Foundation Hyproca Tundra Rose Public Welfare Project

The “The Ausnutria Foundation Hyproca Tundra Rose Project” has been Ausnutria’s active charity project in Tibet for eight years. Since 2017, Ausnutria Foundation and Hyproca 1897 have collaborated with various external organisations, including the Peking University Health Science Centre, the Red Cross Society of Xizang, the Tibet University, and the Tibet Mother and Child Association, to provide the quality services on infant and maternity care to the PRC’s Tibet Autonomous Region with the support from the government. This year, China Nutrition and Health Food Association, Hunan Charity Federation, Leifeng Charity Association, partners of the Hyproca 1897 Honor-Win Maternal and Infant Alliance, Aunulife & Nutrition Care and other philanthropic organisations also joined the project.

Ausnutria Foundation contributed in sustaining an impactful science learning platform across hospitals, clinics, and other healthcare institutions. The initiative is designed to improve the quality of healthcare for local mother and child, and nurture talents by providing professional training, organising panel discussions and providing financial aids and in-kind donations. Additionally, during charitable clinics and family visits, women and moms-to-be received guidance on nutritious diets, helping them understand the importance of nutrition for healthy infant development. The initiative also aimed to promote better hygiene, healthy eating habits, and effective feeding practices within the community. Other than clinical support, the Foundation facilitated nursery education in the regions through the set-up of “Hyproca Dream Space” and invested in professional trainings on psychiatry and forensic authentication.



From July 9 to 19, the “The Ausnutria Foundation Hyproca Tundra Rose Public Welfare Project” finished their 10 days visit in different cities and towns in Tibet, brought IMF and cash with a value over RMB1.1 million to the targeted regions. They carried out multiple public welfare activities, such as distribution of welfare package, scientific popularisation of nutrition knowledge, professional trainings for rural doctors, charitable clinic services and nursery workshops. This year, they officially set the project in Ali Area, additional professional training on psychiatry and forensic authentication are provided in the area. During the visit, Professors from Peking University Sixth Hospital and XiangYa School of Medicine of Central South University gave talks on psychiatry and provided working guidelines for local hospitals. In the next 5 years, the project will continue to focus on Ali Area and strive to enhance the healthcare services by exploring the potential of the area and combining their needs.

Ausnutria works with practitioners and the maternal community to improve the physical well-being of Tibetan mothers and infants. To this point, the effort has mostly served approximately:



6
prefecture
level cities
and 1 district



50
rounds of
donations



59
charitable
clinics events
and academic
exchanges



Over
1,100
doctor
specialists
trained



Over
6,500
families



RMB11
million of cash
and in-kind
donations

To safeguard the growth needs of children and wellbeing of mothers, and promote basic in mountainous regions, three primary public welfare brands: “Little Red Flower,” “Iris,” and “Tundra Rose” are created to focus on different aspects respectively. They provide ongoing support and care to women and children in the regions.

Educational Growth of the Young Talents in the Community

Ausnutria supported the cultivation of young talents by sponsoring a range of educational resources and giving financial assistance to related institutions.

Case Study

Contributing to the Educational Growth

Stepping into the third year of organising school welfare activities on Children's Day, this year Ausnutria paid a visit to Anshan Township Shatian United Primary School in Xinning County, Hunan Province. In partnership with Hunan Women And Children's Development Foundation, the Group donated software and hardware for smart classroom, school uniforms, stationery and other teaching supplies to the school, aiming to enhance the environment which favour children's growth and learning. The Hyproca 1897 also prepared nutrition packs for children to help improve their nutritional health. Moreover, The Hyproca 1897 public welfare brand "Little Red Flower" brought a wonderful original fairy tale performance to the children, cultivating their imagination and broadening their horizons. The visit marked Ausnutria's will of strengthening rural education and positively influencing children's lives.



Promoting Healthy Lifestyles in the Communities

Ausnutria has collaborated with organisations from different sectors to encourage healthy lifestyles. The Group believes that living a healthy and prosperous life is the rights of everyone, regardless of background or socio-economic status. Through the year, Ausnutria sponsored and co-organised sport events, aimed to promote sports and raised public awareness on maintaining healthy lifestyle.

Case Study

Ausnutria Remains the Sponsor for sc Heerenveen Football Team in the Netherlands



Ausnutria has been sponsor of sc Heerenveen for years, focusing on youth's sport development in Friesland.



To draw attention and raise fund for the Children's Cancer Free Foundation (KiKa), an organisation supporting children to fight against cancer, players of sc Heerenveen wore the special white jersey during the home game of against FC Utrecht on April 7. This successfully raised over EUR 20,000 for charity and the money was entirely donated to KiKa.

Since 2020, Ausnutria has proudly served as the co-sponsor of sc Heerenveen, aiming at young football fans. This partnership not only enhances brand awareness in the Netherlands but also fosters sports development for all stakeholders in Friesland, particularly in Heerenveen. Ausnutria is dedicated to creating a better world where individuals have the strength to live healthily and prosperously. This vision extends beyond nutrition, embracing opportunities for personal growth and supporting sc Heerenveen aligns perfectly with this mission. Throughout this sponsorship, Ausnutria will focus on promoting children's well-being, ensuring they have the best prospects for the future. In the future, Ausnutria continues to play a vital role in the advancement of sc Heerenveen, providing essential support for youth in Friesland on their journey to a healthy upbringing.

Case Study

Empowering the Community Through Sport Events



European Championship 2024 Hansa, a sailing class for people with a physical disability, took place in Sneek. As one of the major sponsors, Ausnutria was invited to experience the exciting water competitions by passionate sailboat racers in the mid-September. Despite physical barrier, racers managed to show their best side during the competition and the Group highly appreciates their perseverance.



With the motto "Nourishing Life & Growth", Ausnutria supported the 5th edition of the Ned Air 2Bruggenloop in Kampen. Aiming to raise fund for Longfonds, charity group which fights for clean air in Netherlands, the programme attracted over 2,400 participants from all ages to run and meanwhile enjoy the spectacular view of the city. Some colleagues of Netherlands office joined the races over different distances. Through involvement, Ausnutria continues to empower the community by encouraging individuals to prioritise their well-being and adopt a healthy lifestyle through sports. Moreover, promote consciousness on maintaining a smoke-free environment for children's growth.

Several of our enthusiastic colleagues in Netherlands also participated in the adult section of the LOOP Leeuwarden 2024.

The 17th edition of the LOOP Leeuwarden took part in Friesland on 16 May. Ausnutria proudly served as the major sponsor for 1 km kid run for children aged 4 to 8 this year. The Group aspired to promote equality and provide equal opportunity for all kids in the event, all children fulfilling the age requirement were welcomed join the run free of charge. Upon finishing the run, participants received a medal and a LOOP Leeuwarden Craft T-shirt prepared by the co-organisers. Through its support of the Kids Run, Ausnutria continues to demonstrate its unwavering commitment to promoting community sports and empowering children to lead healthy, fulfilling lives.



Partnering with Employees in Community Programmes

Ausnutria has promoted employee-led charitable initiatives to support staff involvement in community programmes that benefit the local communities. Ausnutria strongly emphasises initiative and creativity and provides the execution funding for chosen projects. It is intended that Ausnutria would be able to recognise and assist community initiatives whose objectives align with those of the local communities.

Case Study

Empowering Employees Through Community Outreach

In 2024, Ausnutria conducted several visits to Wangcheng District of Changsha, aiming to spread love and care throughout the community. During these visits, we engaged with elderly and children from various ethnic minority group. The Group has donated to improve their living quality and tide them over difficult times.

Case Study

Community Service to Encourage Children Reading

Ausnutria's Netherlands Team ran the "Score a Book!" reading programme from February to May, benefiting over 1,500 kids in Friesland. Together with sc Heerenveen, this project used the power of football to stimulate children's motivation on reading and let them experience the pleasure of reading. Libraries across the province also worked with the Group to get children to read. Ausnutria provided a present for every participant. After the programme, all 1,500 children received a ticket to watch a soccer match in the sc Heerenveen stadium together, and a selected group was invited by the Group to attend the match in the business lounge. Through this project, children cultivate interests in reading, meanwhile, employees made a precious contribution to the educational development and well-being of the children in the province of Friesland.



Case Study

Sponsorship to Children's Cooking School FIKKS



As a producer of infant and toddlers' nutrition, Ausnutria hopes to educate young children the importance of developing health diet habits. Stepping into the third year, the Group continued to partner with Children's Cooking School FIKKS that offers cooking workshops to elementary school students. Through the classes, children are taught knowledge about healthy food and how to prepare it themselves in a fun and accessible way. This is done in the school's very own kitchen in the sc Heerenveen stadium, which Ausnutria helped realise in 2022.

Case Study

Supporting 3FM Serious Request

3FM Serious Request is a yearly charity event organised by a Dutch radio station to raise money for various charity groups. This year, the donations were directed to Metakids Foundation, a foundation which supports research into the treatment of metabolic diseases affecting children in the Netherlands. Ausnutria Netherlands encouraged colleagues to raise money, and Ausnutria Netherlands doubled the donations to almost €10,000.

CONSUMER HEALTH AND WELL-BEING

Ausnutria commits to build enduring relationships and trust with our clients by showcasing our steadfast commitment to protecting their health and welfare. The Group strongly endorses breastfeeding practices as breast milk is the primary source of nutrition for the growth and development of infants and young children. Formula products for infants in Stage 1 (0–6 months) are not marketed in accordance with World Health Organisation's recommendations. Furthermore, due to legal provisions, stage 2 (6–12 months) infant formula products are not promoted in the PRC. Ausnutria conducts ongoing research and development to enhance the nutritional content of its milk formula by studying the nutrition of breast milk. The Group has set up several breast milk banks as part of its strategic plan to obtain deeper scientific understanding of the nutritional benefits of breast milk for newborns and young children. By performing studies on the composition of breast milk using a variety of samples, we are committed to creating milk formula that may meet the unique nutritional requirements of infants in the region's rural villages. Through intensive study into infant formula, breast milk, goat milk, and dairy products, Ausnutria is steadfastly dedicated and motivated to continuously improve our knowledge and product range. In the Netherlands, our R&D department dedicates to improve the comprehension of infant nutrition and to guarantee the creation of baby products that boast optimal nutritional merit, and we are eager to share our knowledge with healthcare professionals internationally and gain valuable insights on the production process that would help Ausnutria building better quality control to safeguard customer's health. In 2024, R&D and Marketing colleagues organised several 'Holland Tours', for health care professionals. In October, health care professionals from the Middle East visited the Netherlands and were introduced to our scientific programme. In this programme, we present our latest research and scientific findings on goat milk and the product formula. The health care professionals witnessed our production process, from animal care and milk production to quality control, in one of our specialised goat farm, and provided valuable insights on quality management in order to safeguard customer's health.



All Ausnutria products and promotional materials will go through a thorough assessment procedure that complies with the Group's branding requirements to guarantee that all product labels and statements provide impartial, accurate, and fair information. Before being distributed in the market, all items must obtain final approval in accordance with the requirements established by our distributors or the local brands in order to fully comply with local legislation and regulatory standards. In order to create transparent and well-organised processes for evaluating and approving marketing materials, Kabrita products have implemented a Compliance Management System that delineates the obligations placed on the many departments during the manufacturing process. The Voluntary Incidental Trace Allergen Labelling Program has continued to be actively participated in by Ausnutria Australia. Prior to making any declarations of our nutritional products being "allergen-free" on the product label, it is incumbent upon us to subject every ingredient to an exhaustive and rigorous allergen detection process.

EMPLOYEE WELFARE AND DEVELOPMENT

As a responsible and conscientious employer, Ausnutria complies with all applicable laws and regulations pertaining to employment practices in each of our operating locations. Child labour and forced labour are strictly prohibited within Ausnutria's operational control. In addition, our human resources department is in charge of closely monitoring the recruitment procedures to make sure that all potential hires are eligible for legal employment and to stop any infractions of employment laws. If any dispute arises, the management will be promptly notified, allowing the Group to make decisions that treat all parties fairly.



Starting from 2023, Ausnutria utilises “Strategy-Organisation-Talent” review model for its organisational and talent inventory system, further promoting the construction of leadership tiers. The Group has developed a full-chain approach that combines business, organisational, and talent strategies and considerations. This strategy not only deepens the talent pool, but also facilitates the optimisation and improvement of structures at all levels. Additionally, it lays out clear strategies for attracting, developing, and retaining key talent. The necessity of developing leadership skills and organisational capacity is widely acknowledged by managers, which helps improving their talent management strategies and elevating their level of proficiency in this crucial field. By continuously improving the internal training curriculum system, strengthening the construction and investment in learning resources, effectively utilising our “U Classroom Micro-Training Camp” digital learning platform, we aim to meet personalised learning needs of employees and enhance their general skills. In 2024, we organised Ausnutria business philosophy learning for all employees in Chinese, along with knowledge checkpoints and challenge activities. The Group continuously improved the application of headquarters’ qualification standards to improve professional skills. Results were confirmed by rank evaluations and certifications, which ensured compensation in line with skill, role, and value. Career pathways guided the process, which was based on those standards and capability assessments. Furthermore, a system for assessing cultural values was implemented, strengthening the group-ethos-based behavioural norms. The Group promotes a positive cultural environment with online comic promotions and role model employees, while driving the development of a high-performance culture through executive cultural workshops. By guiding daily employee behaviour and business practices to support strategic execution, these initiatives prepared the groundwork for Ausnutria’s upcoming strategic phase.

