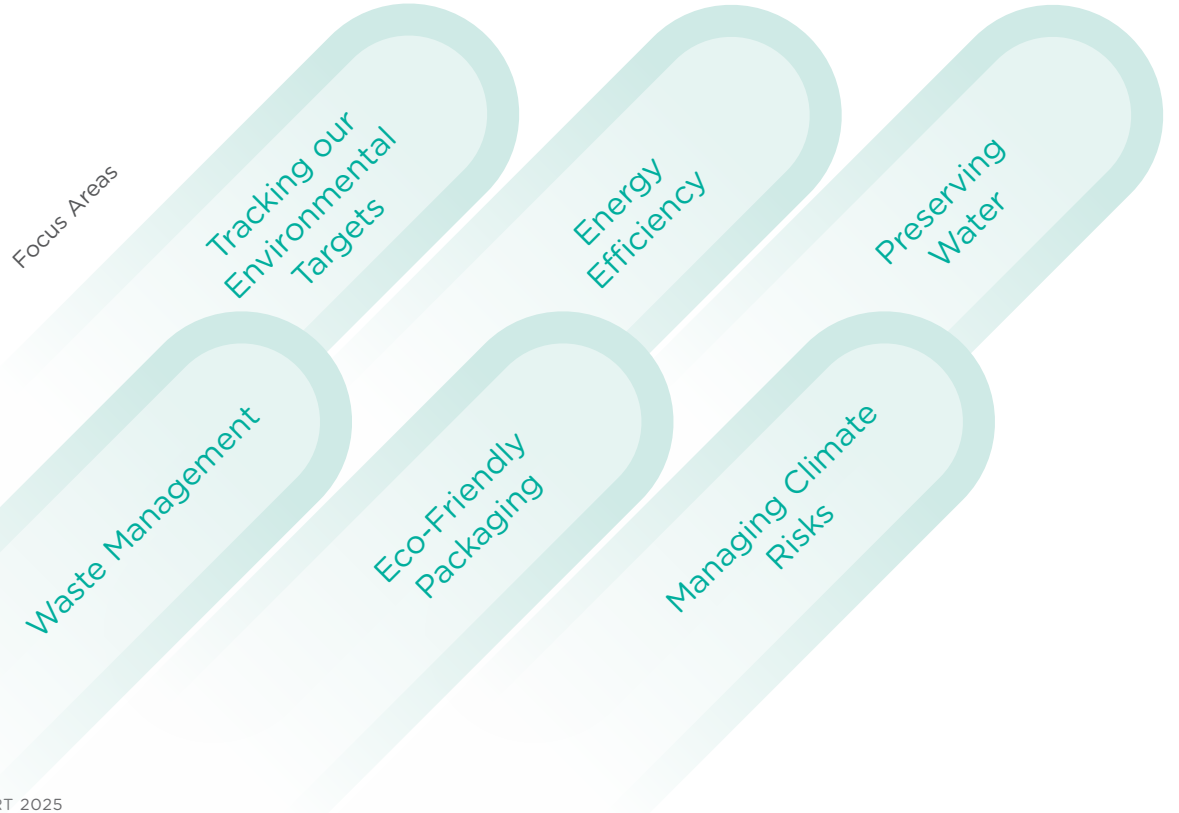
03.

Better Environment

Better Environment

Environmental responsibility is a core priority for Ausnutria, as the Group recognises the importance of conserving natural resources and safeguarding the planet for future generations. The Group strives to adopt sustainable business practices and minimise its environmental impact of upstream operations and associated production procedures. To uphold its commitment to environmental sustainability, the Group's subsidiaries also make efforts to enhance energy and water efficiency, manage emissions and water discharge, reduce material consumption and waste generation, and manage climate change-related risks related to operations.



Better
Environment

KEY HIGHLIGHTS IN YEAR 2025

100% of the electricity consumed by Ausnutria Netherlands for operations was sourced from renewable energy.

The new facility, Pallas, in Heerenveen put into operation in 2025 realized a completely nitrogen-free and carbon-free production process

Ausnutria established a new series of environmental targets focusing on **greenhouse gas (GHG) emissions**, **energy consumption**, **water usage**, and **waste management**

Pallas factory was named **winner of the 2025 Sustainable Project Award** at the Industrial Heat & Power trade fair

Ausnutria PRC and Ausnutria Netherlands optimised **the design of cardboard packaging and tin cans** to reduce resource use

Purchased packaging materials from sustainable suppliers, such as those that obtain a chain of custody **certification from the Forest Stewardship Council ("FSC")**

TRACKING OUR PROGRESS ON ENVIRONMENTAL TARGETS

To improve its environmental performance, the Group has set a series of ambitious targets for 2025 focusing on greenhouse gas (GHG) emissions, energy consumption, water usage, and waste management, using 2019 as the baseline year. These targets were developed through a thoughtful combination of both top-down and bottom-up strategies, to enhance its environmental performance and strengthen its long-term commitment to sustainability.

