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Better

Nutrition





Focus Areas

Product
Innovation

Customer
Engagement

Product
Quality &
Food Safety

Ausnutria makes every effort to innovate its product and give customers safe, high-quality products. Its goal is to provide all of its customers with the safest, most reliable products with the best nutritional profile. By offering up-to-date health and nutritional information, gathering feedback via a range of communication channels, and protecting customers' rights, the Group maintains a solid customer relationship. With rigorous and selective screening criteria and procedures ensuring business relationships only with partners who share its values, Ausnutria also forms strategic alliances with distributors and suppliers to ensure our sustainable standards are closely followed throughout the whole value chain. To fulfill our social and environmental obligations and attain mutual success, Ausnutria seeks to work together with all of our business partners.

KEY HIGHLIGHTS IN YEAR 2024

- Hyproca Hollory comprehensive nutritional formula milk products was recognised by the Chinese Institute of Food Science and Technology as having achieved “**international advanced**” standards in formulation and technology
- **Kabrita IMF**, as the world’s first goat milk based infant formula that meets the US FDA nutrition and safety requirements, **is now fully launched in the US market in January 2024**
- Continued to invest over RMB100 million in the **R&D of new products and launched 15 new products**
- Collaborating with external academia partners by launching a **three-year infant feeding research project**
- Published **74 research paper and scientific article publications** in total
- Shared **latest research findings in** science and innovation conferences regarding nutrition and received positive feedback from industry peers
- **Maintained strategic partnership with renowned universities**
- Maintained **100% of Ausnutria’s goat farmers** participated in the Sustainability Programme
- Organised **forum** to drive probiotics industry development in the PRC
- Participated the **7th China International Import Expo** to provide distributors with practical knowledge and awareness of the Group’s dairy and nutrition solutions



PRODUCT INNOVATION

To support its ongoing growth, Ausnutria consistently invests in research and development. The company is particularly interested in developing lactose-intolerant-friendly products, improving formula recipes, and increasing the nutritional content of its product line. More than 200 R&D specialists work for the company, who are located in the PRC, the Netherlands, and Australia. We spent over RMB100 million on new product research and development in 2024 to keep our product current with market trends. In 2024, Ausnutria updated its formula offerings in the Chinese market to maximise consumer benefits. Among its three main business areas, Cow Milk Formulas, Goat Milk Formulas, and Nutrition Business, the company is proud to have launched 15 new products. In 2024, the Group has continued to enrich an impressive portfolio by applying for 24 patents, with 22 authorised patents. In 2024, the Group has also collectively contributed 56 research papers to the body of knowledge in the field. In 2024, Ausnutria applied for 220 trademarks in total, and registered for 134 trademarks.

The Group reached several R&D milestones and kept expanding its product line in 2024. Under its brands, including Kabrita, Hyproca 1897, Aunulife and Nutrition Care, Ausnutria introduced a variety of new products. Scientific research is highly valued by Ausnutria, especially in the area of nutritional health. In 2024, the Group achieved notable advancements in a number of scientific studies. In addition, Ausnutria has supported research projects in partnership with universities in Australia, the PRC, and the Netherlands, indicating the Group's continued commitment to R&D.

Natural, effective, and convenient probiotics and dietary supplements are seeing rapid growth. Bioflag is focused on developing high-quality new dosage forms for probiotic products. One notable example is the Little Orange Box of Aunulife ShouHu (愛益森首護), a toddler probiotic launched in partnership with the Aunulife brand, which received positive consumer feedback and ranked first in the baby probiotics category on the PRC's online platform Tmall. Additionally, the NC Seasonal Biotic Synbiotic Mix (NC舒鼻益生菌), created in collaboration with NC, has become a popular choice for allergy relief on Tmall. The Bioflag Group has also introduced a probiotic powder under the Changweixiao brand (常維効牌) that benefits from a comprehensive industry chain, including proprietary strains, certification, and manufacturing facilities.

In January 2024, The Kabrita infant formula goat milk powder (for 0–12 months) officially launched in the US market. Additionally, this action speeds up Kabrita's operations in the United States, advancing its worldwide expansion to unprecedented levels. The formula has passed the review by the US FDA in 2023 after extensive research and collaboration between Kabrita's American and Dutch teams. The product was marketed in the US as the world's first goat milk-based infant formula that has fulfilled US FDA nutrition and safety requirement. With Kabrita infant formula reaching the shelf, the full line of Kabrita infant and toddler formula goat milk powder are now available in the United States, further enriching the feeding options for local families. This marks a significant milestone in Ausnutria's breakthrough in the global market with goat milk as well as the Group's future international expansion.

Annual investment in the R&D of new products:



Highlight of New Products Announced in Year 2024



Kabrita Glossom (晶綻), Kabrita Jingcuiyuebai (晶萃悅白) and Kabrita Yueqi (悅啟)

With the small molecules and duo organic lactoferrins of organic goat milk, Glossom (晶綻) will set the standards in the “Ultra Premium+” IMF market with a completely organic formula that strengthens both absorption and protection. Jingcuiyuebai (晶萃悅白) offers infants “Duo Lactoferrin + 10x Human Milk Oligosaccharides (“HMO”)-like nutrients” for complete and superior double protection. With the most comprehensive DHA formula and 20 major active nutrients for the brain, Yueqi (悅啟) leads the market by enhancing intelligence in ten key aspects.