In order to keep our employees informed about the latest corporate developments and intelligence, Ausnutria engages with our employees by a variety of communication channels, such as email, newsletters, mobile applications, social media, and intranet systems. Ausnutria started using a monthly newsletter to inform its employees across all regions starting in 2022. In PRC, we continuously updates our employees through social media sites like WeChat and the customised mobile application (U享家). Forums are also frequently held for the induction of new employees, which helps us better understand their needs and expectations. In Netherlands, we launched new podcasts focusing on specific work-related subjects. Moreover, our bi-annual newsletter has been upgraded to a monthly newsletter for communications on a more frequent basis and boost engagement.

The Group values maintaining transparency and honesty in interactions between management and employees, and we encourage input on workplace experiences from staff members at all levels. To ensure effective communication between staff and management, our Workplace Communication and Consultation Policy, the Communication Protocol, and other documents accurately define the principles, rights, and obligations related to effective communication. To increase the efficacy of work collaborations, we arrange a combination of formal and informal meetings to encourage employees to share their job expectations, reservations, and ambitions for professional development. The Group is committed to cultivating a productive and dynamic working environment.

Surveys and feedback forms are established as communication mechanisms in Australia to receive employees’ responses. Internal email distribution is also used to inform staff members of company news. In the meantime, the Group has made an advanced intranet system available in the Netherlands, which enables staff members to stay up to date on the most recent developments within the Group, including updates on our governance structure and external collaborations. The intranet system was upgraded across the entire organisation. The intranet system had been upgraded throughout the organisation so that messages can be uploaded by not only the Communication Department in the headquarter, but also by designated employees at the various plants in 2023.



In the PRC, the Group regularly hosts orientation meetings to better understand the needs of new hires. In 2024, we also set up a direct mailbox for the CEO in public areas, encouraging all employees to voice their concerns and give their recommendations freely. To ensure that the information channel is secure and confidential, all received letters are directly forwarded to the CEO by designated personnel. Moreover, the Group conducted a comprehensive employee satisfaction survey in 2024 globally with the goal of objectively and transparently assessing areas for improvement based on suggestions from staff members. In the PRC, the satisfaction rating has achieved 3.38 out of 5. Our employees' active participation in these initiatives help us better understand what they expect from the Group and offer insightful suggestions on how to improve current employment practices. Ausnutria is eager to interact with our staff on a deeper level and plans to expand the survey's scope to include more subsidiaries.

In the Netherlands, we have set up official Works Councils in each of our operating locations to promote meaningful dialogue between management and staff. The Works Council represents employee interests and consultative and approval rights when important management decisions are being made in the formulation of Ausnutria's employment policies. The Works Council, which composes of seven people – including elected members and employee representatives – meets with senior management every two months to discuss issues and suggestions related to day-to-day workplace operations. Frequent meetings ensure that all subsidiary entities stay in sync with management decisions, corporate strategies, and day-to-day operations.

For handling situations in which workers might experience unfair treatment or conflicts while performing their daily duties, the Group has set up standard operating procedures. Employees have a duty and a right to notify their supervisor of any mistreatment, as stated clearly in the Employee Handbook and the Code of Conduct. The Group is committed to protecting whistleblowers by keeping their anonymity and responding to concerns within a predetermined time frame. Higher levels of management, including the HR department and the senior leadership team, will be consulted if their involvement is necessary for reaching a consensus. A specialised performance appeal and feedback mechanism has been established by Ausnutria in the PRC to expedite the management and resolution of conflicts or cases of mistreatment. A more efficient feedback process is made possible by this system's integration of online and in-person techniques.

Ausnutria is committed to supporting individual growth and enabling staff members to acquire new professional skills. A wide range of educational resources and materials are made available to employees. To ensure workers receive thorough, methodical training and supervision at work, annual training plans are implemented across multiple subsidiaries in order to maximise training resources and enhance human capital management. Additionally, all new hires will go through a comprehensive orientation training programme, which aims to equip them with the skills necessary for a smooth transition and a successful start in their roles.

To improve the competency and productivity of our employees at the workplace, a wide variety of training programmes are provided to employees at all levels, including:

- Standard Operating Procedure (SOP) training
- Health and Safety training
- Quality training
- Human Resources training
- External training (e.g. first aid training and software training)

In Ausnutria Australia, employees receive specialised training according to their seniority and role. Ausnutria Australia offers Certificate III courses in business management and leadership to help managers develop their managerial and leadership abilities. The Therapeutic Goods Administration mandates that operators receive periodic training as required. Additionally, Ausnutria provides 5S training to all production staff members to improve their workplace management skills. We firmly believe that providing a wide variety of learning opportunities speeds up our employees' professional development.

To achieve better learning effectiveness, Ausnutria Netherlands took advantage of the e-learning platform named “Dairy Academy”. From raw materials to technology application and production processes to quality monitoring of Ausnutria’s products, the platform offers online courses that teach practical knowledge. By using the platform’s learning resources and materials, staff members can gain operational expertise and apply them at work. Moreover, Ausnutria Netherlands has continued its commitment to invest in both leadership development programmes and comprehensive training programmes for employees at all levels. This year, Ausnutria Netherlands is intensifying this commitment by working towards a centrally organised training offering that focuses on both educative and personal development, with various trainings available at all levels, and the option of individual coaching.



For employees who are new to management level positions, we provide trainings on communication, strategy implementation, and talent assessment skills they need to reach their full potential, enhance their leadership, and support the organisation’s long-term growth. Divided into AB-PROJECT (澳藍計劃), MBA Class (澳橙計劃) and Pre-MBA Class (澳青計劃) projects for different levels of management, our trainings aim to cultivate a group of team leaders capable of improving operational efficiency and leading business innovation.

Ausnutria has set up a systematic staff appraisal system to evaluate each employee’s performance and promote their ongoing professional development. This system is intended to increase productivity at the individual, departmental, and organisational levels while also encouraging a sense of accountability among employees. Australia, the Netherlands, and the PRC have all employed the system. In the PRC, we have adopted an innovatively designed performance appraisal management model named “a+b+c+N”, with “a” focusing on ensuring employees’ basic salary security, “b” emphasising individual performance improvement, “c” targeting company performance enhancement, and “N” incorporating a series of incentives such as challenging tasks, cultural and business philosophy incentives, marketing, management, product and technological innovation incentives, recognition incentives, year-end bonuses, and excess profit awards, significantly enhancing the flexibility of departmental performance evaluations and compensation. For Bioflag specifically, a performance incentive system titled “Bioflag Business Performance Salary Management Measures” has been established to align with the factory’s probiotic manufacturing business.

This system aims to motivate employees to create value for the company, providing higher reward for better performance.

These various programmes together contribute to performance achievements by integrating experience across managerial, intermediate, and operational levels.



▢ MBA Class (澳橙計劃)



▢ Pre-MBA Class (澳青計劃)



EMPLOYEE HEALTH AND SAFETY

Ausnutria is dedicated to creating a safe and healthful workplace for each and every employee. To protect the health and safety of its workforce, the Group strictly complies with all applicable local occupational health and safety (“OH&S”) laws and regulations. The company periodically reviews and updates internal standards and procedures across all subsidiaries to ensure compliance with the most up-to-date regional and national regulations. Additionally, the Group has established pertinent health and safety instructions to help staff members fully understand their roles and responsibilities, and to remind employee of the importance of complying with our internal guidance.

To ensure that health and safety standards and procedures are carried out efficiently and conscientiously, Ausnutria has set up a health and safety committee or officer to supervise compliance at each manufacturing location. All employees working in upstream factories in the PRC are required to sign the “Work Safety Responsibility Acknowledgment.” This measure ensures that employees are aware of their roles and responsibilities. The acknowledgment also informs employees of internal policies and possible repercussions of any irresponsible behaviour.

Ausnutria has implemented emergency response and risk identification procedures for OH&S issues. To identify and reduce possible risks and hazards in our workplace, frequent internal and external risk assessments are carried out at the subsidiary level. The committee will review the inspection reports and, if required, take further action. The monthly risk assessment reports in the Netherlands are accessible to and reviewed by general staff in addition to OH&S-related personnel. This transparency helps to raise awareness of current blind spots and reduce recurrence of similar incidents. Additionally, since 2023, Ausnutria Netherlands put into effect the Additional Risk Inventory and Evaluation (“ARIE”) regulation, which outlines the protocols for handling the aftermath from serious incidents involving hazardous materials on-site. In addition to conducting frequent site inspections and risk assessments to examine new machinery and manufacturing processes, the Group continuously reviews and updates its SOPs in Australia. To prevent any irregularities during major holidays like Chinese New Year and the Mid-Autumn Festival, the PRC’s management conducts comprehensive inspections before holiday breaks. Coverage of these inspections include waste treatment, hazardous chemical use, fire safety, and site safety. Additionally, production sites undergo yearly external inspections. Ausnutria will continue to pay close attention to its operational compliance to OH&S procedures in order to reduce occupational hazards and risks, protecting safety of our employees.

The Group firmly believes that preventing miscommunication between departments and employees can help prevent accidents. Ausnutria has established OH&S Meetings among its subsidiaries to promote effective and proactive communication on OH&S matters. In Australia, safety representatives from different departments gather at the OH&S Meetings every two months. These gatherings promote collaboration between various departments with the goal of enhancing OH&S management and progress.

The Group provides guidance and necessary information to staff members to appropriately handle OH&S incidents in a professional manner. Safety drills and OH&S training sessions are organised to accomplish this. In 2024, all employees at Ausnutria Netherlands, especially employees working in the factories, receive trainings regarding safety on the workforce on a regular basis. Standard operating procedure trainings are held annually in Australia. Related staff members can also take advantage of specialised OH&S training sessions that cover a variety of subjects, such as fire warden, first aid, injury, hazard and incident reporting, etc. In the PRC, fire safety, food safety, and production safety trainings all followed the Group’s standard procedures.

Emergency drills are conducted periodically to prepare employees for emergency situations. Monthly training sessions on on-site safety regulations are also delivered for logistics service providers, while part-time safety officers receive safety management training every four months. In 2024, we held several occupational safety-related activities, including fire safety fun sports day, health and safety knowledge competition, and safety home visits. The Group also provides free yearly health examinations for employees, along with medical interpretation of the findings. Through a variety of OH&S initiatives, the Group seeks to ensure the safety and health of our workforce by enhancing employees’ preparedness to handle possible risks and emergencies.



Ausnutria believes that mental well-being is just as important as physical well-being and safety. As a result, the Group is committed to supporting workers' mental health through various initiatives. In Australia, the Group launched the Employee Assistance Programme, where employees can call for professional assistance during private counseling sessions. In Ausnutria Netherlands, employees are strongly encouraged to speak with their counselors about any concerns regarding bullying, harassment, violence, aggression, discrimination, and conflicts with superiors. Counselors are equipped to provide advice and, in more severe situations, to take escalating actions, ensuring that every worker has easy access to a trusted confidant in case of need. In the PRC, the Group hosts yearly counseling sessions to educate employees on subjects such as stress management and mental wellness.

Case Study

Organising Employee Indoor Football Night

Ausnutria Netherlands started the new year with sports activities. Our colleagues participated in an organised indoor football night. Sports activities after work presents a nice opportunity for colleagues to get to know each other better outside of the formal work environment. With laughter, competition and teamwork, our colleagues worked together to get off to a healthy start for 2024.



Case Study

Healthcare Needs of Our Employees



Employee health is the cornerstone of corporate development. In 2024, Ausnutria's labour union, in collaboration with Xiangjiang Aier Eye Hospital, organised a employee health care event focused on eye health. The event aimed to raise awareness about the importance of eye health, promote eye care knowledge, and provide professional eye examinations for employees. The event attracted over 150 employees to participate. Ausnutria will continue to prioritise the physical and mental well-being of its employees, offering more diverse and thoughtful health services in the future.



Through a number of programmes, Ausnutria has maintained a safe and sanitary workplace. In addition to regularly sanitising all office and production areas, the Group puts forward particular measures in place that are suited to the local conditions and laws of each operational region. We have a remote working policy in Australia and the Netherlands, as well as options for working from home and rotate staff schedules, in order to prioritise the well-being of our employees. We also offer educational posters and trainings to raise staff awareness of the value of proper personal hygiene practices.

DIVERSITY AND INCLUSION

Ausnutria actively promotes diversity and inclusion in the workplace, recognising that these principles are crucial for achieving sustainable and dynamic business growth. We are committed to creating a just, harmonious and fulfilling workplace where all employees are treated with the utmost respect, confidence, and encouragement.