Environmental targets by Year 2025[3]	Progress achieved in 2025
GHG Emissions [1]	GHG Emissions
Reduce total GHG emission intensity by 14%	Reduced 32%
Reduce Scope 1 GHG emission intensity by 15%	Reduced 41%
Reduce Scope 2 GHG emission intensity by 20%	Reduced 1%
Energy Consumption	Energy Consumption
Reduce energy consumption intensity by 8%	Reduced 27%
Reduce natural gas consumption intensity by 20%	Reduced 46%
Reduce electricity consumption intensity by 15%[4]	Increased 33%
Water Consumption	Water Consumption
Reduce water consumption intensity by 35%	Reduced 51%
Waste [2]	Waste
Maintain the recycling rate of paper and wood at 100%	Maintained 100%
Maintain the recycling rate of rest milk and rest powder at 100%	Maintained 100%
Achieve the recycling rate of plastic at 90%	Achieved 99%

Further, Ausnutria has conducted a comprehensive review of its progress based on actual operational performance and evolving environmental priorities, with 2025 targets are drawing to conclusion. Building on this assessment, Ausnutria has established a new set of ambitious 2030 targets to monitor its progress towards sustainability with the implementation of diverse sustainable practices.

Environmental targets by Year 2030
GHG Emissions
• Reduce total GHG emission intensity by 7% compared with 2024
Energy Consumption
• Reduce energy consumption intensity by 8% compared with 2024
Water Consumption
• Reduce water consumption intensity by 2% compared with 2024
Waste
• Maintain the recycling rate of paper and wood at 100%
• Maintain the recycling rate of rest milk and rest powder at 100%
• Achieve the recycling rate of plastic at 100%

The Sustainability Committee and the Sustainability Workgroup carry out periodic assessments of the Group's environmental policies and sustainability initiatives. To guarantee that all subsidiaries adhere to applicable environmental laws and regulations within their respective jurisdictions, the Group has developed detailed guidelines for the implementation of environmental management systems and operational best practices. This framework underscores the Group's continuous commitment to minimising the environmental impact of its sourcing, production, and distribution processes. Furthermore, both manufacturing sites in Kampen, the Netherlands, and Changsha, China, have successfully obtained ISO 14001 certification for their Environmental Management Systems.

1 Using 2019 as the base year. GHG emission data used in target are calculated by market-based method.
2 Recycling rate target is for production-related waste only, and waste from Ausnutria Netherlands is 100% diverted during the reporting year.
3 The scope of the environmental target excludes the Global Headquarters Building in the PRC, Bioflag Huaian and Anhui factory.
4 The absolute electricity consumption of 2025 comparing to that of 2024 has increased due to business expansion in PRC and Australia, and the transition from natural gas to electricity in the Netherlands, part of ongoing decarbonization efforts. We will assess any feasibility to increase the energy efficiency regarding the productions in the future.

ENHANCING ENERGY EFFICIENCY TO MINIMISE CARBON FOOTPRINT

Various nations have implemented strategies and policies that aimed at mitigating the adverse effects of climate change and strengthening their climate resilience. With regard to the regions in which the Group operates, the European Union seeks to become climate neutral by 2050; Australia intends to reach net zero by the same year; and the PRC intends to reach carbon emission peak by 2030 and achieve carbon neutrality by 2060. The Group has set GHG emission targets to reduce its carbon footprint and accelerate its low-carbon transition in support of the global effort. Using 2024 as the baseline year, Ausnutria aims to:

- reduce the GHG emissions intensity by 14% by Year 2025

To improve overall energy efficiency and achieve the greenhouse gas reduction goals, the Group has introduced an integrated energy and emissions management framework. This involves consistent modernization of equipment at its production facilities. Heating, ventilation, air conditioning, and boiler systems, along with lighting and other high-energy-consuming assets, are subject to regular evaluations, servicing, and timely replacements to maintain peak operational efficiency. In addition, the Group remains dedicated to making balanced investments in installing solar photovoltaic systems across its sites.

