

Ausnutria's Approach to Sustainability

SUSTAINABILITY GOVERNANCE

Ausnutria has been cognizant of the growing importance of sustainability and climate change worldwide and has realised the need to integrate sustainability into corporate operations. To enable effective sustainability management across all aspects of its activities, the Group has established an effective structure for sustainable governance. The Board, as the highest governance body, directs and supervises Ausnutria's sustainability strategy, risk management, performance, and progress towards sustainability targets. It is also responsible for optimising synergies and ensuring alignment between the Group's sustainability strategies and long-term business visions. The Board is responsible for evaluating and classifying the materiality of sustainability issues and risks pertinent to the Group's activities and guaranteeing that suitable risk management and internal control mechanisms are established.

A group-level Sustainability Committee consisting of regional senior management representatives was formed under the direction of Board Chairman Mr. Zhang Zhanqiang to assist the Board in creating, carrying out, and overseeing the Group's sustainability strategy and performance. The Sustainability Committee presents to the Board on important sustainability and performance matters for decision-making and meets at least three times a year. The Sustainability Committee further:

- 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.

Various regional representatives are recruited to form the Sustainability Workgroup as an auxiliary to the Sustainability Committee to integrate and optimise the sustainability initiatives in different regional operations. By working with regional teams and evaluating the development and execution of sustainability initiatives, the Sustainability Workgroup facilitates the implementation of the sustainability strategies in business operations. Local teams including Health and Safety ("H&S") and Environmental, Health, and Safety ("EHS") Committees are in charge of integrating a variety of sustainable practices into daily operations. Senior management in departments like human resources and product quality aids the day-to-day handling of sustainability challenges.



As part of its dedication to sustainability, the Group supports the UNSDGs. Ausnutria's sustainability strategy aligns with the international movement to eradicate poverty, protect the environment, and ensure that all people enjoy peace and prosperity. The Group has focused on the eight UNSDGs with the most vital connections to our business and sustainability strategies to optimise its effect. Our three sustainability pillars, including Better Nutrition, Better Life, and Better Environment, are linked to the below eight UNSDGs.



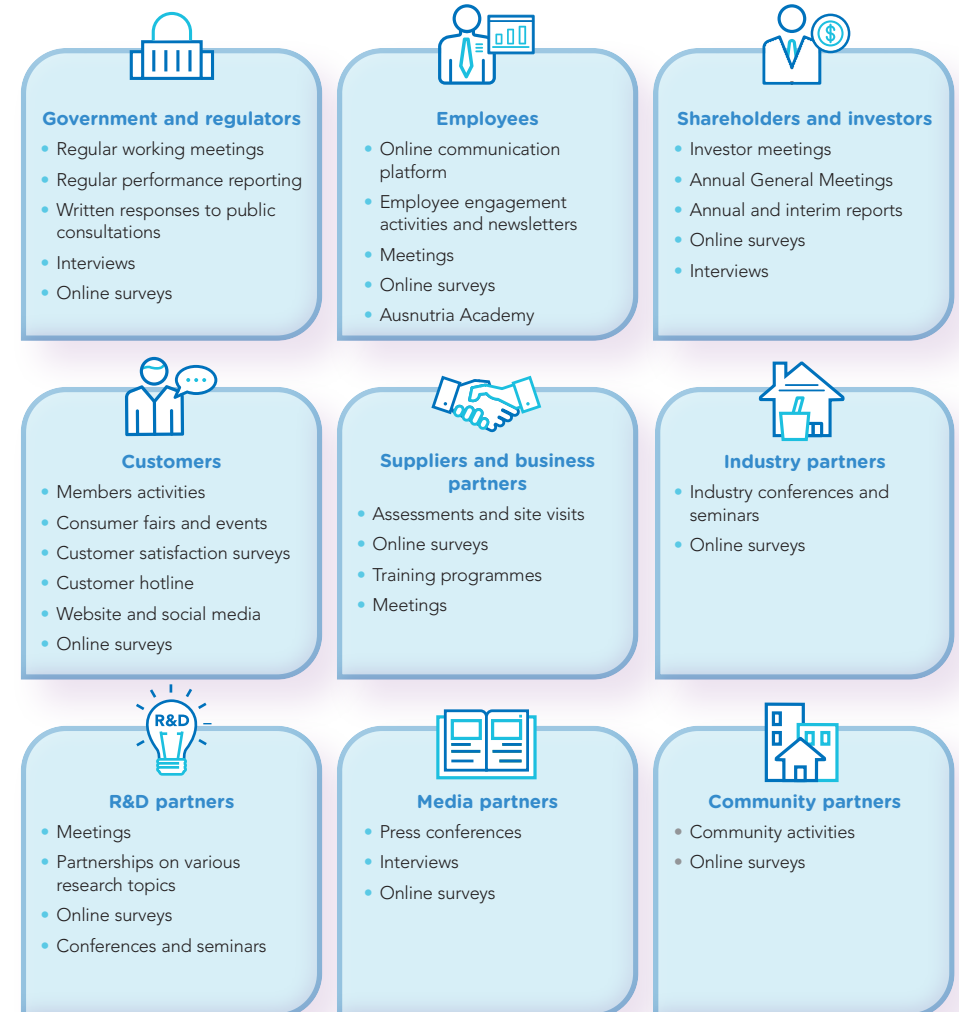
The Group has been developing a sustainability strategy framework with an improved version as part of its endeavours to support the UNSDGs. In 2020, after reviewing the sustainability strategy and identifying and consolidating focus areas under each sustainability pillar, it is clear that regional operations can receive sufficient and explicit instruction on establishing particular targets under each sustainability pillar. Furthermore, in this year's sustainability report, the Group finished gathering and evaluating inputs from the Sustainability Workgroup and continued to describe the comprehensive sustainability targets in the Better Nutrition, Better Life, and Better Environment sections with progress disclosure.