Our regional Code of Conduct and Employee Handbooks provide clear guidelines for our values and standards, as well as the conduct expected of our employees. These documents contain policies and procedures that provide guidance to our subsidiaries on how to handle employment-related issues, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, training and development, OH&S, as well as other welfare and benefits. To ensure all information is readily available and widely shared among our employees, we utilise a variety of communication channels during the onboarding process or whenever updates are available.

The Group treats each employee equally and transparently, upholding the values of meritocracy and non-discrimination. All regional teams are required to adhere to a set of standard operating procedures that govern our hiring process. To keep up with changing industry standards and regional mandates, these processes are reviewed and updated on a regular basis. To maintain a varied candidate pool, we use a range of recruitment platforms on top of traditional channels. In the Netherlands, Ausnutria participated in the WUR 2024 Career Day of the Wageningen University, holding enthusiastic conversations with talents from Wageningen University & Research, in order to match talents in the field of Life Sciences. In the PRC, the Group held an annual Management Trainee Programme to bolster our talent reservoir in 2024. We recruited graduates with significant potential, providing them with a range of resources to develop specialised skills in food manufacturing industry. Participants in our Management Trainee Programme are mentored by the senior management to make sure they are well-prepared to take on pivotal roles and drive Ausnutria forward in the future.

By providing competitive compensation packages and attractive benefits, Ausnutria recognises and honours the efforts and contributions of its staff. Depending on their rank, position, and years of service, employees are eligible for different types of leave, bonuses, allowances, and subsidies. In the PRC, the Group provides regular meal subsidies, along with celebratory gifts or subsidies for birthdays, holidays, and during customary celebrations like the Mid-Autumn Festival and the Lunar New Year. Special anniversary gifts are given to employees who have been with Ausnutria for five, ten, fifteen, or twenty years. The Group also has gym open to all employees and has hired personal trainers to help our employees stay healthy. In Ausnutria Netherlands, employees are given opportunities to participate in various sports events with Ausnutria paying for their registration fees and sports shirts. This year, employees have benefited from our ongoing sponsorship of sc Heerenveen, attending multiple matches in the football stadium in Heerenveen.

Ausnutria is committed to fostering an inclusive workplace that accommodates workers' various needs while preserving a seamless and effective operation. We are actively working to create a family-friendly culture throughout the Group as we understand the importance of family bonds. The Company has implemented flexible arrangements at the subsidiary level to better support our employees' work-life balance and give them more time with their families. In the PRC, the Company is aware of the difficulties faced by workers who are geographically separated from their spouses. For employees who are unable to reunite with their family during public holidays due to long distance, we provide six days of family visit leave that can be spent separately or altogether.



Case Study

Bonding Time in Ausnutria's Family Carnival



The Ausnutria Family Carnival is not only an annual highlight for Ausnutria but also a joyful platform created for every family. Through this event, we aim to bring parents and children together to share in the happiness of growth and the warmth of family moments. In 2024, we held the event on Father's Day, and organised T-shirts painting activity for kids to show their love to their fathers. The event features various games and activities, which attracted active participation of over 100 Ausnutria families

In 2024, Ausnutria's unyielding commitment to creating a supportive and inspiring working environment for employees was recognised by The Economic Observer with 2024 Happy Enterprises – Best Employer Top 30 award.



Additionally, Ausnutria is committed to making the workplace female-friendly and mother-friendly. The organisation provides flexible work schedules and breastfeeding facilities. In the PRC, every female employee who has a child under a year old is entitled to an hour breastfeeding break each day. On special occasions, the Group also gives its employees the chance to get together with their families. For instance, working parents are urged to bring their kids to work on Children's Day so they can play family-oriented games together.



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Better
Nutrition





Focus Areas

Product
Innovation

Customer
Engagement

Product
Quality &
Food Safety

Ausnutria makes every effort to innovate its product and give customers safe, high-quality products. Its goal is to provide all of its customers with the safest, most reliable products with the best nutritional profile. By offering up-to-date health and nutritional information, gathering feedback via a range of communication channels, and protecting customers' rights, the Group maintains a solid customer relationship. With rigorous and selective screening criteria and procedures ensuring business relationships only with partners who share its values, Ausnutria also forms strategic alliances with distributors and suppliers to ensure our sustainable standards are closely followed throughout the whole value chain. To fulfill our social and environmental obligations and attain mutual success, Ausnutria seeks to work together with all of our business partners.

KEY HIGHLIGHTS IN YEAR 2024

- Hyproca Hollory comprehensive nutritional formula milk products was recognised by the Chinese Institute of Food Science and Technology as having achieved “**international advanced**” standards in formulation and technology
- Kabrita IMF**, as the world’s first goat milk based infant formula that meets the US FDA nutrition and safety requirements, **is now fully launched in the US market in January 2024**
- Continued to invest over RMB100 million in the **R&D of new products and launched 15 new products**
- Collaborating with external academia partners by launching a **three-year infant feeding research project**
- Published **74 research paper and scientific article publications** in total
- Shared **latest research findings in** science and innovation conferences regarding nutrition and received positive feedback from industry peers
- Maintained strategic partnership with renowned universities**
- Maintained **100% of Ausnutria’s goat farmers** participated in the Sustainability Programme
- Organised **forum** to drive probiotics industry development in the PRC
- Participated the **7th China International Import Expo** to provide distributors with practical knowledge and awareness of the Group’s dairy and nutrition solutions



PRODUCT INNOVATION

To support its ongoing growth, Ausnutria consistently invests in research and development. The company is particularly interested in developing lactose-intolerant-friendly products, improving formula recipes, and increasing the nutritional content of its product line. More than 200 R&D specialists work for the company, who are located in the PRC, the Netherlands, and Australia. We spent over RMB100 million on new product research and development in 2024 to keep our product current with market trends. In 2024, Ausnutria updated its formula offerings in the Chinese market to maximise consumer benefits. Among its three main business areas, Cow Milk Formulas, Goat Milk Formulas, and Nutrition Business, the company is proud to have launched 15 new products. In 2024, the Group has continued to enrich an impressive portfolio by applying for 24 patents, with 22 authorised patents. In 2024, the Group has also collectively contributed 56 research papers to the body of knowledge in the field. In 2024, Ausnutria applied for 220 trademarks in total, and registered for 134 trademarks.

The Group reached several R&D milestones and kept expanding its product line in 2024. Under its brands, including Kabrita, Hyproca 1897, Aunulife and Nutrition Care, Ausnutria introduced a variety of new products. Scientific research is highly valued by Ausnutria, especially in the area of nutritional health. In 2024, the Group achieved notable advancements in a number of scientific studies. In addition, Ausnutria has supported research projects in partnership with universities in Australia, the PRC, and the Netherlands, indicating the Group's continued commitment to R&D.

Natural, effective, and convenient probiotics and dietary supplements are seeing rapid growth. Bioflag is focused on developing high-quality new dosage forms for probiotic products. One notable example is the Little Orange Box of Aunulife ShouHu (愛益森首護), a toddler probiotic launched in partnership with the Aunulife brand, which received positive consumer feedback and ranked first in the baby probiotics category on the PRC's online platform Tmall. Additionally, the NC Seasonal Biotic Synbiotic Mix (NC舒鼻益生菌), created in collaboration with NC, has become a popular choice for allergy relief on Tmall. The Bioflag Group has also introduced a probiotic powder under the Changweixiao brand (常維効牌) that benefits from a comprehensive industry chain, including proprietary strains, certification, and manufacturing facilities.

In January 2024, The Kabrita infant formula goat milk powder (for 0–12 months) officially launched in the US market. Additionally, this action speeds up Kabrita's operations in the United States, advancing its worldwide expansion to unprecedented levels. The formula has passed the review by the US FDA in 2023 after extensive research and collaboration between Kabrita's American and Dutch teams. The product was marketed in the US as the world's first goat milk-based infant formula that has fulfilled US FDA nutrition and safety requirement. With Kabrita infant formula reaching the shelf, the full line of Kabrita infant and toddler formula goat milk powder are now available in the United States, further enriching the feeding options for local families. This marks a significant milestone in Ausnutria's breakthrough in the global market with goat milk as well as the Group's future international expansion.

Annual investment in the R&D of new products:



Highlight of New Products Announced in Year 2024



Kabrita Glossom (晶綻), Kabrita Jingcuiyuebai (晶萃悅白) and Kabrita Yueqi (悅啟)

With the small molecules and duo organic lactoferrins of organic goat milk, Glossom (晶綻) will set the standards in the “Ultra Premium+” IMF market with a completely organic formula that strengthens both absorption and protection. Jingcuiyuebai (晶萃悅白) offers infants “Duo Lactoferrin + 10x Human Milk Oligosaccharides (“HMO”)-like nutrients” for complete and superior double protection. With the most comprehensive DHA formula and 20 major active nutrients for the brain, Yueqi (悅啟) leads the market by enhancing intelligence in ten key aspects.

Hyproca 1897's Huanzhi (歡致)

Huanzhi (歡致) broke into the autoimmunity market and drove new growth with its “Breastmilk Osteopontin (OPN) + Lactoferrin” protection. Two types of rare active proteins, six key self-protective nutrients, and nucleotide patent technique work together to safeguard intestinal absorption, helping babies establish an internal defense barrier. Apart from meticulously researched formulas and key technologies, Huanzhi also maintains its commitment to sourcing. It selects pure milk from grass-fed cows in the Canterbury Plains, renowned as the “golden milk source” of the world.



Kabrita Beibeigao (貝貝高)

In February, Kabrita officially launched a new toddler goat milk powder product focused on children's bone nutrition – Kabrita Beibeigao. The core advantage of this formula is the “8x CBP Skeletal Growth Factor.” Additionally, Kabrita Beibeigao contains 900 mg of calcium per 100 g, which significantly exceeds the national standards for calcium addition in formulated milk. It also features a special combination of “Vitamin D + Vitamin K2” to enhance calcium absorption. Together, these four nutritional components work synergistically to provide better nutritional support for children's growth.



Hyproca Hollory Jade (荷致翡翠)

As the first imported organic A2 protein* milk powder from the Netherlands, the Jade version of Hyproca Hollory (荷致翡翠) has received certifications for both pure organic milk sources and rare A2 protein* milk sources. In order to give the next generation of parents a comprehensive, cutting-edge, and scientific feeding solution, it also contains six premium natural autoimmunity nutrients.



Ausnutria's Five Major Research Findings Presented at Industry Events to Exchange Opinions on Innovation and Development



During the 30th Annual Meeting of the China Dairy Products Industry Association, Ausnutria released its first industry publication, “Guidelines for Nutritional Intake During Pregnancy and Postpartum.” This guide aims to provide consumers with scientific insights into lifestyle and nutritional intake during the perinatal period, empowering maternal and infant nutrition and health. Based on research findings from a decade-long strategic partnership with Peking University Medical School, the guidelines utilise scientific knowledge and effective methods to disseminate professional healthcare knowledge related to pregnancy and postpartum care.

At the 2024 Functional Food Industry Conference held in Shanghai, “2024 Probiotics Industry White Paper” was published with Ausnutria’s Bioflag, as a major contributor. The release received widespread attention from attendees. The white paper outlines the probiotics industry, covering aspects such as industry overview, new product launches, online market conditions, consumer insights, and development trends. It provides an in-depth analysis of the current state of the functional food and probiotics industries, helping professionals better understand industry dynamics and development opportunities, and further promoting the healthy growth of the probiotics sector.

At the 29th Congress of the Chinese Paediatric Society held in Xi’an, China, Kabrita’s representatives shared research findings on the feeding effects of Kabrita goat milk powder with the attending experts and scholars. These studies cover various aspects, including enhancing immunity and reducing the likelihood of sensitivity in babies. Notably, a clinical study conducted in collaboration with Peking University Medical School confirmed that infants fed with Kabrita goat milk powder had a 42% lower chance of developing sensitivities. Another result, verified by a GLP-certified laboratory in China, also demonstrated a significant improvement in protective capacity for the group fed with Kabrita goat milk powder compared to the control group.

At the 18th Perinatal Medicine Academic Conference, Kabrita focused on the mental health issues of pregnant and postpartum women. We highlighted the “Dietary Nutrition and Mental Health Research during Pregnancy and Postpartum” research, led by the School of Public Health at Zhejiang University and supported by the Ausnutria Kabrita Nutrition Research Fund. The study systematically reviewed existing evidence on dietary nutritional support for perinatal mental health and summarised the effects of dietary practices in promoting the mental well-being of pregnant and postpartum women.



Ausnutria firmly believes that a company’s competitive evolution is supported by continuous innovation in scientific research. In order to support the high-quality development of the PRC’s nutrition industry, Ausnutria will continue to carry out science-led R&D while working to incorporate the results of scientific endeavours into products.

R&D talent is actively fostered by the Group. Since the Ausnutria National Postdoctoral Programme was launched in 2016, the Group has hired PhD researchers to carry out food and nutrition research and assess the viability of incorporating research findings into new product development. The Group promotes the real-world implementation of scientific theories in its products through its corporate strategy and talent career advancement approach. The Ausnutria-Kabrita Nutrition Research Fund was created by the Group in 2020 with the goal of improving the nutritional health of newborns and the elderly. This programme promises to support maternal and infant nutrition research in the PRC by offering a one million RMB research grant each year. In October 2024, we successfully held the mid-term and exit report meeting for Ausnutria postdoctoral researchers at the global headquarters in Changsha, with multiple renowned academic researchers and business leaders attending the meeting. This event marked another significant achievement for Ausnutria in talent development and research innovation. One postdoctoral researcher successfully completed their exit report, while two others passed their mid-term assessments.