Operating with Low-Carbon Facilities

To minimise carbon emissions, Ausnutria's newly production facilities in Heerenveen, Netherlands, are designed with low-carbon technologies and energy-efficient. The milk processing plant Pallas, which commenced the first commercial production in Year 2025, promises a 100% gas-free production process for semi-finished baby and infant food formula, ensuring that production is 100% nitrogen- and carbon-free. Furthermore, this innovative facility is expected to reduce energy consumption by approximately 40% compared to traditional drying towers. Moreover, the plant saves 40% on the use of renewable energy, contributing to alleviating the power grid congestion issue in the Netherlands. In 2025, Pallas factory was named winner of the 2025 Sustainable Project Award at the Industrial Heat & Power trade fair for its impact on CO_2 emission reductions and contribution to the energy transition. The other Heerenveen factories, specifically the Pluto and Hector factories, reduce their reliance on natural gas by utilising geothermal heat systems to store thermal energy for heating and cooling purposes. The Group is also focused on transitioning to electricity-based heating at these new facilities, aiming for zero nitrogen emissions in compliance with environmental regulations and the Nitrogen Law in the Netherlands. The installation of pumps, engines, and ventilators at the new facilities will further boost energy efficiency. Specifically, a new air dryer was installed in Kampen factory in 2025, which saved 4.26% natural gas and 8.28% electricity. Looking ahead, Ausnutria plans to convert its remaining manufacturing sites to electric heating to further decrease its dependence on natural gas.

Sustainable Project Award won by Pallas

Strengthening Management to Enhance Energy Efficiency

The Group systematically assesses energy efficiency at its manufacturing sites, launching new projects and upgrades as needed to boost energy performance. By leveraging cutting-edge digital innovations – such as blockchain, big data analytics, 5G connectivity, and artificial intelligence – Ausnutria successfully reduces both energy use and emissions. In Changsha, China, a dedicated mobile application enables real-time tracking of energy consumption across diverse locations, including production plants, laboratories, warehouses, and shared spaces. The platform supports immediate oversight of critical systems such as ozone units, HVAC systems, purification facilities, and air compressors within the factories. Should any anomalies in energy usage be detected, the system promptly notifies personnel, allowing for rapid intervention. The insights derived from this continuous monitoring are then used by the Group to refine its energy management practices and uncover additional opportunities for optimisation.

In support of its objective to achieve low-carbon operations and further improve energy efficiency, the Group is undertaking substantial investments to upgrade its manufacturing facilities. At key production sites across the PRC, variable frequency drives have been integrated into air conditioning systems, enabling electric motors to run at optimal speeds. This advancement enhances indoor air quality and delivers significant energy reductions. Moreover, exhaust systems in laundry areas have been enhanced to improve airflow and reduce the need for air conditioning, contributing to greater overall energy efficiency. In the Netherlands, specifically in Leeuwarden and Zwolle, the lighting throughout the facilities has transitioned entirely to energy-efficient LED bulbs. All these efforts collectively contribute to a significant decrease in Ausnutria's energy consumption.

Effective operational practices play a crucial role in achieving energy conservation. In the PRC, the allowable temperature adjustment range for air conditioning has been tightened, and regular audits are performed to prevent energy-wasteful behaviours – such as leaving windows open while the cooling system is running. Every evening, following the close of business, a dedicated energy-saving inspection is carried out to ensure that all lighting and air conditioning systems are properly switched off. These coordinated measures have formed a robust framework for enhancing energy efficiency throughout the organisation, leading to a 3.99% decrease in electricity consumption at the Group's headquarters in the PRC during 2025. Further, we prioritise the monitoring on gas usage in the canteen through regular inspections and maintenance by gas operators, ensuring that equipment operates efficiently. Daily checks are performed to promptly identify and rectify issues like gas leaks. Furthermore, we conduct energy conservation education to enhance staff awareness about gas usage, promoting responsible consumption.

Utilising Renewable Energy

The Group is dedicated to leveraging renewable energy sources as a key component in lowering its carbon emissions, integrating both solar photovoltaic installations and voluntary carbon credit purchases into its sustainability strategy. Given the limitations of on-site energy generation, the emphasis is placed on securing renewable energy certificates rather than depending exclusively on traditional power sources. As part of this approach, Ausnutria Netherlands has consistently purchased renewable energy certificates on a voluntary basis, enabling full carbon offsetting of its energy consumption. In Year 2025, Netherlands head office offset 50,000 MWh of electricity consumption by acquiring an independent third-party Certificaat levering Garanties van Oorsprong.

Solar panels implemented in Keysborough Site

Key Highlights on Renewable Energy in Year 2025

100% of electricity consumption for operations in the Netherlands was sourced from renewable energy.

About 12% of total electricity consumption in Australia was saved by solar panel systems installed in the factories.

Managing Upstream and Downstream Carbon Footprint

In addition to lowering its own carbon footprint, Ausnutria proactively works with its business partners throughout the supply chain to manage and reduce Scope 3 emissions. This dedication entails building strong partnerships with both upstream suppliers and downstream customers to develop and execute impactful emission reduction initiatives.