Hyproca 1897's Huanzhi (歡致)

Huanzhi (歡致) broke into the autoimmunity market and drove new growth with its “Breastmilk Osteopontin (OPN) + Lactoferrin” protection. Two types of rare active proteins, six key self-protective nutrients, and nucleotide patent technique work together to safeguard intestinal absorption, helping babies establish an internal defense barrier. Apart from meticulously researched formulas and key technologies, Huanzhi also maintains its commitment to sourcing. It selects pure milk from grass-fed cows in the Canterbury Plains, renowned as the “golden milk source” of the world.



Kabrita Beibeigao (貝貝高)

In February, Kabrita officially launched a new toddler goat milk powder product focused on children's bone nutrition – Kabrita Beibeigao. The core advantage of this formula is the “8x CBP Skeletal Growth Factor.” Additionally, Kabrita Beibeigao contains 900 mg of calcium per 100 g, which significantly exceeds the national standards for calcium addition in formulated milk. It also features a special combination of “Vitamin D + Vitamin K2” to enhance calcium absorption. Together, these four nutritional components work synergistically to provide better nutritional support for children's growth.



Hyproca Hollory Jade (荷致翡翠)

As the first imported organic A2 protein* milk powder from the Netherlands, the Jade version of Hyproca Hollory (荷致翡翠) has received certifications for both pure organic milk sources and rare A2 protein* milk sources. In order to give the next generation of parents a comprehensive, cutting-edge, and scientific feeding solution, it also contains six premium natural autoimmunity nutrients.



Ausnutria's Five Major Research Findings Presented at Industry Events to Exchange Opinions on Innovation and Development



During the 30th Annual Meeting of the China Dairy Products Industry Association, Ausnutria released its first industry publication, “Guidelines for Nutritional Intake During Pregnancy and Postpartum.” This guide aims to provide consumers with scientific insights into lifestyle and nutritional intake during the perinatal period, empowering maternal and infant nutrition and health. Based on research findings from a decade-long strategic partnership with Peking University Medical School, the guidelines utilise scientific knowledge and effective methods to disseminate professional healthcare knowledge related to pregnancy and postpartum care.

At the 2024 Functional Food Industry Conference held in Shanghai, “2024 Probiotics Industry White Paper” was published with Ausnutria’s Bioflag, as a major contributor. The release received widespread attention from attendees. The white paper outlines the probiotics industry, covering aspects such as industry overview, new product launches, online market conditions, consumer insights, and development trends. It provides an in-depth analysis of the current state of the functional food and probiotics industries, helping professionals better understand industry dynamics and development opportunities, and further promoting the healthy growth of the probiotics sector.

At the 29th Congress of the Chinese Paediatric Society held in Xi’an, China, Kabrita’s representatives shared research findings on the feeding effects of Kabrita goat milk powder with the attending experts and scholars. These studies cover various aspects, including enhancing immunity and reducing the likelihood of sensitivity in babies. Notably, a clinical study conducted in collaboration with Peking University Medical School confirmed that infants fed with Kabrita goat milk powder had a 42% lower chance of developing sensitivities. Another result, verified by a GLP-certified laboratory in China, also demonstrated a significant improvement in protective capacity for the group fed with Kabrita goat milk powder compared to the control group.

At the 18th Perinatal Medicine Academic Conference, Kabrita focused on the mental health issues of pregnant and postpartum women. We highlighted the “Dietary Nutrition and Mental Health Research during Pregnancy and Postpartum” research, led by the School of Public Health at Zhejiang University and supported by the Ausnutria Kabrita Nutrition Research Fund. The study systematically reviewed existing evidence on dietary nutritional support for perinatal mental health and summarised the effects of dietary practices in promoting the mental well-being of pregnant and postpartum women.



Ausnutria firmly believes that a company’s competitive evolution is supported by continuous innovation in scientific research. In order to support the high-quality development of the PRC’s nutrition industry, Ausnutria will continue to carry out science-led R&D while working to incorporate the results of scientific endeavours into products.

R&D talent is actively fostered by the Group. Since the Ausnutria National Postdoctoral Programme was launched in 2016, the Group has hired PhD researchers to carry out food and nutrition research and assess the viability of incorporating research findings into new product development. The Group promotes the real-world implementation of scientific theories in its products through its corporate strategy and talent career advancement approach. The Ausnutria-Kabrita Nutrition Research Fund was created by the Group in 2020 with the goal of improving the nutritional health of newborns and the elderly. This programme promises to support maternal and infant nutrition research in the PRC by offering a one million RMB research grant each year. In October 2024, we successfully held the mid-term and exit report meeting for Ausnutria postdoctoral researchers at the global headquarters in Changsha, with multiple renowned academic researchers and business leaders attending the meeting. This event marked another significant achievement for Ausnutria in talent development and research innovation. One postdoctoral researcher successfully completed their exit report, while two others passed their mid-term assessments.