- On 27th to 29th May, Ausnutria was granted '2024 Dairy Industry Association Science and Technology Innovation Enterprise' award for its continuous pursuit in technological advancement and sponsorship on students' research. During the conference, Ausnutria invited several researchers to share the latest findings with industry affiliates, hope to stimulate scientific and technological innovations.



China National Accreditation Service (“CNAS”) for Conformity Assessment conferred and subsequently renewed the Laboratory Accreditation for Ausnutria’s testing centre in Changsha city, the PRC in 2023.

In order to access a vast network of resources, insights, and expertise, the Group continues to work with esteemed universities, research institutions, industry partners, and contract manufacturers for nutritional studies and creative product development. The Group’s partnership with Wageningen University for the “ReThink Waste Challenge” in the Netherlands demonstrates our commitment to sustainability and innovation. Ausnutria is dedicated to working with academic partners to develop nutritional studies and future-proof products, utilising the experience of our R&D team. The Group has kept up strategic alliances with outside expert organisations in the PRC, such as Jiangnan University, Peking University, Nanchang University, Central South University, and the Hunan Association for Science and Technology. In October 2024, Ausnutria officially received approval from the Jiangsu Provincial Department of Education to establish a graduate work station in collaboration with Yangzhou University. In December 2024, Ausnutria has officially launched a three-year infant feeding research project in collaboration with Peking University Medical School. The research will focus on the Hyproca series of products, conducting scientific tracking of key feeding indicators. The aim is to provide authoritative research findings for the industry, offering a scientific basis for the design of infant formula, promoting innovation and development in the sector, and ensuring sufficient nutritional and health support for infants during critical growth stages.

Additionally, in 2023, Ausnutria opened the Changsha National Provincial Academic Society Service Station and the Changsha Expert Workstation. In order to expedite the transformation of scientific and technological advancements into useful applications, the expert workstations will continue to concentrate on scientific research in the areas of dairy and nutritional health. Since 2023, Ausnutria has been putting resource into the Probiotics industrialisation Production Demonstration Line at Bioflag’s Jiangsu Huai’an Probiotics Smart Factory, utilising its probiotic research experience and collaborating with Jiangnan University. The facility aims to lead the world in the production of smart probiotics by producing 33 different types of probiotic powder each year. This project focusing on probiotics will continuously support the growth of Ausnutria’s health segment and raises Bioflag’s probiotics R&D stature.

**Case
Study****Established “Ausnutria Nutrition Institute”**

In October 2020, the Ausnutria Nutrition Institute was established as a separate scientific organisation in the Netherlands with the mission of disseminating scientific information about infant nutrition and the ingredients in goat milk. The Institute actively collaborates with universities, research institutes, and scientists around the world to promote the creation of evidence-based products and enhance children’s health and welfare. In addition to joint research projects, the Institute benefits from the counsel of a scientific advisory board that includes global experts in a range of fields.



To facilitate the distribution of the Institute’s findings to professionals in health and nutrition, a dedicated website has been established. Moreover, in 2024 our colleagues from Ausnutria Nutrition Institute presented two abstracts (scientific articles) at the ESPGHAN (European Society for Paediatric Gastroenterology Hepatology and Nutrition) regarding gastrointestinal complaints in babies and the role of goat milk bottle feeding.

**Better Nutrition through the Study of Breast Milk**

For newborns and young children, breast milk is the most important source of nutrition for growth and development, supporting their early development and health. Ausnutria is a dedicated supporter of breastfeeding and is involved in several studies on the nutritional value of breast milk. At the same time, Ausnutria is equally committed to improving infant formula’s nutritional value. The breast milk bank, one of Ausnutria’s strategic initiatives, was established to improve its understanding of the nutritional makeup of breast milk for infants and young children in the PRC. So far, several breast milk data banks have been established to support significant scientific research.



Case Study

Ausnutria Showcased Multiple Significant Research Findings at the 3rd China Breast Milk Science Conference

With strong capabilities and significant contributions in the field of breastfeeding research, Ausnutria has become one of the strategic partners at the conference. Ausnutria's maternal and infant nutrition research team represented the only domestic enterprise at the event, sharing the latest findings on breastfeeding, which garnered considerable attention in the industry.

During the conference, Dr. Peng Xiaoyu, senior manager of dairy research, presented the report titled "Comprehensive Nutrition Research on Breast Milk and the Digestive Absorption Characteristics and Efficacy Evaluation of Infant Formula." Ausnutria introduced the innovative "Pro59 comprehensive nutrition formula" through technologies such as breast milk oligosaccharide simulation, breast milk fat simulation, and protein "double hydrolysis," successfully applying it to the Hyproca Hollory series of comprehensive nutritional formula milk products. Associate Professor Zhang Chenchen from the School of Food Science and Engineering at Yangzhou University discussed the topic "Screening and Functional Research of Probiotics in Breast Milk from Central and Southern China." This research identified and preserved a batch of lactobacilli sourced from Chinese mothers and infants, verifying the strains' probiotic functions both in vitro and in vivo. The work lays a solid foundation for the localisation development of probiotic strains for infant foods in the PRC.



Dr. Peng Xiaoyu presenting Ausnutria's latest research finding at the 3rd China Breast Milk Science Conference

To steer the R&D endeavours in the Netherlands, in 2020, the Group initiated three five-year R&D programmes, each with distinct principal objectives. The roadmap undergoes quarterly revisions to ensure that all activities are aligned with the Group's current business strategy.

Nutrition Research Programme 2020-2024

- Leading research in support of the global R&D strategy;
- Providing nutritional support to internal stakeholders;
- Maintaining and expanding relevant scientific network and footprint; and
- Initiating and supporting clinical studies to further substantiate goat milk efficacy as a source of nutrition in various target markets.

Innovation Roadmap 2020-2024

- Developing and introducing new products under Kabrita, including Kabrita Junior, Kabrita Mama and Kabrita Family.

Processing Research Programme 2020-2024

- Optimising the use of resources through developing new processes to ascertain the availability of required raw materials, and to valorise side streams for both existing ingredients and the foreseen growing needs; and
- Creating new and innovative ingredients with value to the Group to allow the development of next-generation products.

Intellectual Property Management

Ausnutria places a high value on protecting intellectual property rights and monitoring both internal and external innovation. The Group has put in place an enterprise intellectual property management system along with legal-compliant procedures. The supervision of intellectual property rights and the registration of all brands and logos used on product packaging fall under the purview of particular departments. In addition, the Group has created an intellectual property handbook for staff members to improve their knowledge and comprehension. In 2024, we introduced Ausnutria Intellectual Property Management Policy to standardise the management of intellectual property within the Group. The Group was recognised for its relevant strategy, execution, assessment, and continuous improvement practices as we passed the on-site audit for re-certification of the PRC's national standard for enterprise intellectual property management (GB/T 29490-2013) in 2023. Ausnutria also received the 2024 Intellectual Property Award (Patent Navigation Analysis) by the government of Wangcheng District, Changsha City, the PRC and was ranked among the "Top 50 New R&D Institutions in Changsha City" by the government of Changsha City, the PRC.



□ Certification of Enterprise Intellectual Property Management (GB/T 29490-2013).

CUSTOMER ENGAGEMENT

Ausnutria persists in improving its customer relations through active participation in diverse social media engagements and interactions. Utilising these communication platforms, the Group gains a streamlined and impactful method to engage with customers, raising their awareness about scientifically proven information concerning dairy and nutrition products.

Social media serves as a crucial tool for Ausnutria to engage with its customers effectively. In the PRC, the Company's key dairy brands, such as Kabrita, Hyproca 1897, Allnutria, and Nutrition Care, actively manage and update their own WeChat and Weibo channels. These channels play a vital role in promoting the Group's products and marketing campaigns. They also serve as platforms where parents, expectant parents, and customers can exchange experiences and knowledge about infant care, provide feedback, and seek product-related information. Ausnutria upholds the responsibility of ensuring the accuracy and credibility of information shared on social media, particularly focusing on safeguarding parents and children from potential risks. The supervision of these online platforms is directly overseen by the Group's team of professional nutritionists.

Kabrita has introduced the HCP Kabrita Natural Comfort Programme, aiming to offer natural comfort to healthcare professionals worldwide, mirroring the comfort that Kabrita products bring to infants and mothers. This programme grants healthcare professionals access to educational resources through audiobooks and augmented reality learning tools. Furthermore, it includes giveaways like goat wool socks, smart wristbands, hand cream, sleeping masks, and cookbooks showcasing recipes that include goat dairy ingredients.

Integrated Marketing of Kabrita X Xiaohongshu's "Human Infant Caretaking" IP

Ausnutria has introduced the "Human Infant Caretaking" IP initiative in collaboration with Xiaohongshu, spanning from September to December 2024, with the goal of engaging and educating mother and baby consumers on milk selection and feeding practices. This long-term partnership featured interactive activities with the hashtag #Breaking the Gap in Milk Selection Information, encouraging active participation and knowledge sharing among users. Moreover, the programme showcased high-quality product recommendations through various lifestyle circles such as beauty, fashion, outdoor, enriched upbringing, and workplace, creating a trend around "Goat Milk Feeding" and enhancing the brand's upscale image. Complementing this, the collaboration with Kantar resulted in the publication of the "Human Infant Feeding Guide: 2025 Infant Formula Feeding Trend Report", offering in-depth insights into the feeding preferences and pain points of new-generation parents. The campaign's success was evident in its substantial reach, with over 300 million exposures and 51 million page reads on Xiaohongshu, ultimately driving a notable 624% increase in Kabrita's brand search volume. The endorsements and recommendations from opinion leaders across different lifestyle segments, along with the support of over 400 medical and nutrition professionals, further solidified Kabrita's position as a leading brand in the goat milk feeding trend, backed by testimonials from numerous satisfied mothers.

Integrated Marketing of Kabrita X SpongeBob IP

In a strategic collaboration from October to December 2024, the Company partnered with the iconic SpongeBob cartoon IP for a co-branded initiative during the Double Eleven period, emphasising the synergy between SpongeBob's "King of Ocean Absorption" and Kabrita's emphasis on "Good Absorption, Better Nutrition". This partnership resulted in the creation of exclusive IP peripheral gifts and a diverse range of online and offline marketing activities, aimed at enhancing brand visibility and establishing Kabrita as a premium brand in the goat milk product market. The campaign effectively communicated the unique selling points of Kabrita goat milk powder, highlighting its easy absorption and nutritional benefits, with an expected reach of over 160 million impressions on various new media platforms. Furthermore, Kabrita's strong performance during Double Eleven underscored its market leadership in goat milk powder sales across key e-commerce platforms, reflecting its commitment to quality and nutrition within the infant feeding sector.



Protecting Customer Interests

Ausnutria places a strong emphasis on employing responsible marketing and communication strategies as the foundation of its sustained success and rapid expansion. Adhering to the guidelines set forth by the World Health Organisation, Ausnutria abstains from advertising stage 1 (0-6 months) infant formula. Moreover, in compliance with existing regulations, the promotion of stage 2 (6-12 months) infant formula is also refrained from in the PRC market. Notably, the Ausnutria Marketing Policy for Infant Formula in the Netherlands underwent an update in 2022 to align with the Group's latest strategy and customer expectations, superseding the original Marketing Policy established in 2020.

Ausnutria upholds the standards of accuracy, fairness and impartiality in product labelling and claims through a meticulous assessment process aligned with the Group's branding principles. All products and promotional materials undergo this thorough evaluation and necessitates final endorsement from distributors or local brands before market release. Throughout the period, Kabrita introduced the Compliance Management System, delineating clear protocols for reviewing and authorising marketing content, alongside defining the duties within pertinent departments. Furthermore, Ausnutria actively engages in Australia's Voluntary Incidental Trace Allergen Labelling Programme, executing comprehensive allergen evaluations for all ingredients in nutritional items before asserting any "allergen-free" claims on product labels.

Ausnutria acknowledges the increasing significance of safeguarding customer data privacy. The Company has implemented an internal policy concerning customer data and privacy, which outlines clear directives for handling personal information belonging to employees, business partners and customers. Regular communication and training programmes, such as sharing information security tips and procedures through bulletin boards and posters, aim to improve employees' understanding of internal privacy practices. The internal audit department of the Company oversees consumer data protection efforts, assessing the adherence of the Board, senior management, officers and employees against all applicable policies, standards, procedures, laws and regulations related to customer data privacy on a consistent basis. When consumers register as members within any Ausnutria business segment, they are required to agree to the "Membership Service Agreement and Privacy Policy". In the PRC region, a data security classification system has been established, structured according to varying levels. To comply with the European Union's (EU) General Data Protection Regulation (GDPR) in 2024, privacy statements elucidating the steps taken to safeguard the personal data of customers, business affiliates, and other users are published on the Dutch and European Kabrita websites. Throughout 2024, Ausnutria sustained an internal information security initiative known as "Herken, Herkauw, Handel" ("Recognise, Ruminant, Act") in the Netherlands, aimed at promoting adherence to essential rules for securing information and data. This campaign seeks to enhance employee awareness and bolster their knowledge in identifying and addressing risks associated with data security.