To lower its carbon footprint, Ausnutria is actively working to reduce transportation-related emissions across its supply chain. As part of this ongoing initiative, Ausnutria Netherlands has partnered with Trivium Packaging, an innovative manufacturer of eco-friendly metal packaging, to secure a stable and consistent supply of cans. The Heerenveen facility, which began operations in 2021, produces and delivers cans to adjacent manufacturing sites in both Heerenveen and Leeuwarden. This strategic placement significantly reduces the distance required for can transportation, leading to a meaningful reduction in greenhouse gas emissions from distribution activities.

PRESERVING WATER FOR FUTURE GENERATIONS

Acknowledging the critical importance of efficient water management, Ausnutria has implemented a holistic strategy centred on lowering water consumption, improving water reuse, and responsibly handling wastewater generated by its operations. To reinforce its water stewardship, the Group has set a Group-wide water target. Building on 2019 as the reference year, Ausnutria is committed to achieving the following:

- Reduce water consumption intensity by 35% by Year 2025

The production of milk powder at Ausnutria primarily relies on wet processes. In Kampen, Netherlands, the Clean-in-Place (CIP) sanitary cleaning system has been upgraded to enable the recovery and reuse of final rinse water for subsequent cleaning cycles. In Year 2025, the PRC plant continued to use automatic sensors for cleaning taps and established a recycled water system to cool the air-conditioning units in production workshops. Besides, chemicals are regularly used for the cleaning of the chiller condenser in to improve the condenser's heat exchange efficiency and reduce the evaporation of cooling water.

Ausnutria conducts routine equipment inspections to effectively prevent water loss. By swiftly repairing leaks detected in faucets, piping, and valves, the Group maintains optimal water efficiency. Furthermore, continuous monitoring of water usage data is being implemented to inform a forthcoming feasibility assessment into potential water recycling and reuse technologies. Together, these efforts play a key role in minimising water waste and improving operational efficiency, in line with the Group's dedication to meeting its water reduction targets.

ADOPTING AN EXTENSIVE WASTE MANAGEMENT PLAN

The Group has implemented a robust framework of procedures to manage waste throughout its entire lifecycle from generation to final disposal, with the objective of reducing potential environmental impacts. In addition, three targeted waste reduction goals have been set to guide sustainable waste practices and promote a stronger recycling culture across operations. By 2025, Ausnutria intends to:

- Maintain the recycling rate of paper and wood at 100%
- Maintain the recycling rate of rest milk and rest powder at 100%
- Achieve the recycling rate of plastic of at least 90%

To advance these objectives, Ausnutria continuously explores innovative approaches to reduce the volume of waste destined for landfills. The Group partners with certified waste management providers in each region to ensure adherence to local environmental regulations throughout the collection and disposal process. Leveraging its well-equipped facilities, Ausnutria remains committed to sustainable and eco-conscious waste handling. At its dairy production site in Australia, a baling machine is employed to drastically reduce cardboard waste generated from raw material packaging. Meanwhile, in the PRC, dairy product packaging has been redesigned and optimised to minimise cardboard usage, which in turn lowers transportation needs and reduces the associated environmental impact. In Year 2025, 99% remaining packaging materials, including cardboard, plastic lids, and bags, are completely collected and recycled by authorised operators.

As Ausnutria primarily operates within the dairy industry, a substantial amount of its non-hazardous waste originates from leftover milk and milk powder. In Australia, excess material is repurposed as animal feed to reduce waste, while in the Netherlands, a third-party vendor processes the majority of this byproduct into biomass. The Group reported with pride a 100% recycling rate for both residual milk and milk powder in 2025.

Ausnutria enforces strict and comprehensive controls to manage hazardous waste generated from dairy and nutritional product manufacturing. In the PRC, chemical waste is stored securely in designated sealed containers and is regularly dispatched to licensed third-party services for safe disposal. Besides, eligible hazardous waste storage rooms were established with traceable transfer ledger available to ensure compliant waste treatment. To cultivate a culture of waste reduction, all employees are encouraged to implement waste sorting and recycling right from the source.

PROMOTING GREEN DEVELOPMENT WITH ECO-FRIENDLY PACKAGING AND PRODUCT DESIGNS

Ausnutria places great emphasis on environmentally conscious development and proactively strives to reduce the environmental impact of its product design. By selecting tinplate for packaging, the Group ensures that all materials are fully recyclable with no restrictions, supporting its long-term sustainability objectives. To further drive waste reduction, stringent packaging standards have been introduced, including the elimination of dichromate, a move that effectively prevents the creation of hazardous waste.