- On 27th to 29th May, Ausnutria was granted '2024 Dairy Industry Association Science and Technology Innovation Enterprise' award for its continuous pursuit in technological advancement and sponsorship on students' research. During the conference, Ausnutria invited several researchers to share the latest findings with industry affiliates, hope to stimulate scientific and technological innovations.



China National Accreditation Service (“CNAS”) for Conformity Assessment conferred and subsequently renewed the Laboratory Accreditation for Ausnutria’s testing centre in Changsha city, the PRC in 2023.

In order to access a vast network of resources, insights, and expertise, the Group continues to work with esteemed universities, research institutions, industry partners, and contract manufacturers for nutritional studies and creative product development. The Group’s partnership with Wageningen University for the “ReThink Waste Challenge” in the Netherlands demonstrates our commitment to sustainability and innovation. Ausnutria is dedicated to working with academic partners to develop nutritional studies and future-proof products, utilising the experience of our R&D team. The Group has kept up strategic alliances with outside expert organisations in the PRC, such as Jiangnan University, Peking University, Nanchang University, Central South University, and the Hunan Association for Science and Technology. In October 2024, Ausnutria officially received approval from the Jiangsu Provincial Department of Education to establish a graduate work station in collaboration with Yangzhou University. In December 2024, Ausnutria has officially launched a three-year infant feeding research project in collaboration with Peking University Medical School. The research will focus on the Hyproca series of products, conducting scientific tracking of key feeding indicators. The aim is to provide authoritative research findings for the industry, offering a scientific basis for the design of infant formula, promoting innovation and development in the sector, and ensuring sufficient nutritional and health support for infants during critical growth stages.

Additionally, in 2023, Ausnutria opened the Changsha National Provincial Academic Society Service Station and the Changsha Expert Workstation. In order to expedite the transformation of scientific and technological advancements into useful applications, the expert workstations will continue to concentrate on scientific research in the areas of dairy and nutritional health. Since 2023, Ausnutria has been putting resource into the Probiotics industrialisation Production Demonstration Line at Bioflag’s Jiangsu Huai’an Probiotics Smart Factory, utilising its probiotic research experience and collaborating with Jiangnan University. The facility aims to lead the world in the production of smart probiotics by producing 33 different types of probiotic powder each year. This project focusing on probiotics will continuously support the growth of Ausnutria’s health segment and raises Bioflag’s probiotics R&D stature.

Case Study

Established “Ausnutria Nutrition Institute”

In October 2020, the Ausnutria Nutrition Institute was established as a separate scientific organisation in the Netherlands with the mission of disseminating scientific information about infant nutrition and the ingredients in goat milk. The Institute actively collaborates with universities, research institutes, and scientists around the world to promote the creation of evidence-based products and enhance children’s health and welfare. In addition to joint research projects, the Institute benefits from the counsel of a scientific advisory board that includes global experts in a range of fields.



To facilitate the distribution of the Institute’s findings to professionals in health and nutrition, a dedicated website has been established. Moreover, in 2024 our colleagues from Ausnutria Nutrition Institute presented two abstracts (scientific articles) at the ESPGHAN (European Society for Paediatric Gastroenterology Hepatology and Nutrition) regarding gastrointestinal complaints in babies and the role of goat milk bottle feeding.



Better Nutrition through the Study of Breast Milk

For newborns and young children, breast milk is the most important source of nutrition for growth and development, supporting their early development and health. Ausnutria is a dedicated supporter of breastfeeding and is involved in several studies on the nutritional value of breast milk. At the same time, Ausnutria is equally committed to improving infant formula’s nutritional value. The breast milk bank, one of Ausnutria’s strategic initiatives, was established to improve its understanding of the nutritional makeup of breast milk for infants and young children in the PRC. So far, several breast milk data banks have been established to support significant scientific research.



Case Study

Ausnutria Showcased Multiple Significant Research Findings at the 3rd China Breast Milk Science Conference

With strong capabilities and significant contributions in the field of breastfeeding research, Ausnutria has become one of the strategic partners at the conference. Ausnutria's maternal and infant nutrition research team represented the only domestic enterprise at the event, sharing the latest findings on breastfeeding, which garnered considerable attention in the industry.

During the conference, Dr. Peng Xiaoyu, senior manager of dairy research, presented the report titled "Comprehensive Nutrition Research on Breast Milk and the Digestive Absorption Characteristics and Efficacy Evaluation of Infant Formula." Ausnutria introduced the innovative "Pro59 comprehensive nutrition formula" through technologies such as breast milk oligosaccharide simulation, breast milk fat simulation, and protein "double hydrolysis," successfully applying it to the Hyproca Hollory series of comprehensive nutritional formula milk products. Associate Professor Zhang Chenchen from the School of Food Science and Engineering at Yangzhou University discussed the topic "Screening and Functional Research of Probiotics in Breast Milk from Central and Southern China." This research identified and preserved a batch of lactobacilli sourced from Chinese mothers and infants, verifying the strains' probiotic functions both in vitro and in vivo. The work lays a solid foundation for the localisation development of probiotic strains for infant foods in the PRC.



Dr. Peng Xiaoyu presenting Ausnutria's latest research finding at the 3rd China Breast Milk Science Conference

To steer the R&D endeavours in the Netherlands, in 2020, the Group initiated three five-year R&D programmes, each with distinct principal objectives. The roadmap undergoes quarterly revisions to ensure that all activities are aligned with the Group's current business strategy.