In Year 2024:



176 Complaints related to product received, which is **31%** less than 2023

Maintained **0** Complaints related to services received

PRODUCT QUALITY AND FOOD SAFETY

Ausnutria places a strong emphasis on the health and safety of its customers. To guarantee that its products adhere to strict quality and safety standards, the Group has established thorough quality control guidelines. These guidelines are ingrained in every stage of the production process, encompassing raw material procurement, manufacturing processes, and product delivery. They are designed to ensure compliance with all relevant laws and regulations, underscoring the Company's commitment to upholding elevated production quality standards.

Drawing from past experiences, particularly during the previous pandemic, Ausnutria has developed the capability to adopt a dual approach to maintain a consistent product supply throughout the year. This strategy involves swiftly responding to emergencies while also maintaining close communication with international facilities, a crucial aspect in coordinating export production effectively. Furthermore, the Group expedites its manufacturing process to guarantee a steady provision of its dairy products.

Product Safety Management

The Group's production facilities hold certifications from internationally renowned safety management systems and maintain stringent quality benchmarks. These certifications encompass the BRC 8 Global Food Safety Initiative (GFSI) certification, FSSC 22000 Food Safety System Certification, ISO 9001 Quality Management System, Hazard Analysis and Critical Control Points (HACCP) System, and GMP+ Good Manufacturing Practices. Furthermore, the production line in the Netherlands has been granted COKZ certification for its newly established ultrafiltration facility located in Heerenveen.



Kabrita goat milk formula maintains efficient quality management and is certified for multiple international food safety standards.



COKZ Netherlands
Controlling Authority For Milk
And Milk Products



GMP+ Feed Safety
Assurance



Hazard Analysis and Critical
Control Point (HACCP)
Certification



BRC 8 – GFSI



Qlip kwaliteitsborging in
agrofood



FSSC 22000 – GFSI



Kwaliteit c quality assurance
scheme of the Dutch Goat
Dairy Organisation (NGZO)



FDA – U.S. Food & Drug
Administration



IFS Food – International
Featured Standards Food

Safeguard product quality and safety at all stages of production

01

Sourcing and storage

- Stringent supplier selection
- Regular supplier assessments and audits for crucial product ingredients
- High-standard warehouse management for raw and packaging materials and finished goods
- Training for employees involved in warehouse management



02

Production process

- Standardised quality assurance procedures and protocols
- In-process quality control tests and final inspections
- Laboratory checks for all products according to internal and national requirements
- External regulatory inspections on the local legal requirements of each distribution market for dairy products



03

After entering the market

- Regular and random product inspection
- Traceable product information
- Continual optimisation for quality management systems



04

After sales

- Multiple customers communication channels
- Effective complaint procedures



Our customer service team promptly investigates and categorises complaints based on their severity level. When required, issues are escalated or referred to other departments for senior guidance or inter-departmental cooperation. We systematically record all complaints for future reference and analysis to avoid repetitions. Additionally, Ausnutria conducts routine trend assessments to pinpoint areas for enhancing food quality and safety. Moreover, Ausnutria closely tracks customer satisfaction levels and administers quarterly and annual surveys in the PRC through various means like phone calls, emails, and face-to-face interactions. Our subsidiary brands, such as Kabrita and Hyproca, have instituted internal protocols for handling customer complaints. To gather feedback from a global audience and offer timely responses, Ausnutria leverages online platforms like WeChat, QQ, and its website, integrating AI technology and multimedia components like images and animations.

Product Traceability Management and Product Recall Procedures

In the event of identifying unsatisfactory conditions during inspections or post-purchase, the Group promptly takes action by conducting trace-back investigations. A digital recording system is utilised to manage product details for each batch, encompassing logistics coordination, manufacturing steps, and raw material specifics. Moreover, QR codes on product packaging enable customers and external entities to access manufacturing insights like test results and logistics particulars, promoting transparency and traceability. If a product recall becomes necessary, Ausnutria meticulously traces the entire supply chain, production lines, and distribution channels to retrieve all substandard or unsafe products. To prevent future occurrences, incident reports are compiled and presented to management. In cases of quality concerns or potential safety risks in our products, we swiftly initiate recall procedures to ensure that problematic items are managed effectively, fostering a secure and reassuring consumer environment.



Responsible Marketing

In order to guarantee equity, precision, and neutrality in product labels and declarations, Ausnutria enforces a thorough assessment procedure for all products and promotional content, aligning with the Group's branding standards. Prior to market distribution, all products undergo a final authorisation step to confirm adherence to local statutes and guidelines. Kabrita has instituted a Compliance Management System that delineates the duties and obligations of every department engaged in the manufacturing process, ensuring systematic procedures for reviewing and authorising marketing content. Moreover, Ausnutria Australia has remained engaged in the Voluntary Incidental Trace Allergen Labelling Programme. Before designating any products as 'allergen-free', we conduct exhaustive and rigorous allergen assessments for each ingredient across all nutritional products.

In developing customised marketing strategies, we engage in thorough research on product branding, target locations, and consumer preferences. To execute precise marketing campaigns in the realm of digitalisation and intelligence, we have adopted a membership-based approach and integrated quality tracking technologies. For instance, our online dynamic QR code traceability system enhances our ability to provide superior quality assurance and tracking functionalities.

From our inception, we have dedicated ourselves to enhancing our footprint in the Chinese market by harnessing worldwide resources. Our objective is to manufacture top-notch dairy goods across the complete production spectrum, guaranteeing that Chinese consumers can enjoy premium products sourced globally. Moreover, we persistently push the boundaries of innovation in R&D, be it in the domain of vital nutrients, packaging designs, or formulations. Continuous innovation remains crucial for providing outstanding products to our clientele. We emphasise the importance of team development, nurturing a culture of creativity, and cultivating a robust execution capacity within our team. This approach enables us to function more effectively as a unified entity.

Ausnutria is dedicated to developing and supplying nutritious and safe foods for infants and young children on a global scale. To underscore this dedication, we have instituted a programme that emphasises responsible labelling and marketing practices, with a significant emphasis on providing precise health information. We have introduced an internal policy termed as “Ausnutria’s Policy for the Marketing of Infant Foods”, which is applicable to all marketing activities concerning relevant products, encompassing infant and follow-on formula items under Ausnutria’s worldwide brands, distributed either by Ausnutria directly or through its distributors. The policy includes a set of guidelines and instructions outlining what “Should” and “Should not” be done towards different activities and parties such as the General public and mothers, Label, Healthcare Systems, Healthcare Professionals and Employees.

This policy has been endorsed by the Board of Directors and will be enforced across the entire business. All Ausnutria employees, including those in joint ventures, subsidiaries, and contracted distributors, will undergo training on the policy’s particulars. The completion of this mandatory training will be documented by the local Human Resources Department, and any departures from the policy will necessitate approval from the Board of Directors. Internal audits will be carried out to ensure proper execution and monitoring protocols. In instances where activities or materials do not align with the Policy’s guidelines, appropriate actions will be taken. The progress of implementing this Policy will be annually reported to the Board of Directors.

Recognising the importance of building a global brand, we understand the significance of staying true to our initial goals and upholding our mission consistently. In addition to enhancing product quality, we aim to incorporate modern brand-building principles. Our brand-building strategy focuses heavily on efficient content delivery and creative communication techniques. We not only focus on our internal operations but also actively involve the wider community. By adopting this inclusive strategy, we can execute more targeted and approachable brand-building and marketing strategies, promoting unity among all involved parties.



Supply Chain Management

Efficient management of the supply chain is vital for the Group's business operations and overall success. The Group has established strong procedures to oversee procurement processes and continuously assess the performance of its worldwide supplier network. The Group's management systems proactively oversee supply chain operations and promote transparent communication with suppliers to ensure alignment on product quality standards. Furthermore, the Group enforces a rigorous supplier selection process; for instance, in the PRC market, suppliers go through initial screening involving background checks and document validation. Upon successful sample evaluations and audits, eligible suppliers are integrated into the approved supplier system.

Verifying qualification of suppliers

Suppliers of raw and packaging materials are invited to complete self-assessment questionnaires regarding compliance with applicable laws and regulations, responsible business practices, and product quality. They are required to provide documents and certifications for verification, which may include:

- Internal quality control mechanisms
- Organic certifications
- ISO 22000 Food safety management systems certification
- HACCP certification

In addition, spot checks and on-site review are conducted to assure the quality and safety of raw materials.

Timely monitoring on quality control

Regular interviews, and internal and third-party audits are conducted to monitor suppliers' performances. If non-compliance is identified, the Group will work with the suppliers to rectify the issues immediately. To enhance suppliers' performance, the Group identifies the supplier's environmental and social risks to avoid potential failure on the compliance with the relevant requirements of the Group and laws and regulations.

Engagement with suppliers

The Group achieves mutual understanding with its suppliers through different communication channels, such as

- Annual supplier satisfaction surveys
- Monthly meetings with suppliers on production status in the PRC
- Mutual visits between the Group's dairy operation locations and its suppliers

Continuous improvement of the product development

The Group launched innovative projects to eliminate greenhouse gas emissions and energy consumption during product development. For example, the construction of the new milk processing facility in Heerenveen. The new factory will guarantee a completely gas-free manufacturing process for the production of semi-finished infant nutrition and will be 100% carbon- and nitrogen-free. In addition, the Group anticipated approximately 40% energy savings compared to a traditional drying tower.

Sustainable Procurement Practices

Ausnutria is dedicated to advancing social and environmental sustainability across its complete supply chain. The Group fosters responsible and ethical business conduct among its suppliers through the adoption of sustainable procurement methods. Social and environmental considerations play a crucial role in the Group's procurement decision-making procedures, with pertinent metrics incorporated into supplier questionnaires and audit processes. These metrics cover energy usage, water consumption, waste management, working conditions, human rights, and community involvement, providing a thorough evaluation of suppliers' environmental and social performance.

The Group conveys its expectations regarding environmental performance to suppliers in the PRC through procurement agreements. Suppliers are obligated to adhere to pertinent environmental regulations and laws to oversee emissions, hazardous substances, and waste management across various stages including raw material procurement, production, transportation, and service delivery. Suppliers failing to meet the Group's environmental standards risk contract termination. To promote cooperation and ensure adherence to quality, environmental, and OH&S criteria, all of our suppliers in the PRC must sign acknowledgment letters confirming their comprehension of the Group's expectations and standards. Annual assessments are conducted to monitor supplier performance, with higher ratings given to those exhibiting robust environmental stewardship. Similarly, Ausnutria Netherlands integrates environmental and social considerations into its procurement processes, aligning with global benchmarks like the ISO 14001 Environmental Management System and ISO 50001 Energy Management System. Supplier evaluations are based on metrics such as complaint frequency, pricing adjustments, and order punctuality. Routine on-site inspections by the quality department contribute to the assessment of suppliers. The Group is committed to collaborating with international suppliers to establish a sustainable supply chain, accounting for local nuances and striving for environmental accountability.

Securing a dependable milk source is essential for manufacturing top-tier dairy goods. The Company is committed to procuring top-grade milk from trustworthy and established milk suppliers in well-known milk-producing areas such as Australia and the Netherlands, recognised as prime milk zones. Farmel Holding B.V., an affiliated entity of the Group, serves as the primary provider of Dutch cow milk. This structure enables the Group to oversee milk quality and swiftly trace its origin in the event of incidents or concerns.

In response to the increasing demand for our Kabrita goat milk range and to uphold the transparency of our procurement procedures, Ausnutria has established strong alliances with Dutch goat farmers to support industry advancement. The Group places a significant focus on the well-being of farm animals, encompassing their feeding routines, medication administration, and living conditions. To uphold our stringent quality standards, all goat farmers must satisfy our strict requirements and achieve the 'KwaliGeit' certification. This certification initiative, developed by NGZO in partnership with the Dutch Federation of Agricultural and Horticultural Organisations, assesses farmers' compliance with industry norms in dairy goat farming through thorough surveys and on-site evaluations. The certification process considers European hygiene standards, marketing practices, environmental sustainability, and animal welfare protocols. Only goat farms that meet these rigorous standards receive certification, acknowledging their exceptional farm management practices.



Ausnutria strictly requires and ensures that 100% of its goat milk farmers in the Netherlands are certified by the “KwaliGeit” programme.

The Group has participated in the Sustainability Programme run by the Dutch goat sector organisation, a voluntary effort aimed at educating Dutch goat farmers on sustainable livestock practices. Ausnutria offers financial aid, newsletters, workshops, and on-farm visits to assist these farmers. The programme emphasises animal health and welfare, energy efficiency, environmental preservation, and enhancing the industry's standing. In 2024, Ausnutria continued its support by providing an allowance for raw milk deliveries based on farmers' performance in the Sustainability Programme. The Group recently achieved a 100% participation rate from goat farms. Ausnutria intends to further sustainability efforts by encouraging participating farmers to acknowledge and celebrate their accomplishments.



