

Message from the Chief Executive Officer

It is with great pleasure that I present the Group's tenth Sustainability Report on behalf of the board (the "Board") of directors (the "Directors") of the Company. This report outlines our continued commitment and tangible progress in embedding sustainability across our operations and value chain throughout the Year 2025.

During the year, although the number of infant births in the PRC (the Group's principal market) continued to decline and macroeconomic uncertainties intensified, resulting in increasingly intense competition within the infant milk formula ("IMF") industry, the Group further strengthened its operational foundation following two years of strategic adjustments and business optimisation. We continued to enhance organisational efficiency and operational resilience while implementing strategic initiatives in a disciplined manner. Taking into account evolving industry trends and competitive dynamics, we prudently refined our five-year strategic plan and remained committed to identifying opportunities to further integrate sustainability principles into the Group's operations, management approach and value chain.

Since its establishment, Ausnutria has continuously strengthened its globalised governance system, emphasizing strategic guidance, rigorous oversight, and the evaluation of management effectiveness, financial performance, and transparency of information. This approach ensures that the Group continues to make proactive improvements to its management strategies on an international level. To achieve and maintain sound corporate governance, sustainable growth, and a competitive advantage in creating long-term value for stakeholders, we recognise and embrace the benefits of fostering a diverse and inclusive Board of Directors. In Year 2025, our Board consisted of nine directors from diverse backgrounds, cultures, and ethnicities, with extensive expertise across various industries. This diversity enhances the effectiveness of the Board and ensures a broad range of perspectives and opinions are represented, promoting a more comprehensive and inclusive decision-making process.

We have established a comprehensive sustainability governance framework to guide our efforts in driving responsible and long-term growth. This framework ensures that sustainability strategies are effectively managed and implemented across our operations and value chain. We have clearly defined the roles and responsibilities of all stakeholders involved in sustainability-related activities. With the support of our management team, sustainability committee (the "Sustainability Committee"), and its accompanying sustainability workgroup (the "Sustainability Workgroup"), our Board oversees key sustainability risks and opportunities, strategic direction, monitors progress against our strategic objectives, and ensures alignment with our broader corporate goals. Aligned with Ausnutria's sustainability vision, we continue to

focus on advancing our three core pillars – Better Nutrition, Better Life, and Better Environment – which reflect our ongoing commitment to the United Nations Sustainable Development Goals ("UNSDGs"). These pillars not only shape our sustainability agenda but also reinforce our determination to create lasting value for all stakeholders, while contributing to a more sustainable future.



We are committed to fostering a healthy and inclusive workplace where employees can enjoy a “Better Life”. Guided by a diversity and inclusion-oriented human resources strategy, we respect the uniqueness and diverse backgrounds of every employee, and strive to create a fair, open, and supportive working environment. We place strong emphasis on understanding employees’ needs and continuously implement people-centred initiatives to enhance employee engagement, satisfaction, and sense of belonging. We continue to increase our investment in talent development programmes to systematically strengthen employees’ professional competencies and overall capabilities, fully unlocking their potential and building a solid talent foundation for the Company’s sustainable growth. In the Netherlands, we leverage “Ausnutria Academy” learning management system and “Dairy Academy” online learning platform to deliver comprehensive training courses covering raw material knowledge, production processes, and quality control, providing employees with structured learning resources and clear development pathways. In China, we have established a systematic and tiered leadership development framework, including the AB-PROJECT, “Aocheng Plan”, and “Aoqing Plan”, forming a multi-level talent cultivation system. In 2025, we are placing particular emphasis on developing international talent through the “Aohang Plan”, while launching the “Aoxing Plan” for campus recruits. Through these initiatives, we continuously optimise our talent structure, unlock employee potential, and enhance leadership capabilities, supporting the Company’s long-term and sustainable development. In addition, we actively promote healthy lifestyles by organising a wide range of sports activities and employee clubs, including track and field competitions, to enhance employees’ physical and mental well-being and overall welfare.

We extend our “Better Life” commitment beyond our organisation to the wider community by actively supporting social well-being through sponsorships, charitable donations, and community engagement initiatives. In 2025, the Ausnutria Foundation made generous cash and in-kind contributions to provide tangible assistance to communities in need. Leveraging our corporate resources, we responded promptly to natural disasters by donating more than RMB 340,000 worth of infant formula to families affected by the earthquake in Shigatse, Tibet, helping to safeguard infant nutrition during times of crisis. We also place strong emphasis on supporting underprivileged students and children. In Hunan Province, we donated educational technology equipment and nutrition care packages to primary schools, delivering practical support and warm companionship to children in rural communities facing hardship. This year marked the successful completion of “The Ausnutria Foundation Hyproca Tundra Rose Project.” Over the past nine years, we have continuously dedicated resources to improving maternal and child health in Tibet, demonstrating our long-term commitment to social responsibility and sustainable community development. In addition, we sponsor multiple sports teams and marathon events, supporting health-related community programmes and promoting active and healthy lifestyles. During the year, we received numerous awards in recognition of our commitment to corporate social responsibility and community investment, underscoring our ongoing dedication to ESG principles and our contribution to building stronger and more resilient communities.