Nutrition Research Programme 2020-2024

- Leading research in support of the global R&D strategy;
- Providing nutritional support to internal stakeholders;
- Maintaining and expanding relevant scientific network and footprint; and
- Initiating and supporting clinical studies to further substantiate goat milk efficacy as a source of nutrition in various target markets.

Innovation Roadmap 2020-2024

- Developing and introducing new products under Kabrita, including Kabrita Junior, Kabrita Mama and Kabrita Family.

Processing Research Programme 2020-2024

- Optimising the use of resources through developing new processes to ascertain the availability of required raw materials, and to valorise side streams for both existing ingredients and the foreseen growing needs; and
- Creating new and innovative ingredients with value to the Group to allow the development of next-generation products.

Intellectual Property Management

Ausnutria places a high value on protecting intellectual property rights and monitoring both internal and external innovation. The Group has put in place an enterprise intellectual property management system along with legal-compliant procedures. The supervision of intellectual property rights and the registration of all brands and logos used on product packaging fall under the purview of particular departments. In addition, the Group has created an intellectual property handbook for staff members to improve their knowledge and comprehension. In 2024, we introduced Ausnutria Intellectual Property Management Policy to standardise the management of intellectual property within the Group. The Group was recognised for its relevant strategy, execution, assessment, and continuous improvement practices as we passed the on-site audit for re-certification of the PRC's national standard for enterprise intellectual property management (GB/T 29490-2013) in 2023. Ausnutria also received the 2024 Intellectual Property Award (Patent Navigation Analysis) by the government of Wangcheng District, Changsha City, the PRC and was ranked among the "Top 50 New R&D Institutions in Changsha City" by the government of Changsha City, the PRC.



□ Certification of Enterprise Intellectual Property Management (GB/T 29490-2013).

CUSTOMER ENGAGEMENT

Ausnutria persists in improving its customer relations through active participation in diverse social media engagements and interactions. Utilising these communication platforms, the Group gains a streamlined and impactful method to engage with customers, raising their awareness about scientifically proven information concerning dairy and nutrition products.

Social media serves as a crucial tool for Ausnutria to engage with its customers effectively. In the PRC, the Company's key dairy brands, such as Kabrita, Hyproca 1897, Allnutria, and Nutrition Care, actively manage and update their own WeChat and Weibo channels. These channels play a vital role in promoting the Group's products and marketing campaigns. They also serve as platforms where parents, expectant parents, and customers can exchange experiences and knowledge about infant care, provide feedback, and seek product-related information. Ausnutria upholds the responsibility of ensuring the accuracy and credibility of information shared on social media, particularly focusing on safeguarding parents and children from potential risks. The supervision of these online platforms is directly overseen by the Group's team of professional nutritionists.

Kabrita has introduced the HCP Kabrita Natural Comfort Programme, aiming to offer natural comfort to healthcare professionals worldwide, mirroring the comfort that Kabrita products bring to infants and mothers. This programme grants healthcare professionals access to educational resources through audiobooks and augmented reality learning tools. Furthermore, it includes giveaways like goat wool socks, smart wristbands, hand cream, sleeping masks, and cookbooks showcasing recipes that include goat dairy ingredients.

Integrated Marketing of Kabrita X Xiaohongshu's "Human Infant Caretaking" IP

Ausnutria has introduced the "Human Infant Caretaking" IP initiative in collaboration with Xiaohongshu, spanning from September to December 2024, with the goal of engaging and educating mother and baby consumers on milk selection and feeding practices. This long-term partnership featured interactive activities with the hashtag #Breaking the Gap in Milk Selection Information, encouraging active participation and knowledge sharing among users. Moreover, the programme showcased high-quality product recommendations through various lifestyle circles such as beauty, fashion, outdoor, enriched upbringing, and workplace, creating a trend around "Goat Milk Feeding" and enhancing the brand's upscale image. Complementing this, the collaboration with Kantar resulted in the publication of the "Human Infant Feeding Guide: 2025 Infant Formula Feeding Trend Report", offering in-depth insights into the feeding preferences and pain points of new-generation parents. The campaign's success was evident in its substantial reach, with over 300 million exposures and 51 million page reads on Xiaohongshu, ultimately driving a notable 624% increase in Kabrita's brand search volume. The endorsements and recommendations from opinion leaders across different lifestyle segments, along with the support of over 400 medical and nutrition professionals, further solidified Kabrita's position as a leading brand in the goat milk feeding trend, backed by testimonials from numerous satisfied mothers.

Integrated Marketing of Kabrita X SpongeBob IP

In a strategic collaboration from October to December 2024, the Company partnered with the iconic SpongeBob cartoon IP for a co-branded initiative during the Double Eleven period, emphasising the synergy between SpongeBob's "King of Ocean Absorption" and Kabrita's emphasis on "Good Absorption, Better Nutrition". This partnership resulted in the creation of exclusive IP peripheral gifts and a diverse range of online and offline marketing activities, aimed at enhancing brand visibility and establishing Kabrita as a premium brand in the goat milk product market. The campaign effectively communicated the unique selling points of Kabrita goat milk powder, highlighting its easy absorption and nutritional benefits, with an expected reach of over 160 million impressions on various new media platforms. Furthermore, Kabrita's strong performance during Double Eleven underscored its market leadership in goat milk powder sales across key e-commerce platforms, reflecting its commitment to quality and nutrition within the infant feeding sector.