100% of Ausnutria's goat farmers participated in the Sustainability Programme by the end of 2024.
Our dedicated relationship managers assist farmers in improving their performance within the programme.
We provide guidance on implementing a range of sustainable practices specifically on the goat farms.

Implementing suitable grazing methods enhances pasture productivity and biodiversity. Ausnutria has been a participant in the Outdoor Grazing Covenant since 2017. This covenant, initiated in 2012, underscores the commitment to fostering outdoor grazing practices in the Netherlands. Through its partnership with Farmel Dairy, the Group extends different pricing schemes to farmers who facilitate grazing for their cows. This joint initiative has resulted in a steady rise in outdoor grazing practices nationwide.

Strategic Business Partnering

Ausnutria proactively interacts with authorised suppliers through yearly assessments and requests for corrective actions. The Group also plays an active role in the rollout of fresh technology and products by exchanging market insights and offering input on these innovations. By attending suppliers' seminars and conferences, the Group gains deeper insight into the suppliers' upcoming strategies and promotes the integration of new technology or product advancements to bolster the suppliers' competitive advantage within the industry.

The Group actively partners with suppliers to share insights on market trends and customer preferences. They closely cooperate with packaging material suppliers to spearhead packaging advancements, such as refining carton specifications to enhance sustainability and reduce the consumption of raw paper materials in alignment with the increasing emphasis on eco-friendly procurement. Moreover, Ausnutria collaborates with ingredient suppliers to ensure a continuous supply of premium ingredients for its existing formula. Through nurturing these collaborations, the Group strives to remain abreast of market requirements and deliver innovative, environmentally conscious products to its customers.

The China Special Food Conference in 2024



The China Special Food Conference in 2024

The Group participated the 9th China Special Food Conference held in Chengdu in 2024. This year's conference features 28 events focusing on academic-industrial transformation, innovation, policy dissemination, industry exploration, and research exchange within the special foods sector. Ausnutria was invited to share industry insights at the T20 Forum, discussing the future of the specialty food industry and contributing to shaping its landscape. During the event, Ausnutria's brands showcased the Group's technological advancements in the nutrition sector. The special food industry is vital for the well-being of vulnerable groups like the elderly, children, and patients, aligning with the vision of promoting a "Healthy China". Ausnutria, as a nutrition and health food enterprise, prioritises consumer needs, innovation, and a comprehensive approach to nutrition and health to meet the growing demand for enhanced quality of life.

The 2nd China International Supply Chain Expo



◻ Ausnutria presented its flagship brands including Kabrita, Hyproca, Nutrition Care, and Oz Farm at the 2nd China International Supply Chain Expo

Ausnutria's notable participation at the 2nd China International Supply Chain Expo showcased its dedication to sustainable practices and excellence in global dairy supply chain management. This event, a key gathering for international supply chain leaders, featured Ausnutria's brands like Kabrita and Hyproca, highlighting the Company's robust supply chain layout and commitment to green development principles. Ausnutria's global strategy includes investments in premium dairy sources such as the Netherlands and Australia, showcasing seamless farm-to-factory operations for heightened efficiency. Through R&D collaborations, advanced digital supply chain management systems, and eco-friendly initiatives, Ausnutria underscores its commitment to reducing environmental impact, supporting biodiversity, and promoting green consumer engagement. These efforts have earned Ausnutria recognition for its sustainability practices, establishing it as a frontrunner in sustainable dairy production.

Engagement with Distributors

Ausnutria relies on its network of distributors to deliver its products, enabling the Group to engage with and support end users. To enhance their skills, Ausnutria regularly provides training programmes for its distributors in the PRC, focusing on improving their management capabilities and understanding. Additionally, the Group arranges joint business planning meetings with key distributors to evaluate the effectiveness of its sustainable business strategies and sales techniques.

Ausnutria showcased its six flagship imported brands at the 7th China International Import Expo ("CIIE"), unveiling six new products and emphasising globalised innovative development. The Company's participation at the event, which attracted exhibitors from 129 countries and regions, demonstrated its commitment to quality and innovation in the dairy industry. Ausnutria's presence at the CIIE for the seventh consecutive year reflects its dedication to international expansion and its focus on scientific advancements and global sharing. The Company's new product launches at the CIIE, including Kabrita Yuebaie Platinum Crystal Edition and NC Shubi Probiotic Upgrade Edition, highlighted cutting-edge technologies and clinical benefits, while other offerings like the Hyproca Nutrition Star Child Growth Milk Powder series and Amalthea goat cheese products catered to consumer demands. Ausnutria's engagement at the CIIE reinforces its position as a leader in the global dairy market, showcasing its continuous growth and commitment to providing high-quality products and services to consumers worldwide.



◻ Ausnutria's sustainable-designed booth in the 7th China International Import Exhibition

Better

Environment

03.





Focus Areas

Tracking our
Environmental
Targets

Energy
Efficiency

Preserving
Water

Waste
Management

Eco-
Friendly
Packaging

Managing
Climate Risks

Ausnutria is dedicated to protecting the environment and preserving resources for future generations. The Group strives to adopt sustainable business practices and minimise its environmental impact of upstream operations and associated production procedures. To fulfil the Group's commitment to environmental sustainability, subsidiaries also make efforts to improve energy and water efficiency, manage emissions and water discharge, reduce material consumption and waste generation, and manage climate change-related risks related to operations.

KEY HIGHLIGHTS IN YEAR 2024

- **100% electricity used** by Ausnutria Netherlands for operations has been offset through **renewable energy** sources
- Sourced all packaging materials from sustainable suppliers in Ausnutria Netherlands, including those certified by the **Forest Stewardship Council (FSC)** for chain of custody
- The new production facility, Pallas, in Heerenveen, Netherlands, has completed its construction and ensures a fully **nitrogen-free and carbon-free production** process
- Ausnutria PRC and Ausnutria Netherlands optimised the design of cardboard packaging and tin cans to reduce resource use



TRACKING OUR PROGRESS ON ENVIRONMENTAL TARGETS

To enhance its environmental performance, the Group has introduced a series of ambitious targets focused on greenhouse gas (GHG) emissions, energy use, water consumption, and waste management. These targets were developed through a thoughtful combination of both top-down and bottom-up strategies. By adhering to these environmental targets, Ausnutria is positioned to monitor its progress towards sustainability while fostering the widespread implementation of sustainable practices.

Environmental targets by Year 2025 ^{1, 2}	Progress achieved in 2024
GHG Emissions³	
Reduce total GHG emissions intensity by 20%	14%
Reduce the Scope 1 emissions intensity by 15%	15%
Reduce the Scope 2 emissions intensity by 20%	10%
Energy Consumption³	
Reduce the energy consumption intensity by 20%	13%
Reduce the natural gas consumption intensity by 20%	22%
Reduce the electricity consumption intensity by 15% ⁴	+15%
Water Consumption³	
Reduce water consumption intensity by 35%	33%
Waste⁵	
Maintain the recycling rate of paper and wood at 100%	100%
Maintain the recycling rate of rest milk and rest powder at 100%	100%
Achieve the recycling rate of plastic of at least 90%	100%

¹ We will keep monitoring our progress to pursue continuous improvement and will review the targets in the coming years where necessary

² The scope of the environmental target excludes the Global Headquarters Building in the PRC, Bioflag Huaian and Anhui factory

³ Using 2019 as the base year. For the GHG emission, the targeted reductions are calculated by market-based method

⁴ The absolute electricity consumption of 2024 comparing to that of 2019 has increased due to business expansions, which also contribute to an increased revenue and thus impacting the intensity figure. We will assess any feasibility to increase the energy efficiency regarding the productions in the future

⁵ Recycling rate target is for production-related waste only

The Sustainability Committee and the Sustainability Workgroup conduct regular reviews of the Group's environmental policies and initiatives. To ensure that all subsidiaries comply with relevant environmental laws and regulations in their respective regions, the Group has established comprehensive guidelines for implementing environmental management systems and operational standards. This approach highlights the Group's ongoing dedication to reducing the environmental footprint associated with its sourcing, production, and distribution activities. Additionally, both production facilities located in Kampen, Netherlands, and Changsha, PRC, have achieved ISO 14001 certification for their Environmental Management Systems.

ENHANCING ENERGY EFFICIENCY TO MINIMISE CARBON FOOTPRINT

A wide range of nations have devised strategies and policies with the aim of combating the negative impacts of climate change and strengthening their climate resilience. In the regions where the Group operates, the European Union aims for climate neutrality by 2050, while Australia intends to reach net zero by the same year. Meanwhile, the PRC plans to reach its peak carbon emissions by 2030 and achieve carbon neutrality by 2060. In alignment with these global efforts, the Group has established GHG emission targets to minimise its carbon footprint and expedite its transition to a low-carbon future. Using 2019 as the baseline year, Ausnutria aims to:

- reduce the total GHG emissions intensity by 20% by Year 2025
- reduce the Scope 1 emissions intensity by 15% by Year 2025
- reduce the Scope 2 emissions intensity by 20% by Year 2025

In a bid to enhance overall energy efficiency and meet its emissions reduction targets, the Group has implemented a comprehensive management system for energy and emissions. This includes regular upgrades of equipment across its manufacturing sites. The heating, ventilation, air conditioning, and boiler systems, alongside lighting and other energy-intensive equipment, undergo routine inspections, maintenance, and replacements to guarantee optimal performance. Furthermore, the Group is committed to investing equally in the installation of solar panel systems at its facilities.

Operating with Low-Carbon Facilities

Ausnutria's new production facilities in Heerenveen, Netherlands, incorporate low-carbon technologies and energy-efficient designs to minimise carbon emissions. The milk processing plant Pallas, which has been completed construction in Year 2024, is scheduled to commence its first commercial production in early Year 2025. It promises a 100% gas-free production process for semi-finished baby and infant food formula, ensuring that production is 100% nitrogen- and carbon-free. Furthermore, this innovative facility is expected to reduce energy consumption by approximately 40% compared to traditional drying towers. Moreover, the plant saves 40% on the use of renewable energy, contributing to alleviating the power grid congestion issue in the Netherlands. The other Heerenveen factories, specifically the Pluto and Hector factories, reduce their reliance on natural gas by utilising geothermal heat systems to store thermal energy for heating and cooling purposes. The Group is also focused on transitioning to electricity-based heating at these new facilities, aiming for zero nitrogen emissions in compliance with environmental regulations and the Nitrogen Law in the Netherlands. The installation of pumps, engines, and ventilators at the new facilities will further boost energy efficiency. Furthermore, the phased closure of Ommen from October 2024 enables full transfer of manufacturing capacity to Pallas' 100% electric processes and Kampen's upgraded systems. While Kampen's total energy consumption has increased with the additional production load, its optimised infrastructure now achieves relative lower energy use per output unit compared to Ommen's former operations. This transition eliminates legacy emission sources while enhancing production efficiency across the network. Looking ahead, Ausnutria plans to convert its remaining manufacturing sites to electric heating to further decrease its dependence on natural gas.

Strengthening Energy Management to Enhance Energy Efficiency

Regular evaluations of energy efficiency are conducted by the Group at its manufacturing facilities, with new projects and upgrades initiated as necessary to enhance energy performance. By harnessing advanced digital technologies – including blockchain, big data, 5G, and artificial intelligence – Ausnutria effectively decreases both energy consumption and emissions. In Changsha City, the PRC, a mobile application facilitates real-time monitoring of energy usage across a variety of locations, such as manufacturing plants, laboratories, warehouses, and communal areas. This application allows for the real-time management of ozone systems, air conditioning systems, purification workshops, and air compression systems in the factories. If any irregularity in energy consumption occurs, the system quickly alerts staff, enabling swift corrective actions. The Group then leverages the data gathered from this real-time monitoring to improve its energy management strategies and identify further areas for enhancement.

To support its goal of low-carbon operations and further enhance energy efficiency, the Group is making significant investments to modernise its manufacturing facilities. In major factories located in the PRC, variable speed drives have been incorporated into air conditioning systems. This innovation allows electric motors to operate at their most efficient speeds, resulting in improved indoor ventilation and energy savings. Additionally, the exhaust systems in the laundry areas have been upgraded to boost ventilation while minimising the reliance on air conditioning. In the Netherlands, specifically in Leeuwarden and Ommen, the lighting throughout the facilities has transitioned entirely to energy-efficient LED bulbs. Insulation has been added to the warehouse in Leeuwarden, effectively reducing electricity consumption for heating purposes. It has also implemented a compressed air installation with a control system that disconnects production departments from compressed air during the weekend, mitigating the impact of leakage. In Kampen, the implementation of new valves on bag filter T3 has reduced compressed air consumption by 20%, achieving annual savings of 2,338,920 m³, with parallel process optimisations increasing dry matter content in specific base powders by 1% - 3% to reduce water evaporation requirements and energy demand. To maintain temperature control, Leeuwarden is currently working on installing a Material Air Lock for the expedition wing, which will eliminate direct openings to the outside. In Heerenveen, factories have optimised their HVAC systems by reducing ventilation to 54% after 11 PM and on weekends, leading to substantial electricity savings of 5,229 kWh per week. All these efforts collectively contribute to a significant decrease in Ausnutria's energy consumption.