Additionally, the Group is advancing toward more energy-efficient manufacturing processes for tinplate, reflecting its sustained dedication to sustainable innovation and responsible production. Meanwhile, a thinner sheet metal for formula tins in Netherlands is validated and will be implemented in 2026, which will lead to less use of raw materials, less waste volume and lower CO_2 emissions during transport, as more products can be transported per shipment.

Throughout the Year 2025, we continued to purchase from sustainable suppliers that provide packaging materials certified with FSC chain of custody certification in the PRC and the Netherlands. To further cut down on paper usage, the Group has effectively reduced the weight of its cardboard packaging for certain products in the PRC, decreasing it from 230g to 200g, which represents a notable 13% lighter in weight. Further, in the Netherlands, we are actively advancing the integration of sustainability evaluation criteria into procurement practices, involving comprehensive and in-depth assessments of suppliers' environmentally sustainability performance. Besides, other efforts have also been made in PRC to reduce the use of carton materials through design optimisation, such as reducing carton size, decreasing the number of pads, and changing double-wall partitions to single-wall partitions, without affecting functionality. In Australia, the planning and supply chain teams closely tracked actual material consumption by refining production planning and inventory control, successfully curbing over-purchasing and surplus stock to reduce material use at the source. At the same time, Ausnutria Australia consistently refined packaging specifications and production workflows to minimise scrap and defective outputs stemming from design revisions, quality inconsistencies, or operational errors, leading to improved material efficiency. Moving forward, the Group remains steadfast in its dedication to these sustainable approaches and is committed to further advancing its packaging strategies to reduce waste and promote environmentally responsible innovation.

ADDRESSING AND MANAGING CLIMATE RISKS WITH RESILIENCE STRATEGIES

Ausnutria acknowledges the substantial risks and challenges posed by climate change to its business operations. In response, the Group engaged an independent third-party consultant to conduct a thorough evaluation of climate-related risks impacting its supply chain and broader operations. This process included in-depth desk research at each operational site to pinpoint critical physical and transition risks, analyse the probability of occurrence, and determine the potential effect on Ausnutria's activities. Furthermore, as it is crucial for our business to comprehend the potential impacts of climate change on supplier operations and raw milk production, we have conducted a targeted assessment of climate-related risks affecting supply chain continuity.

Governance

Ausnutria has established a sustainable development governance framework led by the Board of Directors, which oversees the systematic governance of sustainability matters, including climate change, ensuring integrated planning, risk management, and execution of climate-related strategies. As the highest decision-making and supervisory body for the Group's sustainability initiatives, the Board monitors and manages climate-related sustainability strategies, risk management, performance, and progress toward targets. To support the Board, the Sustainability Management Committee has been established to assist in formulating, implementing, and monitoring the Group's climate-related strategies and performance. Sustainability Working Groups and local teams are responsible for coordinating climate-related sustainability efforts across different operational regions and assessing the progress and implementation of climate initiatives, ensuring that climate actions are executed systematically and continuously advanced.

In addition, Ausnutria has established a routine governance mechanism for climate-related work, ensuring efficient execution and oversight of climate strategies. Regular meetings of the Sustainability Committee are held, with timely reporting to the Board on climate change progress, helping to integrate climate issues into the Company's strategic decision-making processes. Furthermore, the Group periodically invites external experts to share insights on global climate change trends and industry best practices, and conducts targeted climate training sessions for Board members as needed, continuously strengthening the Board's decision-making support and supervisory effectiveness in climate governance.

Strategy

Ausnutria continuously monitors domestic and international policy developments and action progress on climate change. The Group aligns its own operational value chain with key parameters from mainstream climate scenario analyses, systematically identifying, assessing, and proactively addressing the risks and opportunities arising from climate change. At the same time, through capacity building and collaborative initiatives, we continuously empower supply chain partners to strengthen their ability to respond to climate change, comprehensively enhancing the Group's overall climate resilience while driving green and low-carbon transformation across the entire industry value chain.