Protecting Customer Interests

Ausnutria places a strong emphasis on employing responsible marketing and communication strategies as the foundation of its sustained success and rapid expansion. Adhering to the guidelines set forth by the World Health Organisation, Ausnutria abstains from advertising stage 1 (0-6 months) infant formula. Moreover, in compliance with existing regulations, the promotion of stage 2 (6-12 months) infant formula is also refrained from in the PRC market. Notably, the Ausnutria Marketing Policy for Infant Formula in the Netherlands underwent an update in 2022 to align with the Group's latest strategy and customer expectations, superseding the original Marketing Policy established in 2020.

Ausnutria upholds the standards of accuracy, fairness and impartiality in product labelling and claims through a meticulous assessment process aligned with the Group's branding principles. All products and promotional materials undergo this thorough evaluation and necessitates final endorsement from distributors or local brands before market release. Throughout the period, Kabrita introduced the Compliance Management System, delineating clear protocols for reviewing and authorising marketing content, alongside defining the duties within pertinent departments. Furthermore, Ausnutria actively engages in Australia's Voluntary Incidental Trace Allergen Labelling Programme, executing comprehensive allergen evaluations for all ingredients in nutritional items before asserting any "allergen-free" claims on product labels.

Ausnutria acknowledges the increasing significance of safeguarding customer data privacy. The Company has implemented an internal policy concerning customer data and privacy, which outlines clear directives for handling personal information belonging to employees, business partners and customers. Regular communication and training programmes, such as sharing information security tips and procedures through bulletin boards and posters, aim to improve employees' understanding of internal privacy practices. The internal audit department of the Company oversees consumer data protection efforts, assessing the adherence of the Board, senior management, officers and employees against all applicable policies, standards, procedures, laws and regulations related to customer data privacy on a consistent basis. When consumers register as members within any Ausnutria business segment, they are required to agree to the "Membership Service Agreement and Privacy Policy". In the PRC region, a data security classification system has been established, structured according to varying levels. To comply with the European Union's (EU) General Data Protection Regulation (GDPR) in 2024, privacy statements elucidating the steps taken to safeguard the personal data of customers, business affiliates, and other users are published on the Dutch and European Kabrita websites. Throughout 2024, Ausnutria sustained an internal information security initiative known as "Herken, Herkauw, Handel" ("Recognise, Ruminant, Act") in the Netherlands, aimed at promoting adherence to essential rules for securing information and data. This campaign seeks to enhance employee awareness and bolster their knowledge in identifying and addressing risks associated with data security.

In Year 2024:



176 Complaints related to product received, which is **31%** less than 2023

Maintained **0** Complaints related to services received

PRODUCT QUALITY AND FOOD SAFETY

Ausnutria places a strong emphasis on the health and safety of its customers. To guarantee that its products adhere to strict quality and safety standards, the Group has established thorough quality control guidelines. These guidelines are ingrained in every stage of the production process, encompassing raw material procurement, manufacturing processes, and product delivery. They are designed to ensure compliance with all relevant laws and regulations, underscoring the Company's commitment to upholding elevated production quality standards.

Drawing from past experiences, particularly during the previous pandemic, Ausnutria has developed the capability to adopt a dual approach to maintain a consistent product supply throughout the year. This strategy involves swiftly responding to emergencies while also maintaining close communication with international facilities, a crucial aspect in coordinating export production effectively. Furthermore, the Group expedites its manufacturing process to guarantee a steady provision of its dairy products.

Product Safety Management

The Group's production facilities hold certifications from internationally renowned safety management systems and maintain stringent quality benchmarks. These certifications encompass the BRC 8 Global Food Safety Initiative (GFSI) certification, FSSC 22000 Food Safety System Certification, ISO 9001 Quality Management System, Hazard Analysis and Critical Control Points (HACCP) System, and GMP+ Good Manufacturing Practices. Furthermore, the production line in the Netherlands has been granted COKZ certification for its newly established ultrafiltration facility located in Heerenveen.



Kabrita goat milk formula maintains efficient quality management and is certified for multiple international food safety standards.



COKZ Netherlands
Controlling Authority For Milk
And Milk Products



GMP+ Feed Safety
Assurance



Hazard Analysis and Critical
Control Point (HACCP)
Certification



BRC 8 – GFSI



Qlip kwaliteitsborging in
agrofood



FSSC 22000 – GFSI



Kwaliteit c quality assurance
scheme of the Dutch Goat
Dairy Organisation (NGZO)



FDA – U.S. Food & Drug
Administration



IFS Food – International
Featured Standards Food

Safeguard product quality and safety at all stages of production

01

Sourcing and storage

- Stringent supplier selection
- Regular supplier assessments and audits for crucial product ingredients
- High-standard warehouse management for raw and packaging materials and finished goods
- Training for employees involved in warehouse management