Managing habits is essential for decreasing electricity consumption. In the PRC, the permissible range for adjusting air conditioning temperatures has been restricted, and routine inspections are carried out to deter energy-wasting behaviours, such as opening windows while the air conditioning is operational. Each evening, after business hours, an energy-saving check is conducted to confirm that all lights and air conditioning units are turned off after use. In addition to these electricity-focused measures, we prioritise gas usage in the canteen through regular inspections and maintenance by gas operators, ensuring that equipment operates efficiently. Daily checks are performed to promptly identify and rectify issues like gas leaks. Furthermore, we conduct energy conservation education to enhance staff awareness about gas usage, promoting responsible consumption. These combined initiatives have contributed to a comprehensive strategy for optimising energy efficiency across the organisation, resulting in a 0.86% reduction in electricity usage at the headquarters office in the PRC in Year 2024.

Utilising Renewable Energy

The Group is committed to utilising renewable energy sources to effectively reduce its carbon footprint, incorporating both solar panel installations and carbon credit purchases into its strategy. In Year 2024, Ausnutria Australia expanded its solar panel deployment across multiple sites, achieving a significant reduction of around 31 MWh in electricity consumption, which represents a 17% decrease for the region. Due to the challenges associated with generating energy on-site, the focus is on acquiring renewable energy certificates rather than relying solely on conventional energy solutions. To this end, Ausnutria Netherlands has been actively purchasing renewable energy certificates on a voluntary basis, ensuring that it 100% offsets its energy consumption.



◻ Solar panels implemented in Keysborough Site

Key Highlights on Renewable Energy in Year 2024

100% of electricity consumption for operations in the Netherlands was offset through renewable sources.

About 17% of total electricity consumption in Australia was saved by solar panel systems installed in the factories.

Managing Upstream and Downstream Carbon Footprint

Beyond focusing on its own carbon footprint, Ausnutria actively engages with its business partners across the supply chain to tackle Scope 3 emissions. This commitment involves fostering close collaboration with both upstream and downstream partners to implement effective strategies for emission reduction.

To minimise its carbon footprint, Ausnutria focuses on reducing transportation associated with its supply chain. In this effort, Ausnutria Netherlands has teamed up with Trivium Packaging, a forward-thinking producer of sustainable metal packaging, to ensure a reliable and consistent supply of cans. The facility in Heerenveen, which started operations in Year 2021, manufactures and distributes cans to nearby factories in both Heerenveen and Leeuwarden. This strategic location effectively shortens transportation distances for can logistics, thereby decreasing greenhouse gas emissions linked to distribution.



PRESERVING WATER FOR FUTURE GENERATIONS

Recognising the essence of effective water management, Ausnutria has adopted a comprehensive strategy focused on reducing water consumption, enhancing water recycling, and managing wastewater from its operations. To strengthen its approach to water use, the Group has established a Group-wide water target along all divisions. Using Year 2019 as the base year, Ausnutria aims to:

- Reduce water consumption intensity by 35% by Year 2025

The production of milk powder at Ausnutria primarily relies on wet processes. In Kampen, Netherlands, the Clean-in-Place (CIP) sanitary cleaning system has been upgraded to enable the recovery and reuse of final rinse water for subsequent cleaning cycles. In the PRC, factories have implemented automatic sensors on water taps to prevent unnecessary consumption, while condensed water from air-conditioning systems is also recycled. In Year 2024, the PRC continued to use automatic sensors for cleaning taps and established a recycled water system to cool the air-conditioning units in production workshops. Meanwhile, Ausnutria Australia has continued to improve water efficiency for cleaning Gut relief products, deeming to achieve reduction in water usage for cleaning processes in Year 2024.

Ausnutria conducts regular equipment inspections to effectively minimise water wastage. By promptly addressing any leaks found in taps, pipelines, and valves, the Group ensures efficient water management. Additionally, close tracking of water consumption data is underway to support an upcoming feasibility study focused on potential water recycling and reuse systems. Notably, the new Pallas factory in the Netherlands aims to reduce water consumption by 50% compared to traditional spray drying towers, achieved through the extensive reuse of water. These initiatives collectively contribute to reducing water wastage and enhancing overall efficiency, aligning with the Group's commitment to achieving its water reduction goals.

ADOPTING AN EXTENSIVE WASTE MANAGEMENT PLAN

A comprehensive set of procedures has been established by the Group to oversee waste management from its initial generation to final disposal, aiming to minimise any negative environmental effects. Furthermore, the Group has established 3 specific waste targets designed to steer its waste management practices and foster a culture of recycling. By Year 2025, Ausnutria aims to:

- Maintain the recycling rate of paper and wood at 100%
- Maintain the recycling rate of rest milk and rest powder at 100%
- Achieve the recycling rate of plastic of at least 90%

In pursuit of these targets, Ausnutria constantly seeks innovative methods to minimise waste sent to landfills. The Group collaborates with licensed waste operators in the area to ensure compliance with local regulations during waste collection and disposal. With comprehensive facilities at its disposal, Ausnutria is dedicated to environmentally responsible waste management. At its dairy manufacturing facility in Australia, a baling machine is utilised to significantly cut down on cardboard waste resulting from raw material packaging. Additionally, the packaging for dairy products in the PRC has been restructured and refined to further decrease cardboard use, thus reducing transportation requirements and their environmental footprint. All remaining packaging materials, including cardboard, plastic lids, and bags, are completely collected and recycled by authorised operators. In Year 2024, Ausnutria maintained an outstanding recycling rate of 100% for paper and wood and 100% for plastic.



Given that Ausnutria predominantly operates in the dairy sector, a significant portion of its non-hazardous waste is derived from leftover milk and milk powder. In Australia, any surplus is redirected as animal feed to minimise waste, whereas in the Netherlands, an external contractor converts most of this excess into biomass. The Group proudly reported a 100% recycling rate for both residual milk and milk powder in Year 2024.

To further enhance waste management, factories in Heerenveen, Netherlands, have implemented an autosampler that reduces the number of wasted tins by collecting powder before canning. A recurring issue with product ejections on the production line has been resolved, resulting in fewer movements, lower costs, and reduced carbon emissions. At the Netherlands head office and all factories, the transition to stoneware cups has eliminated nearly 600,000 disposable paper coffee cups annually, while new coffee machines collect coffee grounds for composting and reuse as a soil enricher. Phasing out water coolers with plastic bottles in the no-care zones has saved around 300 plastic bottles in 2024, along with reduced transport costs and emissions.

When it comes to managing hazardous waste from dairy and nutritional product production, Ausnutria adopts stringent measures. Chemical waste is stored securely in designated sealed containers and is regularly dispatched to licensed third-party services for safe disposal. To foster a culture of waste reduction, all employees are encouraged to practise waste separation and recycling right from the source.

PROMOTING GREEN DEVELOPMENT WITH ECO-FRIENDLY PACKAGING AND PRODUCT DESIGNS

Ausnutria prioritises environmentally responsible development and actively works to lessen the ecological footprint of its product design.

By choosing tinplate for packaging, the Group ensures that its materials are 100% recyclable without limits, aligning with its sustainability goals. To enhance waste reduction, Ausnutria has implemented stringent packaging guidelines, including the elimination of dichromate, which helps to avert the generation of hazardous waste. Furthermore, the Group is moving towards more energy-efficient production methods for tinplate, demonstrating its ongoing commitment to sustainable practices.

Throughout the Year 2024, we continued to purchase from sustainable suppliers that provide packaging materials certified with FSC chain of custody certification in the PRC and the Netherlands. In Ausnutria Netherlands, all packaging materials are certified by the FSC chain of custody. To further cut down on paper usage, the Group has effectively reduced the weight of its cardboard packaging for certain products in the PRC, decreasing it from 230g to 200g, which represents a notable 13% lighter in weight. The procurement department has optimised the boxes used to wrap finished tins in the Netherlands, making them 17% lighter than the previous versions, resulting in a 14% reduction in carbon emissions. Furthermore, the design of tin cans has been refined to lessen the reliance on raw materials like iron. For instance, the dimensions of a 700g can have been adjusted from 165mm to 155mm, and a lower tin for one of the brands has been introduced, decreasing its height from 162mm to 146mm. These changes not only minimise material consumption but also demonstrate a commitment to efficient resource use. Improvements made to the final packaging processes in the Netherlands have also resulted in a remarkable 50% reduction in the use of stretch wrap foil on pallets. The implementation of inline auto sampling during powder processing has replaced the previous method of sampling tins after production, leading to a significant decrease in the disposal of completed tins. Looking ahead, Ausnutria remains firmly committed to these sustainable practices and aims to continually enhance its packaging strategies to minimise waste and encourage environmentally responsible development.

In an effort to advance sustainable product design, Ausnutria has developed two specific 'Green Product Design Standards' aimed at IMF and modified milk powder. These standards have been added to the database maintained by the Hunan Provincial Department of Industry and Information Technology, serving as a benchmark for assessing green product designs. In Year 2023, through the review and approval of the Changsha Municipal Bureau of Industry and Information Technology, Ausnutria infant formula milk powder (12-36 months old, stage 3) was selected as the 2022 Changsha City Green Design Product. This will be included as an important consideration in government's procurement, showing that Ausnutria's efforts for green development have been officially recognised.



ADDRESSING AND MANAGING CLIMATE RISKS WITH RESILIENCE STRATEGIES

Ausnutria recognises the significant threats and challenges that climate change presents to its operations. To address these concerns, the Group engaged a third-party consultant to carry out a comprehensive assessment of climate risks affecting its supply chain and overall operations. This involved extensive desktop research for each operational site to identify key physical and transitional risks, evaluate their likelihood, and assess the potential impact on Ausnutria's activities. In addition, since it is important for our business to understand the risks that climate change may pose to supplier operations and raw milk productivity, we have also specifically assessed the risks of climate change to supply chain disruptions.

The summary of the climate risks identified is as follows:

Physical Risks

Risk type	Impact	Justification
Flooding (riverine and coastal)	Asset damage and operation suspension	Ausnutria's factories are mainly located along the river or coast. Flooding may damage factories' equipment and facilities and leads to financial loss. In particular, water can cause critical damage to electric equipment and its components. Dysfunction of dairy processing machines caused by severe flooding may lead to the suspension of factory operations.
	Accessibility to factories	Flooding in nearby areas of Ausnutria's factories may impede employees from accessing the sites. Employees may have difficulties reporting for duty or resuming work upon flooding. This can have negative impact on productivity and affect the feasibility of resuming operations.
	Disruption in logistics	The majority of Ausnutria's products that are produced overseas are transported to mainland China for sale. Flooding disrupts logistics through trucking route disruptions and freight delays.

Risk type	Impact	Justification
Extreme wind	Asset damage and operation suspension	Extreme wind may increase the frequency of tropical cyclones, tornadoes, and hurricanes. It could cause extensive damages to the factory properties when wind speed exceeds the maximum level that the buildings can withstand.
	Disruption in logistics	Majority of Ausnutria's products that are produced overseas are transported to mainland China for sale. Natural disasters caused by extreme wind can disrupt logistics through trucking route disruptions, shipping, and freight delays.
Temperature change	Increase operating cost	Rising mean temperature, as well as heatwave and extreme cold, can drive up Ausnutria's operating costs. The rise in indoor and outdoor temperature would lead to greater energy consumption for maintaining the cooling system and air condition system in production areas.
Water stress	Increase operating cost	While water is not used in production processes for the majority of Ausnutria's factories, factories like Kampen and Ommen rely on water for processes such as pumping, cooling circuits, cleaning and sanitising. Water stress may prompt government to raise water tariff, increasing the financial cost of water supply.



Transition Risks

Risk type	Justification
Policy and legal risk	The introduction of new policies may lead to increased operating costs and early retirement of current machinery. Meanwhile, with increasing awareness on climate risk, voluntary-based initiatives may scale up or become mandatory in the near future. Acknowledging the trend of existing policy helps prepare Ausnutria for future transition and avoid non-compliance penalties.
Technology risk	In Australia, government bodies encourage and promote the uptake of energy-efficient technologies for the dairy processing industry. In Europe, in response to the 2030 climate and energy framework, the EU has funded various projects to search for alternative solutions to reduce the emission from the dairy industry. The capability to adopt green technologies may help Ausnutria optimise its operation, operate with cost-effectiveness while minimising the environmental impacts.
Reputational risk	There is growing attention on the carbon footprint of dairy products. NGOs and international organisations have launched various dairy sustainability initiatives. Ausnutria may seize the opportunity to establish a positive company image by joining international or industry associations and responding to the sustainability initiatives. Aligning with the industry approach allows Ausnutria to maintain its dairy product competitiveness under the low-carbon trend.
Market risk	With the substantial increase in the vegan population in major economies, the demand for plant-based or non-dairy milk alternatives is growing at a rapid pace. The demand for such products grows particularly faster among adults, compared with infants and toddlers.