STAKEHOLDER ENGAGEMENT

The Group may better comprehend feedback and react to it quickly, through presenting opportunities for communication among stakeholders. The Group identified important stakeholders who significantly impact our business or are materially impacted by our operations. Those who have a material impact on our business or are materially impacted by our operations are considered key stakeholders. Utilising formal and informal dialogue, the Group stays informed about the perspectives of stakeholders and the evolving corporate environment. It also recognises and responds to risks and opportunities, customising its sustainability initiatives to reach sustainable business achievements.

Since 2016, the Group has shown its commitment to its key stakeholders by regularly engaging with them for insight into their views and priorities on various sustainability-related issues. Stakeholders were given access to an online survey to learn more about their opinions and expectations about sustainability issues in the Group. Diverse stakeholder groups, including employees, shareholders, investors, customers, suppliers, business partners, industry partners, R&D partners, media partners, community partners, and regulators, contributed more than 200 replies.

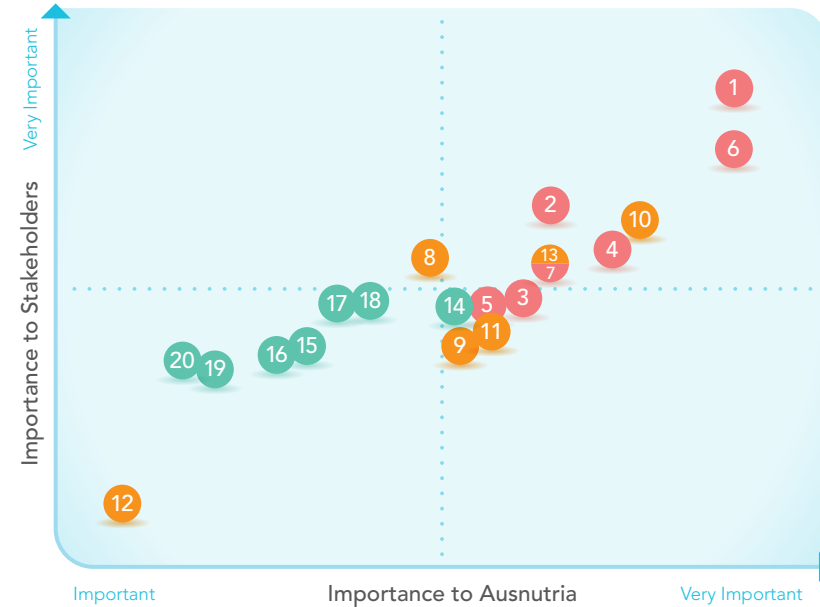
KEY STAKEHOLDER GROUPS AND REGULAR ENGAGEMENT METHODS



MATERIALITY ASSESSMENT

We conducted a materiality assessment to achieve better alignment between stakeholders' needs and our objective of sustainable growth. The Group constantly reviews sustainability-related issues pertinent to its operations and stakeholders to stay current with the rapidly evolving business landscape.

The Board is guided in making well-informed, sustainable business choices by the feedback from the stakeholder engagement survey, which is based on interactive multi-stakeholder methods and serves as the basis for evaluating and recognising Ausnutria's significant sustainability issues. Based on feedback from more than 200 stakeholders via an online survey, the Group presented the materiality analysis onto a matrix to show the relative significance of sustainability issues to stakeholders and the Group. Ausnutria's ESG report was developed using the findings of the materiality assessment, which were examined and approved 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



Better Life

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



Better Environment

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