02

Production process

- Standardised quality assurance procedures and protocols
- In-process quality control tests and final inspections
- Laboratory checks for all products according to internal and national requirements
- External regulatory inspections on the local legal requirements of each distribution market for dairy products



03

After entering the market

- Regular and random product inspection
- Traceable product information
- Continual optimisation for quality management systems



04

After sales

- Multiple customers communication channels
- Effective complaint procedures



Our customer service team promptly investigates and categorises complaints based on their severity level. When required, issues are escalated or referred to other departments for senior guidance or inter-departmental cooperation. We systematically record all complaints for future reference and analysis to avoid repetitions. Additionally, Ausnutria conducts routine trend assessments to pinpoint areas for enhancing food quality and safety. Moreover, Ausnutria closely tracks customer satisfaction levels and administers quarterly and annual surveys in the PRC through various means like phone calls, emails, and face-to-face interactions. Our subsidiary brands, such as Kabrita and Hyproca, have instituted internal protocols for handling customer complaints. To gather feedback from a global audience and offer timely responses, Ausnutria leverages online platforms like WeChat, QQ, and its website, integrating AI technology and multimedia components like images and animations.

Product Traceability Management and Product Recall Procedures

In the event of identifying unsatisfactory conditions during inspections or post-purchase, the Group promptly takes action by conducting trace-back investigations. A digital recording system is utilised to manage product details for each batch, encompassing logistics coordination, manufacturing steps, and raw material specifics. Moreover, QR codes on product packaging enable customers and external entities to access manufacturing insights like test results and logistics particulars, promoting transparency and traceability. If a product recall becomes necessary, Ausnutria meticulously traces the entire supply chain, production lines, and distribution channels to retrieve all substandard or unsafe products. To prevent future occurrences, incident reports are compiled and presented to management. In cases of quality concerns or potential safety risks in our products, we swiftly initiate recall procedures to ensure that problematic items are managed effectively, fostering a secure and reassuring consumer environment.



Responsible Marketing

In order to guarantee equity, precision, and neutrality in product labels and declarations, Ausnutria enforces a thorough assessment procedure for all products and promotional content, aligning with the Group's branding standards. Prior to market distribution, all products undergo a final authorisation step to confirm adherence to local statutes and guidelines. Kabrita has instituted a Compliance Management System that delineates the duties and obligations of every department engaged in the manufacturing process, ensuring systematic procedures for reviewing and authorising marketing content. Moreover, Ausnutria Australia has remained engaged in the Voluntary Incidental Trace Allergen Labelling Programme. Before designating any products as 'allergen-free', we conduct exhaustive and rigorous allergen assessments for each ingredient across all nutritional products.

In developing customised marketing strategies, we engage in thorough research on product branding, target locations, and consumer preferences. To execute precise marketing campaigns in the realm of digitalisation and intelligence, we have adopted a membership-based approach and integrated quality tracking technologies. For instance, our online dynamic QR code traceability system enhances our ability to provide superior quality assurance and tracking functionalities.

From our inception, we have dedicated ourselves to enhancing our footprint in the Chinese market by harnessing worldwide resources. Our objective is to manufacture top-notch dairy goods across the complete production spectrum, guaranteeing that Chinese consumers can enjoy premium products sourced globally. Moreover, we persistently push the boundaries of innovation in R&D, be it in the domain of vital nutrients, packaging designs, or formulations. Continuous innovation remains crucial for providing outstanding products to our clientele. We emphasise the importance of team development, nurturing a culture of creativity, and cultivating a robust execution capacity within our team. This approach enables us to function more effectively as a unified entity.

Ausnutria is dedicated to developing and supplying nutritious and safe foods for infants and young children on a global scale. To underscore this dedication, we have instituted a programme that emphasises responsible labelling and marketing practices, with a significant emphasis on providing precise health information. We have introduced an internal policy termed as “Ausnutria’s Policy for the Marketing of Infant Foods”, which is applicable to all marketing activities concerning relevant products, encompassing infant and follow-on formula items under Ausnutria’s worldwide brands, distributed either by Ausnutria directly or through its distributors. The policy includes a set of guidelines and instructions outlining what “Should” and “Should not” be done towards different activities and parties such as the General public and mothers, Label, Healthcare Systems, Healthcare Professionals and Employees.

This policy has been endorsed by the Board of Directors and will be enforced across the entire business. All Ausnutria employees, including those in joint ventures, subsidiaries, and contracted distributors, will undergo training on the policy’s particulars. The completion of this mandatory training will be documented by the local Human Resources Department, and any departures from the policy will necessitate approval from the Board of Directors. Internal audits will be carried out to ensure proper execution and monitoring protocols. In instances where activities or materials do not align with the Policy’s guidelines, appropriate actions will be taken. The progress of implementing this Policy will be annually reported to the Board of Directors.

Recognising the importance of building a global brand, we understand the significance of staying true to our initial goals and upholding our mission consistently. In addition to enhancing product quality, we aim to incorporate modern brand-building principles. Our brand-building strategy focuses heavily on efficient content delivery and creative communication techniques. We not only focus on our internal operations but also actively involve the wider community. By adopting this inclusive strategy, we can execute more targeted and approachable brand-building and marketing strategies, promoting unity among all involved parties.



