



WIN-WIN WITH EMPLOYEES

To maintain a win-win relationship with employees, Ausnutria devotes an abundant amount of effort and resources in developing an excellent team and taking care of each individual employee. Ausnutria recognises the unique characteristics and ability of employees from diverse backgrounds as one of the greatest driving forces to the Group's all-directional growth. With dignity and respect, the Group continuously strives to provide employees a harmonious and supportive working environment for their best development.

As a socially responsible company, Ausnutria complies with all applicable laws and regulations regarding employment practices in its operating locations. The use of child and forced labour is prohibited within its operational control, and a background check is run for every job applicant to prevent such occurrence. In case of dispute, management will be informed immediately, and the Group will act in the best interests of the individual.

Code of Conduct and Employee Handbooks are established at subsidiaries to outline the Group's core values, standards, and expectations towards employees' performance. The Group has also developed policies and procedures to manage issues including employment relationship, training and development, equal opportunities and non-discrimination, and occupational health and safety. Such information is well-communicated to employees through formal channels during their early onboarding stage or whenever changes are made.

In complementing the Group's global growth and integration, a global human resources strategy meeting was introduced during the reporting year to consolidate resources and streamline practices relating to human resources. A three-year plan is adopted to review internal policies, improve management practices, enhance internal capabilities and strengthen company culture, with the ultimate aim to achieve the goal of "One Ausnutria, One Dream, One Voice". As part of the plan, the Group has also invested significant resources to develop and upgrade human resources systems, so as to migrate the day-to-day management processes at different offices in different regions onto a unified online portal. Such improvement will benefit the Group as a whole with enhanced communication and process efficiency.

Meanwhile, the Group seeks to secure the foundation of its global integration by building a brand-new headquarter of the Group in the PRC. The future office is designed with enormous space to provide a more comfortable, healthy, and productive working environment. Upon completion, it will become a dynamic and functional base for Ausnutria, where employees from all business units can attend training sessions, exchange business ideas, and hold other team-building activities.



Together with its employees, the Group seeks to achieve the motto of "One Ausnutria, One Dream, One Voice".

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In April 2019, regional human resources teams were gathered for a two-day global human resources integration workshop, where they shared their experience in delivering training and cultural programmes in their respective regions. Supported by an external consultant, the teams also benchmarked international industry practices in cultural integration and talent cultivation. The workshop has successfully facilitated the anticipated increasing global HR partnerships by fostering the teams' mutual understandings and international insights.



Fruitful discussions during the workshop will push forward Ausnutria's agenda to build a team fit for the future.



Human resources teams shared practices adopted regionally and discussed the development of global partnerships.

ATTRACTING AND RETAINING TALENT

Ausnutria's success greatly depends on the concerted efforts of employees. To this end, attracting and retaining talent is a critical mission to maintain the Group's business continuity. Ausnutria is committed to recruiting and treating employees on an open and fair basis regarding meritocracy and no discrimination. For instance, in Australia, all recruitment processes adhere to a set of standard operating procedures, which are revised regularly to incorporate up-to-date industry practices. In the PRC, Ausnutria continues recruiting graduates via the Management Trainee Program to secure a talent pool with academically excellent candidates specialised in food manufacturing.

As talents join the family, Ausnutria offers them with competitive rewards to recognise their great contributions. Employees are entitled to leaves, allowances, bonus, health checks, and subsidies according to their positions and number of years they accompanied Ausnutria to its success.



Employee of the Month, recognising outstanding performing employees.

Besides offering monetary rewards, the Group also takes care of employees' physical and mental well-being. Relaxation and entertainment events are held occasionally for employees to stretch out and relieve work pressure. Mental health instructions and consultations on personal challenges are also given to employees who are underperforming at work. A range of festive celebrations were organised throughout the year for employees of the diverse cultures to integrate into the Ausnutria family.

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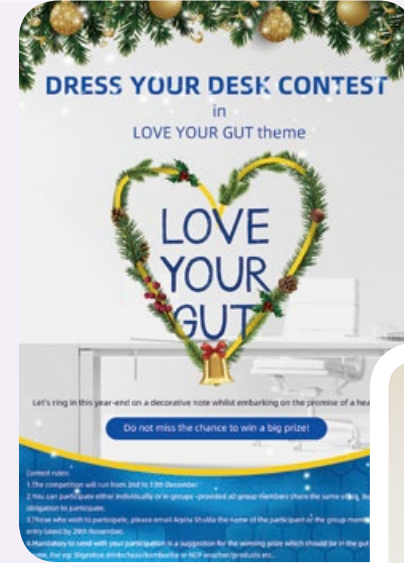
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Employees of Ausnutria Australia celebrating different international festivals.



