

# AUSNUTRIA'S APPROACH TO SUSTAINABILITY

## SUSTAINABILITY GOVERNANCE

Ausnutria believes strong sustainability governance is crucial in minimising potential impact from environmental, social and governance issues. The Board therefore has oversight of the responsibilities over the Group's sustainability, including the integration of sustainability strategies into its long-term business strategy. The Board is also responsible for evaluating and determining sustainability risks and opportunities and ensuring sustainability-related risk management and control systems are effectively in place.

The Group's governance on sustainability is further strengthened during the year to encourage a more structured integration of the sustainability efforts among subsidiaries. For instance, a group-level Sustainability Committee is established to support the Board in implementing sustainability strategies across subsidiaries. Chaired by Mr. Yan Weibin, the Chairman of the Board, Sustainability Committee is comprised of regional senior management representatives from different subsidiaries, to ensure that regional sustainability initiatives are in line with the strategic direction set by the Board. Sustainability Committee meets quarterly to discuss and report on the progress and challenges on sustainability issues to ensure all appropriate matters are effectively and timely reported to the Board for decision-making. Daily implementation of sustainability initiatives are supported by local teams, including either the Environmental, Health and Safety ("EHS") or the Health and Safety ("H&S") Committee, as well as senior management from production, product quality and human resources ("HR") departments, to ensure material sustainability issues are well managed.

With support from Sustainability Committee, the Board has formulated a sustainability vision and defined four foundation pillars as the core focus of the Group in driving sustainability – Better Nutrition, Better Life, Better Environment and Better Community. This reinforces the Group's commitment to the broader international societal goals, the United Nations Sustainable Development Goals ("SDGs") set by the United Nations General Assembly in 2015 for the year 2030, from which the Group has identified eight SDGs that are relevant to Ausnutria out of the collection of 17 goals.



- About this Report
- Message from the Chairman
- About Ausnutria
- Ausnutria's Approach to Sustainability**
- Win-win with Customers
- Win-win with Employees
- Win-win with Business Partners
- Friendly with the Environment
- Contributing to the Community
- Sustainability Performance Table



## STAKEHOLDER ENGAGEMENT

The Group is dedicated to maintaining effective communications with its stakeholders, both formally and informally at every level of the business. These regular interactions allow Ausnutria to understand and respond to stakeholders' views and expectations, and identify sustainability challenges and opportunities for continuous improvement in formulating sustainability strategies and performance.

Each year, Ausnutria carries out an extensive engagement with its internal and external stakeholders focusing specially on sustainability issues. In 2018, an online survey was distributed to stakeholders of the Group to understand their perceptions on a range of sustainability issues. Over 300 responses were received from different stakeholder groups, including employees, shareholders, investors, customers, suppliers, business partners, industry partners, R&D partners, media partners and community partners. For the first time this year, Ausnutria conducted several phone interviews with investors to understand their specific considerations regarding the Group's sustainability management approach.

- About this Report
- Message from the Chairman
- About Ausnutria
- Ausnutria's Approach to Sustainability**
- Win-win with Customers
- Win-win with Employees
- Win-win with Business Partners
- Friendly with the Environment
- Contributing to the Community
- Sustainability Performance Table

