

# Ausnutria's Approach to Sustainability

## SUSTAINABILITY GOVERNANCE

Recognising the growing global attention to sustainability and climate change, Ausnutria has integrated sustainability considerations into its corporate governance and operational management. To ensure effective oversight across its operations, the Group has established a structured sustainability governance framework. The Board, as the highest governing authority of the Group, assumes overall responsibility for overseeing sustainability-related strategies, risk management, performance monitoring, and progress against sustainability targets. It ensures that sustainability priorities are aligned with the Group's long-term business objectives and strategic direction. The Board also assesses the materiality of sustainability-related issues and risks arising from the Group's operations and oversees the establishment of appropriate risk management and internal control systems.

Chaired by Mr. Han Shixiu, the Board established a Group-level Sustainability Committee comprising senior management representatives from different regions. The Sustainability Committee supports the Board in the development, implementation and monitoring of the Group's sustainability strategy and performance. It reports regularly to the Board on key sustainability matters to facilitate informed decision-making. The Sustainability Committee is responsible for:

- 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, composed of regional representatives, supports the Committee in coordinating sustainability efforts across regions. It works with local teams to review implementation progress and facilitate integration of sustainability into operations. Local teams such as Environmental, Health and Safety ("EHS") embed sustainable practices into daily activities, while senior management in functions including human resources and product quality address sustainability matters within their respective areas.



The Group supports the United Nations Sustainable Development Goals (“UNSDGs”) as part of its sustainability commitment. Its sustainability strategy aligns with global objectives to eliminate poverty, protect 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 goals align with our three sustainability pillars – Better Nutrition, Better Life and Better Environment – and guide related initiatives and target-setting.



To strengthen alignment with the UNSDGs, the Group has continued to enhance its sustainability strategy framework. A review conducted in 2020 consolidated key focus areas under each pillar and highlighted the need for clearer guidance for regional operations when setting specific targets. The Group collects input from the Sustainability Workgroup and discloses sustainability targets and progress in the respective sections of this report under Better Nutrition, Better Life and Better Environment.

## STAKEHOLDER ENGAGEMENT

The Group maintains communication channels with stakeholders to better understand their feedback and respond in a timely manner. Key stakeholders are defined as those who have a significant influence on the Group’s business or who are materially impacted by its operations. Through formal and informal engagement mechanisms, the Group stays informed of stakeholder perspectives and developments in the external environment. This process allows the Group to identify potential risks and opportunities and to refine its sustainability initiatives in support of long-term business resilience.

Since 2016, the Group has continuously engaged key stakeholders to understand their views and concerns on sustainability-related matters. An online survey was conducted to collect stakeholder feedback and expectations regarding the Group’s sustainability performance. During the reporting year, more than 200 responses were received from a broad range of stakeholder groups, including employees, shareholders, investors, customers, suppliers, business partners, industry partners, R&D partners, media partners, community representatives and regulators.

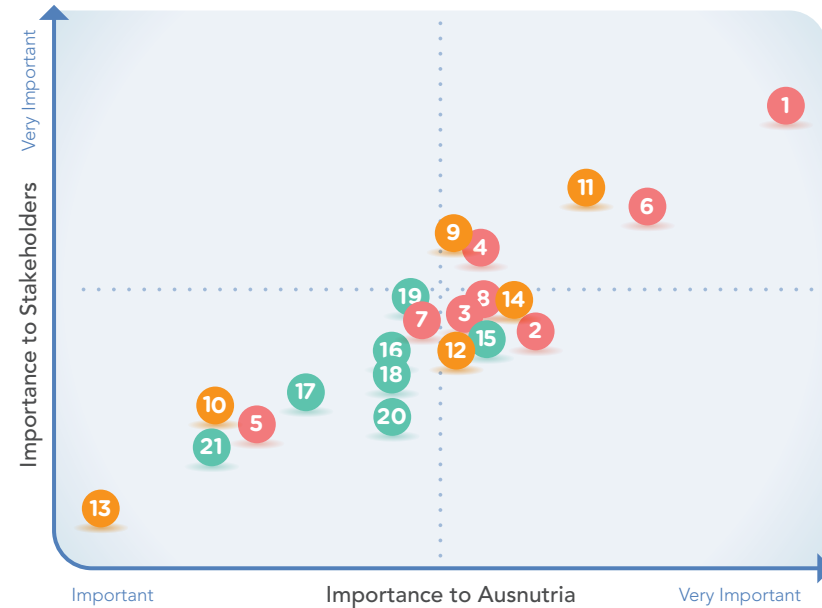
## KEY STAKEHOLDER GROUPS AND REGULAR ENGAGEMENT METHODS

 <p><b>Government and regulators</b></p> <ul style="list-style-type: none"> <li>• Regular working meetings</li> <li>• Regular performance reporting</li> <li>• Written responses to public consultations</li> <li>• Interviews</li> <li>• Online surveys</li> </ul>	 <p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Online communication platform</li> <li>• Employee engagement activities and newsletters</li> <li>• Meetings</li> <li>• Online surveys</li> <li>• Ausnutria Academy</li> </ul>	 <p><b>Shareholders and investors</b></p> <ul style="list-style-type: none"> <li>• Investor meetings</li> <li>• Annual General Meetings</li> <li>• Annual and interim reports</li> <li>• Online surveys</li> <li>• Interviews</li> </ul>
 <p><b>Customers</b></p> <ul style="list-style-type: none"> <li>• Members activities</li> <li>• Consumer fairs and events</li> <li>• Customer satisfaction surveys</li> <li>• Customer hotline</li> <li>• Website and social media</li> <li>• Online surveys</li> </ul>	 <p><b>Suppliers and business partners</b></p> <ul style="list-style-type: none"> <li>• Assessments and site visits</li> <li>• Online surveys</li> <li>• Training programmes</li> <li>• Meetings</li> </ul>	 <p><b>Industry partners</b></p> <ul style="list-style-type: none"> <li>• Industry conferences and seminars</li> <li>• Online surveys</li> </ul>
 <p><b>R&amp;D partners</b></p> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Partnerships on various research topics</li> <li>• Online surveys</li> <li>• Conferences and seminars</li> </ul>	 <p><b>Media partners</b></p> <ul style="list-style-type: none"> <li>• Press conferences</li> <li>• Interviews</li> <li>• Online surveys</li> </ul>	 <p><b>Community partners</b></p> <ul style="list-style-type: none"> <li>• Community activities</li> <li>• Online surveys</li> </ul>

## MATERIALITY ASSESSMENT

To better align stakeholder expectations with the Group’s sustainable development objectives, a materiality assessment was conducted. The Group regularly reviews sustainability matters relevant to its operations and stakeholders in order to respond to the evolving business environment.

The Board considers feedback collected through stakeholder engagement activities, including a multi-stakeholder online survey, to support informed and sustainable business decisions. This year, the Group has leveraged the results of the materiality assessment conducted in the previous year, as no significant changes in the business environment or stakeholder concerns were identified. The Group reviewed the continued relevance of the previously identified material sustainability issues through ongoing stakeholder engagement. The results confirmed that the existing material topics remain applicable. Based on this review, the materiality matrix was maintained with no material changes, continuing to reflect the relative importance of sustainability topics to both stakeholders and the Group. The ESG report of Ausnutria was prepared with reference to these validated materiality assessment results, which were reviewed 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
- 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