A friendly match of basketball was played among employees of Ausnutria China.



The Dress Your Desk Contest to celebrate Christmas and promote gut health in Australia office.



CASE STUDY

Culture Integration Program



To identify and bridge the cultural gap among the Group's regional operations, the Culture Integration Program was kickstarted in Year 2019. The first phase of the program focused on the relationship between the PRC and the Netherlands. In particular, a management workshop was carried out to reach a consensus on the agenda of the integration plan.

Prior to the workshop, an employee engagement exercise was conducted to understand the strengths and weaknesses of the working culture, as well as the interpretation of Ausnutria's principles in the two regions. The identified misalignments in intercultural communication and workstyle were then brought to discussion in the workshop. Accordingly, the participating management members came up with short, medium, and long-term improvement initiatives with a comprehensive roadmap to cultural integration. To put these into actions, the Group has started a pilot run of the initiatives with adjustments made according to regional contexts, accompanied by a large-scale promotion campaign.

As a formula milk and nutrition product manufacturing company, which most of its consumers are families with children, Ausnutria truly embraces the importance of family and strives to promote family-caring culture within the Group. Flexible working arrangements are available at several subsidiaries, supporting employees to pursue work-life balance. On special occasions such as Children's Day, working parents are welcome to bring their children to work and spend time for family games together.



Employees and their families enjoying time at the Family Carnival.



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MAINTAINING AN OPEN COMMUNICATION CULTURE AT WORKPLACE

The Group recognises the importance of mutual communication and greatly appreciates employees voicing concerns over their workplace experiences, which helps build the foundation for efficient and open working cultures. Thus, formal and informal communication channels are formed and promoted across the Group, encouraging employees to exchange ideas and thoughts between themselves and with the management team.

The communication exercises at subsidiary level continually stick to the Workplace Communication and Consultation Policy, the Communication Protocol, or other similar programs, which clearly outline the guidelines, rights, and responsibilities for every member in establishing meaningful internal conversation across the Group. In particular, formal and informal meetings between and among employees and management are regularly arranged to convey the expectations of different parties. Employees are also encouraged to be upfront and open in talking to their managers and teammates for better and more efficient work collaborations.

Ausnutria also shares and delivers company information through various channels. For instance, a tailored mobile application (U 享家) and social media platform like WeChat are used to communicate with employees in the PRC, allowing an efficient exchange of information. Whereas in the Netherlands, apart from the periodical internal newsletters and magazines, "The Formula" and "M.elk", the Group started an intranet platform combining official announcements, twitter, vacancies and social feeds from both internal and external perspectives for employees' easier reference since early 2019.

To collect comments from an objective and open perspective, subsidiaries in the PRC and Australia have conducted company-wide employee satisfaction surveys this year. Employees were highly responsive and provided constructive comments for the subsidiaries' considerations to better shape their development paths and update employment-related practices. The survey is anticipated to be expanded to the other subsidiaries in the near future.

On the other hand, employees who encounter any unfair treatment or observe any conflicts regarding employment have the rights and responsibilities to report the issues to their supervisors under the guidelines laid out in the Code of Conduct and Employee Handbook. Whistleblowers are fully protected under the guidelines and grievances will be addressed in good faith and in a timely manner. For issues that cannot be settled at lower levels, it will be escalated to involve the HR department and senior management until an agreement is reached.



Internal newsletters and magazines, "The Formula" and "M.elk".

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PROVIDING AMPLE DEVELOPMENT OPPORTUNITIES FOR EMPLOYEES

Committed to supporting employees along their journey in the Group, Ausnutria has placed employee development as a priority in the Group's HR strategy and provided them numerous learning opportunities and abundant resources. All newly joined employees are required to participate in a comprehensive induction training which equips them with fundamental information to adapt into the new workplace.