Risk and Opportunity Identification

Ausnutria's Value Chain

Stage	Value Chain	Key Business Overview
Upstream	Raw Material Supply	• Procures premium cow and goat milk from renowned dairy-producing regions such as Australia and the Netherlands
	Raw Material Transportation	• Fresh milk is transported from farms to factories via fully enclosed cold chain logistics, ensuring product quality, safety, and nutrient retention
Midstream	Dairy Manufacturing	• Formula Milk Products: Production follows a strictly standardized process, including raw material acceptance, blending, sterilization and concentration, spray drying, sieving and blending, canning, and final product inspection, ensuring product safety, nutritional stability, and consistent quality • Nutritional Products (e.g., probiotics, gastric health powders): Utilises scientifically selected and functionally validated strains, processed through intelligent fermentation, efficient extraction and drying, and lean final manufacturing, enabling full-process control, safety, and efficiency from strain to multi-dose formulations • Other Products (e.g., cheese): Achieves high-quality, consistent end products through precise control of key process steps such as fermentation, coagulation, pressing, and salting, ensuring standardised and fully traceable production from raw milk to finished goods
Downstream	Warehousing	• Employs digital systems and platform development, combined with strategic site selection and layout, to achieve precise inventory control, efficient logistics response, and transparent operations across the entire supply chain
	Logistics	• Optimises transportation networks and packaging solutions, incorporating temperature and humidity control, moisture and damage prevention measures, and full cold chain protection to ensure safe, efficient, and reliable product delivery
	Sales	• Leverages digital systems and an integrated omnichannel strategy, combining targeted online marketing with multi-scenario offline coverage, to build a "Family Nutrition and Health" marketing ecosystem

Climate-related risk and opportunities

Climate-Related Risks and Opportunities Inventory

Risk Category		Risk Item	Value Chain Dimension Affected	Impact Description	Response Measures
Physical Risk	Acute Physical Risks	Extreme Precipitation/ Flooding	Upstream – Raw Material Supply and Transportation	Extreme precipitation may damage upstream pasture environments, wash away roads, and disrupt logistics, leading to raw material supply disruptions, transportation delays, and resulting in milk shortages, increased procurement costs, and quality degradation, posing a significant threat to supply chain stability.	• **Emergency Response System**: Develop and implement the Emergency Response Plan for Extreme Weather Incidents • **Supply Chain Risk Management**: Diversify pasture locations and promote supplier relocation from single regions to multi-regional sourcing • **Logistics Network Optimisation**: Adopt multimodal transportation (rail, road, and sea) to enhance logistics resilience
			Midstream – Dairy Manufacturing	Extreme precipitation may cause flooding at production sites, resulting in equipment damage, interruption of critical production processes, and product spoilage in storage, posing serious threats to production continuity and product quality.	
			Downstream – Transportation and Warehousing	Extreme precipitation or flooding may lead to road waterlogging or closures, causing transportation delays, increased detours, and warehouse damage, thereby raising logistics and warehousing costs.	
		Typhoon	Upstream – Raw Material Supply and Transportation	Typhoons may damage pastures, affect dairy cow health, and disrupt factory operations, leading to reduced milk supply and increased production costs. They may also cause transportation interruptions and road blockages, increasing logistics risks and threatening supply chain stability.	
			Midstream – Dairy Manufacturing	Typhoons may cause damage to production facilities, power and water supply interruptions, and environmental conditions breakdown resulting in shutdowns of critical production processes and severe product quality deterioration, potentially leading to large-scale product write-offs.	
			Downstream – Transportation and Warehousing	Typhoons often trigger traffic control measures and port closures, causing transportation disruptions, equipment damage, and unplanned operational adjustments, affecting cross-border or coastal finished goods transshipment.	
		Extreme Cold/ Heavy Snow	Upstream – Raw Material Supply and Transportation	Extreme cold and heavy snow may cause livestock stress, damage pasture infrastructure, and disrupt water supply, leading to reduced raw milk supply and increased costs. Snow and ice on roads may block transportation and impair cold chain equipment operation, severely affecting raw material transport efficiency and quality, posing a significant threat to supply chain stability.	
			Midstream – Dairy Manufacturing	Extreme cold and heavy snow may result in power and water supply interruptions, equipment freezing, and failure of temperature control systems, leading to production halts, product quality degradation, and batch losses, seriously threatening the continuity and safety of dairy manufacturing.	
			Downstream – Transportation and Warehousing	Extreme cold or heavy snow may cause road icing and closures, vehicle immobilisation, and delays in delivery, increasing anti-freezing and emergency response costs.	

