

# 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



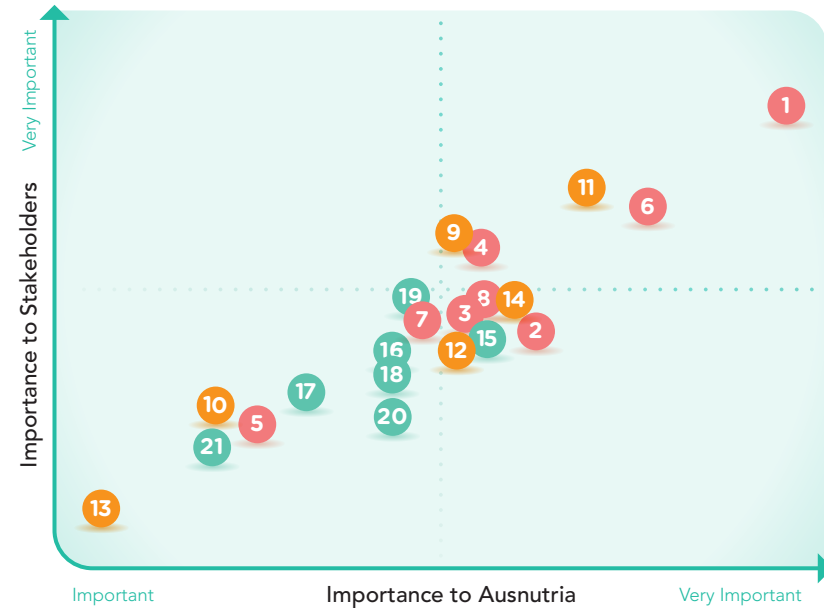
### Community partners

- 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