

# MESSAGE FROM THE CHAIRMAN

On behalf of the board (the “Board”) of directors (the “Directors”) of the Company, I am pleased to present the Group’s third annual Sustainability Report. This report captures the Group’s commitments and achievements over the past year in integrating sustainability and business continuity with our stakeholders for long-term value creation.

Throughout the third year of our “Golden Decade” strategic plan, the Group continues to deliver remarkable returns and has achieved a number of milestones. Ausnutria Pluto and Ausnutria Hector (collectively the “Ausnutria Heerenveen Factories”) commenced operations in the Netherlands in early 2018 and the registrations for our new factory in New Zealand and the second factory in Changsha, the PRC were under way. The Group also acquired the remaining shares in various non-wholly owned subsidiaries in the PRC, Hong Kong, Australia and the Netherlands, as well as a 50% equity interest in AJM, a Dutch entity, to expand our sales and distribution networks.

2018 also marked the next phase of our sustainability journey as the Group seeks to fully integrate sustainability into its business. We have established a group-level Sustainability Committee in this respect to support the Board in formulating and implementing sustainability strategies. We stand by our sustainability vision and for the eight selected United Nations Sustainable Development Goals that are directly relevant to the Group. We believe that with the support from our stakeholders, we can unite the efforts across the Group to achieve the newly defined sustainability pillars - Better Nutrition, Better Life, Better Environment and Better Community.

To bring Better Nutrition to our customers, we have focused our effort in the continuous refinement of product safety and quality control. Our products have attained a 100% pass rate in the monthly sampling inspection conducted by local regulators in the PRC during the year, and was named as “2017-2018 Top 100 Trusted Brand for Food Safety” as well as awarded the “Certificate of 100 Exemplary Enterprises on Quality and Integrity” in the PRC. On the other hand, our global research and development (R&D) team has expanded to over ninety professionals and entered into strategic partnerships with various universities to support product development. The second annual Scientific Board Meeting held in late 2018 concluded in great success in the Netherlands, reinforcing the scientific basis for goat milk based infant formula for the development of *Kabrita*. All these are

made possible by the close relationships we have built over the years with our customers, suppliers and business partners.



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In pursuing Better Life with our stakeholders, especially our employees, we aim to create a safe and harmonious workplace for our employees to fully reach their potential. We continuously listen to our staff through various engagement channels in our quest for improvement. We value our employees and devote great amount of efforts and resources in building our teams. We are pleased that Ausnutria University was selected as “2018 Most Excellent Corporate Universities in the PRC,” by Shanghai Jiao Tong University and was presented a “Gold Award” in the third Chinese Society for Talent Development National Learning Design Competition.

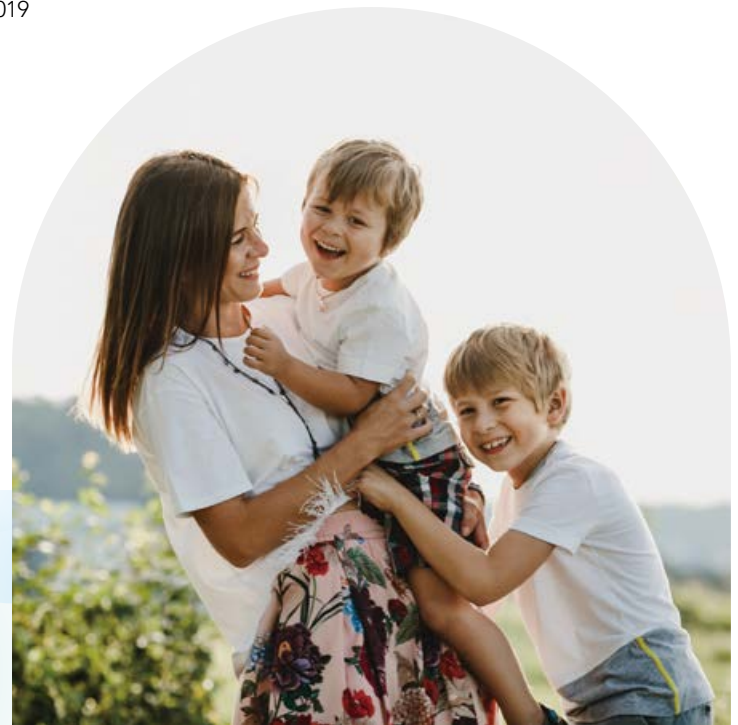
To fully integrate our commitment to build a Better Environment into our operations, our newly built Smart Factory in Changsha, the PRC, incorporated the concept of sponge city, a modern storm water management approach, to better adapt to climate change. Entering the second year of the Netherland’s Energy Efficiency Plan 2017-2020, we have rolled out multiple measures to upgrade machineries at the production facilities, in hopes to accomplish a more energy efficient production process. Additionally, we paid a premium price to purchase electricity from renewable energy sources for our operations in the Netherlands as a way to minimise our environmental impact. In the upstream of our value chain, we also partner with 70% of our goat milk suppliers in the Netherlands to participate in the Durability Program as a voluntary act to promote sustainable dairy farming practices during the year.

Upholding our belief in creating a Better Community, we continue to engage in community programs with the support from the business units of the Group in the PRC and the Group’s overseas subsidiaries. The Ausnutria U-Foundation has also been established in 2018 to advocate civic responsibility and promote social harmony and improvement. As a recognition of our efforts, the Group was bestowed the “Annual Social Responsibility Contribution Award” from China Business.

We would like to express our heartfelt gratitude for the contributions and support of our stakeholders throughout the year. Looking forward to 2019, we will continue to adhere to our sustainability commitment to create shared values with our stakeholders. We sincerely hope for a continuous cooperation with various stakeholders in advancing sustainability for a promising future of the society.

**Yan Weibin**  
*Chairman*

The PRC  
27 June 2019



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