Supply Chain Disruption

	Justification
Likelihood	Milk farms in the Netherlands are most likely to be exposed to coastal flood risk, tropical cyclones, tornadoes, and hurricanes and water stress risk. Additionally, milk farms in Australia are most likely to be exposed to coastal flood risk and wildfires.
Impact	<p>While Ausnutria does not own farms, its dairy business is highly dependent on the stable supply of quality raw milk from cow and goat farmers. Extreme weather such as flooding and strong wind may damage dairy farm components, including livestock, machinery, buildings, equipment, and food stock. This may affect the safety and provision of milk supply and pose an impact to the stable supply of raw milk sources. Ausnutria might face increasing procurement costs.</p> <p>In addition, road closures due to extreme weather events may result in logistics delays, affecting the milk quality. The financial loss caused by asset damage and suspension of operation may increase the production cost of milk farm and Ausnutria.</p>

Ausnutria integrates climate risk considerations into its factory development processes. For the Smart Factory in the PRC, designs feature elements inspired by sponge city concepts to enhance resilience against projected shifts in rainfall patterns. The Group's objective is to strengthen the facility's ability to cope with climate impacts while effectively managing flood risks through advanced stormwater management. This Smart Factory has been meticulously designed with a focus on critical aspects such as infiltration, retention, storage, purification, reuse, and discharge, ensuring readiness for extreme weather scenarios. Key elements include a rain garden, permeable pavements, and a sunken green space that captures surface runoff, equipping the facility to handle rainstorms with a return period of 1 in 50 years.

Sustainability

Performance Table

Environmental performance			
	Unit	2023 ⁶	2024 ⁶
Greenhouse gas (GHG) emissions			
Direct GHG emissions (scope 1) ⁷	tonnes CO ₂ e	16,612	16,878
Indirect GHG emissions (scope 2) ⁸	tonnes CO ₂ e	7,447	8,441
Total GHG emissions intensity ⁹	tonnes CO ₂ e/RMB million revenue	3.3	3.4
Waste generated			
General waste	tonnes	3,290	2,824
Rest milk	tonnes	11,132	9,065
Rest powder	tonnes	1,433	536
Non-hazardous waste intensity	tonnes/RMB million revenue	2.1	1.7
Hazardous waste ¹⁰	tonnes	7	10
Hazardous waste intensity	tonnes/RMB million revenue	0.00092	0.00137
Waste recycled			
General waste	tonnes	2,834	2,353
Rest milk	tonnes	11,132	9,065
Rest powder	tonnes	1,433	536

⁶ The performance indicators of 2023 and 2024 have expanded to include the Group's operations in the newly built Headquarters building in the PRC, Bioflag Huaian and Anhui factory, in addition to Ausnutria PRC, Ausnutria Netherlands and Ausnutria Australia, which is consistent with the reporting scope of this report.

⁷ Since 2023, due to change in operational decision, Ausnutria decided not to purchase any carbon credits. Meanwhile, Ausnutria has strived to reduce greenhouse gas emission by prioritising natural gas over electricity.

⁸ The above-mentioned Scope 2 emissions in Sustainability Performance Table are calculated based on market-based method. The Scope 2 emissions in 2024 calculated by location-based method are 23,999 tCO₂e.

⁹ Total GHG emissions include direct emissions from operations that are owned or controlled by the Company (Scope 1) and energy indirect emissions resulting from the generation of purchased or acquired electricity consumed within the Company (Scope 2) calculated by market-based method.

¹⁰ Hazardous waste is defined according to local standards by operating locations, and includes waste machine oil, laboratory chemical waste and other industrial waste.

Environmental performance (cont'd)				
	Unit	2023 ⁶	2024 ⁶	
Energy consumption				
Electricity purchased ¹¹	kWh	38,050,993	45,985,047 ¹³	
Natural gas consumption ¹²	m ³	9,234,011	9,438,776	
	kWh	81,501,713	83,259,216	
Total energy consumption	kWh	119,553,352	129,244,922	
Total energy consumption intensity	kWh/RMB million revenue	16,195	17,460	
Water consumption				
Municipal water supply	m ³	641,070	91,023	
Groundwater	m ³	231,693	148,394	
Total water consumption	m ³	872,763	639,417	
Total water consumption intensity	m ³ /RMB million revenue	118	86	
Major packing materials used				
Paper and wood	tonnes	6,245	5,092	
Tin metal	tonnes	6,255	5,958	
Plastic	tonnes	2,207	1,868	
Glass	tonnes	9.7	12.3	

¹¹ GHG emissions from purchased electricity in the PRC, Australia and the Netherlands in this report were calculated based on factors in China's Regional Grid Average CO₂ Emission Factors in 2022 published by the Ministry of Ecology and Environment of the People's Republic of China and National Bureau of Statistics of China (https://www.mee.gov.cn/xxgk/2018/xxgk/xxgk01/202412/t20241226_1099413.html), Australian National Greenhouse Accounts Factors published by the Department of Climate Change, Energy, the Environment and Water of the Australian Government and CO₂ emission factors published by the CO₂ Emissiefactoren, respectively.

¹² GHG emission from natural gas consumption in the PRC, Australia and the Netherlands in this report were calculated based on Requirements of the Greenhouse Gas Emission Accounting and Reporting, Australian National Greenhouse Accounts Factors published by the Department of Climate Change, Energy, the Environment and Water of the Australian Government (<https://www.dcceew.gov.au/sites/default/files/documents/national-greenhouse-account-factors-2024.pdf>) and The Netherlands: List of Fuels and Standard CO₂ Emission Factors published by the Netherlands Enterprise Agency respectively.

¹³ The absolute electricity consumption of 2024 comparing to that of 2023 has increased due to business expansions. We will assess any feasibility to increase the energy efficiency regarding the productions in the future.

Social performance				
	Unit	2023 ⁶	2024 ⁶	
Employee profile ^{14, 15}				
Full-time equivalent ("FTE")	no. of people	–	3,279	
Total workforce	no. of people	3,569	3,160	
Total workforce by gender				
Female	no. of people	1,846	1,652	
Male	no. of people	1,723	1,508	
Total workforce by age group				
30 or under	no. of people	1,080	770	
31 – 40	no. of people	1,725	1,613	
41 – 50	no. of people	468	525	
Above 50	no. of people	296	252	
Total workforce by position grading				
Top management	no. of people	44	36	
Middle management	no. of people	1,029	904	
Other office staff	no. of people	1,740	1,591	
Operational staff	no. of people	756	629	
Total workforce by geographic region				
Mainland China	no. of people	2,631	2,373	
The Netherlands	no. of people	858	705	
Australia	no. of people	80	82	
Employee turnover ¹⁶				
Employee turnover rate	%	61.19	42.15	
Employee turnover rate by gender				
Female	%	60.02	36.38	
Male	%	62.45	48.47	

¹⁴ The Group constantly revisits the methodology to achieve higher accountability standards. For the preparation of 2024 data, we record full-time equivalent ("FTE") in addition to total employee headcount.

¹⁵ For employee profiles and other workforce-related figures, we record the total headcount of full-time, part-time and temporary staff in Ausnutria PRC, Ausnutria Netherlands and Ausnutria Australia. For Ausnutria Australia, we do not include the workforce under Ozfarm Royal Pty Ltd, which is consistent with the reporting scope of this report.

¹⁶ In 2023, a relatively high number of employees left mainly due to business integration. Moreover, the outsourced workers are not included in the total number of workforce as mentioned, leading to a higher turnover rate compared with 2024.

Social performance (cont'd)			
	Unit	2023 ⁶	2024 ⁶
Employee turnover rate by age group			
30 or under	%	76.94	58.70
31 – 40	%	62.20	43.21
41 – 50	%	47.22	20.95
Above 50	%	19.93	28.97
Employee turnover rate by geographic region			
Mainland China	%	75.98	48.93
The Netherlands	%	20.98	22.84
Australia	%	6.25	10.98
Occupational health and safety			
Lost days	days	58	28
Lost day rate	lost day per 200,000 work hours	1.50	0.85
Work-related fatalities ¹⁷	number	0	0
Development and training ¹⁸			
Percentage of employees trained	%	93	91
The percentage of employees trained by gender			
Female	%	96	94
Male	%	91	88
The percentage of employees trained by position grading			
Top management	%	54	58
Middle management	%	84	92
Other office staff	%	95	92
Operational staff	%	95	91

¹⁷ The work-related fatality number in 2022 was 0.

¹⁸ Ausnutria NL underwent business transition in 2024, resulting in decrease of training.

Social performance (cont'd)			
	Unit	2023 ⁶	2024 ⁶
Average training hours per employee by gender			
Female	hours	87.60	43.20
Male	hours	169.03	113.24
Average training hours per employee by position grading			
Top management	hours	12.67	28.44
Middle management	hours	134.62	26.79
Other office staff	hours	88.29	64.74
Operational staff	hours	233.80	181.06
Supply chain management			
Number of suppliers by geographic location			
The PRC	number	612	645
The Netherlands	number	61	54
Australia	number	87	95
Other regions ¹⁹	number	45	46
Community investment			
Total amount of charitable contributions	RMB	6,406,000	2,632,000









¹⁹ "Other regions" refers to New Zealand, France, Germany, United Kingdom, Ireland, Denmark, Sweden and Italy.











HKEX ESG Reporting Guide












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Independent Assurance Opinion Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: SRA 825584

Ausnutria Dairy Corporation Ltd. ESG Report 2024

The British Standards Institution is independent of Ausnutria Dairy Corporation Ltd. and its subsidiaries (hereafter referred to as "Ausnutria Dairy" collectively in this statement) and has no financial interest in the operation of Ausnutria Dairy other than for the assessment and assurance of Ausnutria Dairy ESG Report 2024 (the "Report").

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of ESG Report 2024 presented by Ausnutria Dairy. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and adequate.

Scope

The scope of engagement agreed upon with Ausnutria Dairy includes the following:

1. The assurance scope is consistent with the description of Ausnutria Dairy Corporation Ltd. ESG Report 2024. The Report is in accordance with the Appendix C2 Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") of the Rules Governing The Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "HKEX").
2. In accordance with Type 1 Moderate Level of Assurance as defined in the AA1000 Assurance Standard V3 ("AA1000AS V3"), BSI evaluates the nature and extent of Ausnutria Dairy's adherence to four reporting principles of Inclusivity, Materiality, Responsiveness and Impact in preparing the Report. Therefore the reliability of specified sustainability performance information/data disclosed in the Report has not been evaluated.

Opinion Statement

We conclude that the Report provides a fair view of Ausnutria Dairy's sustainability plan and performance in the reporting year. The Report subject to assurance is free from material misstatement based upon evaluation within the limitations of the scope of the assurance, the information and data provided by Ausnutria Dairy and the samples taken. Based on our work carried out during the assurance process, nothing has come to our attention that causes us to believe that data and information stated in the Reporting Organization's ESG Report is not correctly presented or with omission in any material respects or that Inclusivity, Materiality, Responsiveness and Impact based on AA1000 criteria are not correctly addressed. We believe that the environmental, social and governance general disclosures and key performance are fairly represented in the Report.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS V3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered Ausnutria Dairy has provided sufficient evidence that the ESG report is considered acceptable in meeting the principles as set out in AA 1000 AP (2018).

This statement was prepared in Chinese and translated into English for reference only.

For and behalf of BSI:

Michael Lam, Senior Vice President, APAC Assurance

...making excellence a habit.™

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The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its ESG more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by The British Standards Institution of information presented to it by the above named client. The review does not extend beyond such information and is solely based on it. In performing such review, The British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above named client only.

Statement No: SRA 825584

Methodology

Our work was designed to gather evidence on which to base our conclusion.

We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to Ausnutria Dairy's policies to provide a check on the appropriateness of statements made in the Report.
- Discussion with senior executives on Ausnutria Dairy's approach to stakeholder engagement. We had no direct contact with external stakeholders during this assurance process.
- Interview with staff involved in sustainability management, report preparation and provision of report information.
- Review of key organizational developments.
- Review of supporting evidence for claims made in the Report, and
- An assessment of Ausnutria Dairy's reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles 2018 Standard ("AA1000AP (2018)").

Conclusions

A review against the AA1000AS V3 principles of Inclusivity, Materiality, Responsiveness and Impact is set out below:

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that data and information stated in the Reporting Organization's ESG Report is not correctly presented or with omission in any material respects or that Inclusivity, Materiality, Responsiveness and Impact based on AA1000 criteria are not correctly addressed.

We considered Ausnutria Dairy has provided sufficient evidence that the ESG report is considered acceptable in meeting the principles as set out in AA 1000 AP (2018).

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibilities

It is the responsibility of Ausnutria Dairy's senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Ability and Independence

The assurance team was composed of Lead Assurer and Assurer, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI Series Standards, AA1000, HKEX ESG Reporting Guide, ISO 14064, ISO 14001, ISO 50001, ISO 45001, ISO 9001, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

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AUSNUTRIA DAIRY CORPORATION LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)



Company's website

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