Risk Category		Risk Item	Value Chain Dimension Affected	Impact Description	Response Measures
Physical Risk	Acute Physical Risks	Extreme Heat	Upstream – Raw Material Supply and Transportation	Extreme heat may induce heat stress in livestock and reduce forage production, leading to decreased raw milk supply and higher breeding costs, thereby increasing raw milk procurement costs. High temperatures also increase energy consumption in cold chain transportation, raising logistics costs and exerting multiple pressures on upstream supply and transportation stability.	
			Midstream – Dairy Manufacturing	Extreme heat may cause cooling system and equipment heat dissipation failures, leading to abnormal production processes, product spoilage, and quality decline, while increasing energy consumption and operating costs, seriously threatening stable operations and product quality in dairy manufacturing.	
			Downstream – Transportation and Warehousing	Extreme heat increases the cost of temperature control during transportation, and some cold chain products may spoil during transit.	
	Chronic Physical Risks	Water Scarcity/ Drought	Upstream – Raw Material Supply and Transportation	Water scarcity and drought may damage forage and feed crop growth, reducing raw milk supply and increasing breeding costs, thereby raising raw milk procurement costs and posing a significant challenge to upstream supply stability.	• **Supplier Support**: Support pastures and dairy farmers in optimizing water use and improving water efficiency
			Midstream – Dairy Manufacturing	Water scarcity or drought may result in insufficient or interrupted water supply for production, affecting cooling and critical process operations, leading to raw material spoilage, quality deterioration, and increased production costs.	
		Sea Level Rise	Upstream – Raw Material Supply	Rising sea levels may flood coastal pastures, cause soil salinization, reduce forage planting areas, and lower feed production, affecting raw milk supply stability and increasing procurement costs.	• **Site Selection**: Conduct comprehensive climate risk assessments (including sea level rise) during pasture site selection, prioritizing avoidance of high-risk areas • **Asset Protection**: Implement targeted protective and reinforcement measures for existing coastal assets to extend their service life
		Average Temperature Increase	Upstream – Raw Material Supply	Climate warming and resource degradation constrain feed and forage production, increasing breeding costs, affecting dairy cow health and milk yield, ultimately leading to higher raw milk procurement costs.	• **Transport Management**: Increase frequency of maintenance and inspection of transportation facilities, continuously optimize temperature control and refrigeration system technologies to improve cooling efficiency

Risk Category	Risk Item	Value Chain Dimension Affected	Impact Description	Response Measures
Transition Risk	Policy and Regulation – Carbon Pricing Increase	Upstream – Raw Material Supply and Transportation	Tightening carbon pricing policies increase energy and logistics costs at the upstream level, raising raw milk production costs and potentially transmitting to procurement and transportation stages, increasing overall procurement costs.	• **Energy Efficiency and Clean Energy Transition:** Continuously advance energy-saving technology upgrades and energy efficiency optimization projects; actively expand applications of rooftop photovoltaics and other renewable energy sources • **Carbon Management and Transparent Disclosure:** Develop a carbon reduction roadmap and regularly disclose carbon-related information
		Midstream – Dairy Manufacturing	Rising carbon pricing significantly increases carbon emission costs associated with energy use across all stages of dairy manufacturing. Compliance may require investments in energy efficiency upgrades, further increasing short-term costs and ultimately leading to higher operating costs in midstream production.	
	Policy and Regulation – Regulatory Oversight	Midstream – Dairy Manufacturing	External policy regulations may force the Company to bear transition costs earlier, such as phasing out high-energy-consuming outdated sterilization/sterilization equipment or installing additional wastewater treatment facilities to meet stricter discharge standards.	• **Policy Monitoring:** Continuously track changes in domestic and international regulations to promptly identify climate-related compliance requirements
	Market Risk – Shifts in Consumer Preferences	Midstream – Dairy Manufacturing	A shift in consumer preferences toward high-activity, organic, and hypoallergenic products drives restructuring of manufacturing capacity and upgrading of production lines, resulting in equipment renewal and transition costs, accelerating the retirement of traditional production lines.	• **Low-Carbon Product Innovation:** Understand market demand for low-carbon products and continuously advance the research, development, and launch of plant-based and low-carbon footprint new products
		Downstream – Sales	As consumer awareness of low-carbon lifestyles grows, demand for low-carbon alternatives such as plant-based or non-animal dairy substitutes may increase.	
Transition Opportunity	Green Products and Services	Downstream – Sales	Climate transition drives a shift in consumer dietary patterns toward low-carbon diets, increasing demand for low-carbon, high-nutrition products. This creates new growth opportunities for Ausnutria's low-carbon footprint products such as probiotics and cheese, supporting downstream sales structure optimisation and sustainable growth.	• **Technological Innovation:** Strengthen green procurement management and comprehensively enhance the environmental adaptability and climate resilience of the supply chain
	Improving Resource Efficiency	Upstream – Raw Material Transportation	By adopting intelligent cold chain milk tankers, using new energy transport vehicles, and optimizing transportation structure and routes, transportation efficiency is improved, fuel consumption is effectively reduced, and logistics costs are lowered.	• **Low-Carbon Innovation Technologies:** Actively support R&D and large-scale application of key technologies such as resource recovery and utilization of by-products like whey
		Midstream – Dairy Manufacturing	By improving ingredient precision, optimizing energy recovery, and enhancing water recycling, resource utilization efficiency is significantly increased, effectively reducing energy, water, and raw material consumption in dairy manufacturing, contributing to lower unit production costs.	
		Downstream – Transportation	Optimising transportation structure and routes improves transportation efficiency and effectively reduces fuel consumption.	