Supply Chain Management

Efficient management of the supply chain is vital for the Group's business operations and overall success. The Group has established strong procedures to oversee procurement processes and continuously assess the performance of its worldwide supplier network. The Group's management systems proactively oversee supply chain operations and promote transparent communication with suppliers to ensure alignment on product quality standards. Furthermore, the Group enforces a rigorous supplier selection process; for instance, in the PRC market, suppliers go through initial screening involving background checks and document validation. Upon successful sample evaluations and audits, eligible suppliers are integrated into the approved supplier system.

Verifying qualification of suppliers

Suppliers of raw and packaging materials are invited to complete self-assessment questionnaires regarding compliance with applicable laws and regulations, responsible business practices, and product quality. They are required to provide documents and certifications for verification, which may include:

- Internal quality control mechanisms
- Organic certifications
- ISO 22000 Food safety management systems certification
- HACCP certification

In addition, spot checks and on-site review are conducted to assure the quality and safety of raw materials.

Timely monitoring on quality control

Regular interviews, and internal and third-party audits are conducted to monitor suppliers' performances. If non-compliance is identified, the Group will work with the suppliers to rectify the issues immediately. To enhance suppliers' performance, the Group identifies the supplier's environmental and social risks to avoid potential failure on the compliance with the relevant requirements of the Group and laws and regulations.

Engagement with suppliers

The Group achieves mutual understanding with its suppliers through different communication channels, such as

- Annual supplier satisfaction surveys
- Monthly meetings with suppliers on production status in the PRC
- Mutual visits between the Group's dairy operation locations and its suppliers

Continuous improvement of the product development

The Group launched innovative projects to eliminate greenhouse gas emissions and energy consumption during product development. For example, the construction of the new milk processing facility in Heerenveen. The new factory will guarantee a completely gas-free manufacturing process for the production of semi-finished infant nutrition and will be 100% carbon- and nitrogen-free. In addition, the Group anticipated approximately 40% energy savings compared to a traditional drying tower.

Sustainable Procurement Practices

Ausnutria is dedicated to advancing social and environmental sustainability across its complete supply chain. The Group fosters responsible and ethical business conduct among its suppliers through the adoption of sustainable procurement methods. Social and environmental considerations play a crucial role in the Group's procurement decision-making procedures, with pertinent metrics incorporated into supplier questionnaires and audit processes. These metrics cover energy usage, water consumption, waste management, working conditions, human rights, and community involvement, providing a thorough evaluation of suppliers' environmental and social performance.

The Group conveys its expectations regarding environmental performance to suppliers in the PRC through procurement agreements. Suppliers are obligated to adhere to pertinent environmental regulations and laws to oversee emissions, hazardous substances, and waste management across various stages including raw material procurement, production, transportation, and service delivery. Suppliers failing to meet the Group's environmental standards risk contract termination. To promote cooperation and ensure adherence to quality, environmental, and OH&S criteria, all of our suppliers in the PRC must sign acknowledgment letters confirming their comprehension of the Group's expectations and standards. Annual assessments are conducted to monitor supplier performance, with higher ratings given to those exhibiting robust environmental stewardship. Similarly, Ausnutria Netherlands integrates environmental and social considerations into its procurement processes, aligning with global benchmarks like the ISO 14001 Environmental Management System and ISO 50001 Energy Management System. Supplier evaluations are based on metrics such as complaint frequency, pricing adjustments, and order punctuality. Routine on-site inspections by the quality department contribute to the assessment of suppliers. The Group is committed to collaborating with international suppliers to establish a sustainable supply chain, accounting for local nuances and striving for environmental accountability.

Securing a dependable milk source is essential for manufacturing top-tier dairy goods. The Company is committed to procuring top-grade milk from trustworthy and established milk suppliers in well-known milk-producing areas such as Australia and the Netherlands, recognised as prime milk zones. Farmel Holding B.V., an affiliated entity of the Group, serves as the primary provider of Dutch cow milk. This structure enables the Group to oversee milk quality and swiftly trace its origin in the event of incidents or concerns.

In response to the increasing demand for our Kabrita goat milk range and to uphold the transparency of our procurement procedures, Ausnutria has established strong alliances with Dutch goat farmers to support industry advancement. The Group places a significant focus on the well-being of farm animals, encompassing their feeding routines, medication administration, and living conditions. To uphold our stringent quality standards, all goat farmers must satisfy our strict requirements and achieve the 'KwaliGeit' certification. This certification initiative, developed by NGZO in partnership with the Dutch Federation of Agricultural and Horticultural Organisations, assesses farmers' compliance with industry norms in dairy goat farming through thorough surveys and on-site evaluations. The certification process considers European hygiene standards, marketing practices, environmental sustainability, and animal welfare protocols. Only goat farms that meet these rigorous standards receive certification, acknowledging their exceptional farm management practices.



Ausnutria strictly requires and ensures that 100% of its goat milk farmers in the Netherland are certified by the “KwaliGeit” programme.