### Key stakeholder groups and the engagement methods

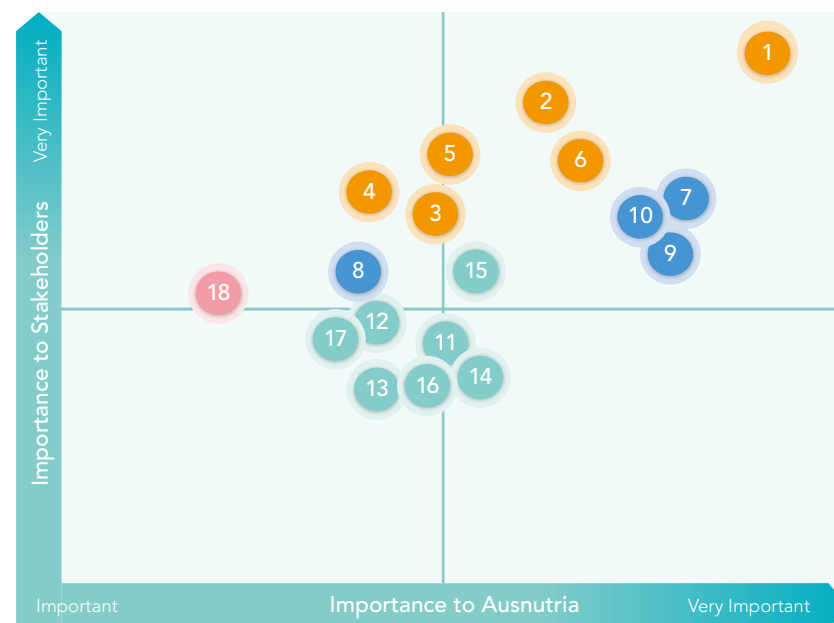
<p><b>EMPLOYEES</b> </p> <p>Online communication platform Employee engagement activities and newsletter Meetings Online surveys</p>	<p><b>SHAREHOLDERS AND INVESTORS</b> </p> <p>Investor meetings Annual General Meetings Annual and interim reports Online surveys Interviews</p>	<p><b>CUSTOMERS</b> </p> <p>Members activities Consumer fairs and events Customer satisfaction surveys Customer hotline Website and social media Online surveys</p>	<p><b>SUPPLIERS AND BUSINESS PARTNERS</b> </p> <p>Assessments and site visits Online surveys Meetings</p>
<p><b>INDUSTRY PARTNERS</b> </p> <p>Industry conferences and seminars Online surveys Training programs</p>	<p><b>R&amp;D PARTNERS</b> </p> <p>Meetings Partnerships on various research topics Online surveys Conferences and seminars</p>	<p><b>MEDIA PARTNERS</b> </p> <p>Press conferences Interviews Online surveys</p>	<p><b>COMMUNITY PARTNERS</b> </p> <p>Community activities Online surveys</p>

## MATERIALITY ASSESSMENT

The results from stakeholder engagement form the foundation for identifying and assessing the materiality of sustainability issues, thus guiding Ausnutria in making informed decisions towards sustainability.

18 sustainability issues were identified in 2018 after reviewing the latest sustainability trends in the industry, of which 17 were adopted from the list in 2017. Ausnutria believes several sustainability issues shall be consolidated in a more explicit manner to better reflect the sustainability challenges and opportunities faced by the Group. For instance, all community initiatives including “community and animal care” were integrated as one single topic under “community investment”. As for the operating practices, “food safety” and “recall mechanism” were consolidated under “product quality and food safety” to highlight Ausnutria’s commitment in ensuring the provision of quality and safe products to customers. Supplier-related issues, including “supplier diversity”, and compliance-related matters, including “anti-corruption”, “customer privacy” and “labour rights”, were grouped under “supply chain management” and “compliance” respectively. Meanwhile, “product innovation” is added to the list to reflect the Group’s support towards R&D and new technology adoption, in order to enhance production efficiency and quality standards.

The Group’s Sustainability Committee has validated and approved the results of this year’s materiality assessment as illustrated below.



Operating practices	Employment and labour practices	Environmental	Community
<ul style="list-style-type: none"> <li>1 Product quality and food safety</li> <li>2 Product innovation</li> <li>3 Customer engagement</li> <li>4 Supply chain management</li> <li>5 Intellectual property rights</li> <li>6 Compliance</li> </ul>	<ul style="list-style-type: none"> <li>7 Employee welfare</li> <li>8 Diversity and inclusion</li> <li>9 Employee health and safety</li> <li>10 Training and development</li> </ul>	<ul style="list-style-type: none"> <li>11 Greenhouse gas emissions</li> <li>12 Energy management</li> <li>13 Water management</li> <li>14 Waste management</li> <li>15 Use of packaging materials</li> <li>16 Natural resources</li> <li>17 Environmental conservation and biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>18 Community investment</li> </ul>

- About this Report
- Message from the Chairman
- About Ausnutria
- Ausnutria’s Approach to Sustainability**
- Win-win with Customers
- Win-win with Employees
- Win-win with Business Partners
- Friendly with the Environment
- Contributing to the Community
- Sustainability Performance Table