Depending on job duties, employees are progressively offered with more on-the-job and external professional trainings for further advancement in work-related skills and knowledge. The Group also aims to develop employees' other transferable skill sets such as communication, leadership, and contingency handling that would help improve their productivity and work quality. Ausnutria Australia invited external organisations to deliver presentations and share with employees, covering multiple practical topics such as supply chain and logistics. For better resources allocation, several subsidiaries have developed annual training plans for the upcoming year to ensure employees receive sufficient guidance at work.



Pre-MBA Class (澳青計劃), designed for recently promoted managers, was a fruitful event for the participants during the year.

Marking the fifth year since its establishment, Ausnutria University has continued its mission to provide extraordinary learning support to Ausnutria's employees. Through this, the Group aims to boost quality, optimise organisational performance, nurture a culture of excellence, and promote a longing belief in continuous learning. In Year 2019, Ausnutria University has kick-started another series of structured professional management training (MBAs and EMBA), offering tailored curriculums for management members of varying seniority. The series of "AO Project", including "Pre-MBA Class (澳青計劃)", "MBA Class (澳橙計劃)" and "MBA Plus Class (澳藍計劃)" focused on advancing business vision, critical thinking, and leadership skills of the employees, in order to bolster the Group's progression towards the "Golden Decade" strategic goals.



MBA Plus Class equipped senior managers with adequate skills in managing their departments.

To fairly review employees' performance and reward excellence, the Group has taken initial steps in adopting a formal staff appraisal system for employees of Ausnutria China and Ausnutria Australia, and has planned to extend this to other subsidiaries. For instance, the PRC has adopted an 'a+b+N' Evaluation Model in Year 2019 to review employees' performance in a structured yet simultaneously flexible arrangement in rewarding employees' hard work. Evaluations usually consist of elements including technical expertise, work approach, quality and quantity, communication and interpersonal skills, as well as action plans and development goals specific to individuals. For Ausnutria Netherlands, it has adopted an innovative performance evaluation system in which co-workers could provide mutual feedback for each other.

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PROMOTING HEALTH AND SAFETY AWARENESS AT WORK

Maintaining a safe and healthy working environment for its employees is a priority for Ausnutria. The Group strictly complies with local occupational health and safety (“OH&S”) laws and regulations and has adopted related policies in all subsidiaries. Internal standards and procedures are subject to regular revision with respect to the national and regional regulatory updates. Such materials are effectively communicated with our employees.

At each production facility, there is a health and safety committee or officer appointed to ensure OH&S plans are effectively implemented and to monitor related performance. To further promote the importance of OH&S, one of our subsidiaries in Australia has established a management system manual in Year 2019, delegating each employee with individual responsibility in upholding workplace safety.

Periodically, internal and external risk assessments are conducted at subsidiaries to inspect working areas and eliminate potential hazards. Results are then reported to the committees or officers for approval to implement the suggested safety measures. In the Netherlands, monthly risk investigation and evaluation reports are shared with general staff, raising their attention on the existing blackspots to avoid recurrence of similar incidents. The goal that was set for Year 2019 to reduce 50% of high and medium risks has been achieved and a 100% elimination of medium and low risks is aimed for the coming year.

All newly constructed production facilities, including the Ausnutria Heerenveen Factories in the Netherlands and the Smart Factory in Changsha City, the PRC, are designed with highly automated lines, which could potentially reduce labour work and minimise work-related injuries and illness. For existing production facilities, the Group has also been working to shift to a highly automated operation environment by upgrading old and manual equipment. During Year 2019, a new vacuum conveyor and automated powder-filling machine was put in place in NCP to prevent material leakage and contamination, and more importantly, protect employees from weight-lifting associated injuries. Meanwhile, in Leeuwarden, the Netherlands, the factory has been upgraded to comply with the latest top quality standards, while in the process of implementing a lot of sustainable improvements.

To cultivate a deep-rooted consciousness of work safety, Ausnutria devotes time and resources in training employees with OH&S knowledge and skills in handling incidents and duty-specific risks. For instances, NCP arranged first-aid training by external professionals like Red Cross and St. John Ambulance. Ausnutria Netherlands also organised work safety drills and discussions to familiarise employees with the routines in handling emergencies such as fire, explosions, and ammonia leakage. Additionally, Ausnutria Netherlands is ready to roll out an e-learning platform on health and safety in 2020 and is expected to reach employees in a more convenient and effective way.



OH&S Training for production staff in the PRC.

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