The Group has participated in the Sustainability Programme run by the Dutch goat sector organisation, a voluntary effort aimed at educating Dutch goat farmers on sustainable livestock practices. Ausnutria offers financial aid, newsletters, workshops, and on-farm visits to assist these farmers. The programme emphasises animal health and welfare, energy efficiency, environmental preservation, and enhancing the industry's standing. In 2024, Ausnutria continued its support by providing an allowance for raw milk deliveries based on farmers' performance in the Sustainability Programme. The Group recently achieved a 100% participation rate from goat farms. Ausnutria intends to further sustainability efforts by encouraging participating farmers to acknowledge and celebrate their accomplishments.



100% of Ausnutria's goat farmers participated in the Sustainability Programme by the end of 2024. Our dedicated relationship managers assist farmers in improving their performance within the programme. We provide guidance on implementing a range of sustainable practices specifically on the goat farms.

Implementing suitable grazing methods enhances pasture productivity and biodiversity. Ausnutria has been a participant in the Outdoor Grazing Covenant since 2017. This covenant, initiated in 2012, underscores the commitment to fostering outdoor grazing practices in the Netherlands. Through its partnership with Farnel Dairy, the Group extends different pricing schemes to farmers who facilitate grazing for their cows. This joint initiative has resulted in a steady rise in outdoor grazing practices nationwide.

Strategic Business Partnering

Ausnutria proactively interacts with authorised suppliers through yearly assessments and requests for corrective actions. The Group also plays an active role in the rollout of fresh technology and products by exchanging market insights and offering input on these innovations. By attending suppliers' seminars and conferences, the Group gains deeper insight into the suppliers' upcoming strategies and promotes the integration of new technology or product advancements to bolster the suppliers' competitive advantage within the industry.

The Group actively partners with suppliers to share insights on market trends and customer preferences. They closely cooperate with packaging material suppliers to spearhead packaging advancements, such as refining carton specifications to enhance sustainability and reduce the consumption of raw paper materials in alignment with the increasing emphasis on eco-friendly procurement. Moreover, Ausnutria collaborates with ingredient suppliers to ensure a continuous supply of premium ingredients for its existing formula. Through nurturing these collaborations, the Group strives to remain abreast of market requirements and deliver innovative, environmentally conscious products to its customers.

The China Special Food Conference in 2024



The China Special Food Conference in 2024

The Group participated the 9th China Special Food Conference held in Chengdu in 2024. This year's conference features 28 events focusing on academic-industrial transformation, innovation, policy dissemination, industry exploration, and research exchange within the special foods sector. Ausnutria was invited to share industry insights at the T20 Forum, discussing the future of the specialty food industry and contributing to shaping its landscape. During the event, Ausnutria's brands showcased the Group's technological advancements in the nutrition sector. The special food industry is vital for the well-being of vulnerable groups like the elderly, children, and patients, aligning with the vision of promoting a "Healthy China". Ausnutria, as a nutrition and health food enterprise, prioritises consumer needs, innovation, and a comprehensive approach to nutrition and health to meet the growing demand for enhanced quality of life.

The 2nd China International Supply Chain Expo



○ Ausnutria presented its flagship brands including Kabrita, Hyproca, Nutrition Care, and Oz Farm at the 2nd China International Supply Chain Expo

Ausnutria's notable participation at the 2nd China International Supply Chain Expo showcased its dedication to sustainable practices and excellence in global dairy supply chain management. This event, a key gathering for international supply chain leaders, featured Ausnutria's brands like Kabrita and Hyproca, highlighting the Company's robust supply chain layout and commitment to green development principles. Ausnutria's global strategy includes investments in premium dairy sources such as the Netherlands and Australia, showcasing seamless farm-to-factory operations for heightened efficiency. Through R&D collaborations, advanced digital supply chain management systems, and eco-friendly initiatives, Ausnutria underscores its commitment to reducing environmental impact, supporting biodiversity, and promoting green consumer engagement. These efforts have earned Ausnutria recognition for its sustainability practices, establishing it as a frontrunner in sustainable dairy production.

Engagement with Distributors

Ausnutria relies on its network of distributors to deliver its products, enabling the Group to engage with and support end users. To enhance their skills, Ausnutria regularly provides training programmes for its distributors in the PRC, focusing on improving their management capabilities and understanding. Additionally, the Group arranges joint business planning meetings with key distributors to evaluate the effectiveness of its sustainable business strategies and sales techniques.

Ausnutria showcased its six flagship imported brands at the 7th China International Import Expo ("CIIE"), unveiling six new products and emphasising globalised innovative development. The Company's participation at the event, which attracted exhibitors from 129 countries and regions, demonstrated its commitment to quality and innovation in the dairy industry. Ausnutria's presence at the CIIE for the seventh consecutive year reflects its dedication to international expansion and its focus on scientific advancements and global sharing. The Company's new product launches at the CIIE, including Kabrita Yuebaie Platinum Crystal Edition and NC Shubi Probiotic Upgrade Edition, highlighted cutting-edge technologies and clinical benefits, while other offerings like the Hyproca Nutrition Star Child Growth Milk Powder series and Amalthea goat cheese products catered to consumer demands. Ausnutria's engagement at the CIIE reinforces its position as a leader in the global dairy market, showcasing its continuous growth and commitment to providing high-quality products and services to consumers worldwide.



○ Ausnutria's sustainable-designed booth in the 7th China International Import Exhibition