“Better Nutrition” has always been at the core of our mission. We continue to allocate substantial resources to product innovation to ensure that we deliver premium nutritional products and comprehensive solutions to our valued customers. In 2025, the Group invested over RMB100 million in new product development, achieving multiple R&D milestones and further strengthening our technological leadership in the nutrition and health sector. During the year, we advanced formula upgrades and optimised our product portfolio in the China market. Across our three major business segments – cow milk formula, goat milk formula, and nutrition products – we proudly launched 48 new products, further enriching our product matrix and addressing the diverse nutritional needs of different consumer groups. We actively collaborate with leading universities in Australia, China, and the Netherlands on research partnerships and support programmes, continuously reinforcing our R&D system and enhancing our innovation capabilities through industry-academia collaboration. In 2025, Ausnutria’s Bioflag released the *2025 Probiotics Industry White Paper* at the Functional Food Industry Conference, highlighted flagship probiotic strains, including Bifidobacterium breve CCFM1025, as well as innovative application products, demonstrating our scientific strength and industry leadership in the probiotics sector. We continuously improve our intellectual property (IP) management framework and strengthen IP protection. The Group successfully passed the on-site compliance re-certification audit for the PRC’s national standard for Enterprise intellectual property compliance management system – Requirements (GB/T 29490-2023) and secured the certificate, further enhancing our IP governance and safeguarding our innovation-driven development.

Beyond our continued focus on product quality and innovation, we are committed to optimising our supply chain and enhancing operational efficiency across our manufacturing processes to drive sustainable value chain development. The Group actively advances green manufacturing and low-carbon process innovation, implementing multiple initiatives aimed at reducing greenhouse gas emissions and energy consumption throughout product development and production stages. Through these efforts, we continue to improve resource efficiency and support our transition toward a low-carbon future. At the same time, we encourage and support our suppliers in adopting sustainable practices and integrating sustainability principles into their operations. In 2025, the Group continued to participate in the Sustainability programme initiated by the Dutch Goat Dairy Association. Through awareness campaigns and professional training, we enhanced Dutch goat farmers’ understanding and implementation of sustainable livestock farming practices, further promoting the development of sustainable animal husbandry. Participation of Ausnutria-affiliated goat farms reached 100%, demonstrating our strong commitment to responsible sourcing and sustainable agriculture. In addition, we actively participated in the 8th China International Import Expo (CIIE) and the 16th Dairy Conference, among other key industry events. By showcasing our achievements in innovation and sustainable development, we strengthened industry dialogue and collaboration, contributing to the high-quality and sustainable development of the dairy industry as a whole.



We are committed to creating a Better Environment for future generations by minimising the environmental impact of our manufacturing processes and continuously enhancing our environmental performance across operations. The Group has established ambitious targets to reduce greenhouse gas emissions, energy consumption, and water usage, while increasing waste recycling rates. During the year, we set a new five-year round of environmental targets and made significant progress toward achieving these goals in 2025. We will continue to closely monitor our performance against these targets and regularly disclose updates on our achievements to ensure transparency and drive continuous improvement. In 2025, Ausnutria Netherlands' new facilities in Heerenveen were officially put into operation, realizing a completely nitrogen-free and carbon-free production process. In addition, the Pallas factory was named the winner of the 2025 Sustainable Project Award at the Industrial Heat & Power trade fair, demonstrating our leadership in sustainable manufacturing practices. To progressively reduce our operational carbon footprint, we are committed to adopting low-carbon technologies and prioritizing renewable energy wherever feasible. In 2025, 100% of the electricity consumed by Ausnutria Netherlands for operations was sourced from renewable energy. In terms of waste management, the Group maintained a recycling rate of 100% for paper, wood, and surplus milk powder, as well as 99% for plastics, further improving resource circularity. To enhance the environmental performance of our products and packaging, Ausnutria Netherlands and our PRC operations have sourced FSC-certified packaging materials. In Australia, we closely monitor actual packaging material usage through refined production scheduling and inventory management, reducing over-procurement and obsolete stock at the source. We also continue to optimise packaging specifications and production processes to minimise waste resulting from design changes, quality issues, or operational errors, thereby improving overall material efficiency.

Strengthening our environmental management system remains a core component of our commitment to sustainable development, as we continue striving toward a greener, lower-carbon, and more resource-efficient future.

I would like to sincerely thank all our stakeholders for their continued support and trust in our sustainability journey. I am also deeply grateful to our dedicated employees, who have remained steadfast and committed in a challenging environment. Their professionalism and tireless efforts have been instrumental in achieving our outstanding results and enabling us to consistently deliver high-quality products and services to the market.

I am confident that in 2026, the Group will continue to deliver strong performance, further deepen collaboration with our partners, and work hand in hand to advance our shared sustainability goals. Together, we will continue to create long-term value for society.

Ren Zhijian

Chief Executive Officer

The PRC

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