Climate Resilience Assessment

Resilience Assessment Methodology

In 2025, we integrated climate scenario analysis into the process of identifying and assessing climate risks, with reference to the Shared Socioeconomic Pathways (SSP) from the Intergovernmental Panel on Climate Change (IPCC) and publicized climate change scenarios by the International Energy Agency (IEA). In specific, we used the IPCC SSP1-2.6 and SSP5-8.5 scenario models to assess potential physical risks, and the IEA Net Zero Emissions by 2050 (NZE) and Stated Policies Scenario (STEPS) models to evaluate potential transition risks. We also analysed the material impacts of climate-related risks and opportunities on operational models and the value chain over short-term (approximately 1 year), medium-term (approximately 5 years), and long-term (up to 2050) timeframes.

Risk Exposure Level Assessment

Table: Areas at Factory Sites Most Vulnerable to Acute Physical Risks

Physical Risk	Affected Business Segment	Key Affected Regions
Extreme Precipitation	Factory Site	Hunan Province, China; Jiangsu Province, China; Anhui Province, China
Extreme Cold Weather	Factory Site	Jiangsu Province, China; Anhui Province, China
Extreme Heat	Factory Site	Hunan Province, China; Jiangsu Province, China; Anhui Province, China; Victoria, Australia
Typhoon	Factory Site	Friesland, Netherlands

Table: Vulnerability to Acute Physical Risks

Physical Risk	SSP1-2.6			SSP5-8.5		
	Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Extreme Precipitation	Medium	Medium	Medium	Medium	Medium	Low
Extreme Cold Weather	Medium	Medium	Medium	Medium	Medium	Low
Extreme Heat	Medium	High	Medium	Medium	High	Low
Typhoon	Low	Low	Low	Low	High	Low

Response to Key Risks

Response Measures for High-Priority Risks and Opportunities

High-Priority Risk or Opportunity		Value Chain Segment	Period of Significant Impact	Response Measures
Physical Risk	Extreme Heat	Upstream – Raw Material Transportation	Medium to Long Term	• **Heat Response**: Install shade structures, fans, water-cooling systems, and windbreaks at dairy farms to effectively regulate the microclimate in cattle sheds, reduce heat stress on dairy cows, and maintain their health and production stability • **Disaster Preparedness**: Construct and maintain disaster-resilient infrastructure, enhancing emergency backup capabilities for water and electricity supply
		Midstream – Dairy Manufacturing		
		Downstream – Transportation		
	Typhoon	Upstream – Raw Material Transportation	Medium to Long Term	
		Midstream – Dairy Manufacturing		
		Downstream – Transportation		

High-Priority Risk or Opportunity		Value Chain Segment	Period of Significant Impact	Response Measures
Transition Risk	Policy and Regulation – Regulatory Oversight	Midstream – Dairy Manufacturing	Medium to Long Term	• **Regulatory Compliance and Monitoring**: Strictly adhere to climate-related laws and regulations across all operational regions, including the *Environmental Protection Law of the People's Republic of China and the National Greenhouse* and *Energy Reporting Regulations 2008*. Continuously track updates and developments in domestic and international climate policies and sustainability requirements to ensure ongoing operational compliance
	Market Risk – Shifts in Consumer Preferences	Midstream – Dairy Manufacturing Downstream – Transportation	Medium to Long Term	• **Green Packaging**: Implement the *Green Product Design Standards*, utilizing renewable materials, promoting packaging reduction and recyclability optimization, and integrating low-carbon processes and eco-friendly materials into product development to respond to growing consumer demand for sustainable consumption (see section *Promoting Green Development with Eco-Friendly Packaging and Product Designs*) • **Renewable Energy Adoption**: Reduce product carbon footprint through installation of solar panels and purchase of carbon credits (see section Utilising Renewable Energy)
Opportunity	Improving Resource Efficiency	Upstream – Raw Material Transportation Midstream – Dairy Manufacturing Downstream – Transportation	Medium to Long Term	• **Energy Management**: Implement comprehensive energy and emissions management systems; enhance energy efficiency through regular upgrades of manufacturing site locations and routine maintenance and inspection of high-energy-consuming equipment (see section *Strengthening Management to Enhance Energy Efficiency*) • **Supply Chain Decarbonisation:** Collaborate with sustainable packaging manufacturers and reduce logistics distances to improve energy efficiency in downstream operations (see section *Managing Upstream and Downstream Carbon Footprint*) • **Water Resource Efficiency**: Upgrade sanitation and cleaning water systems, promote water-saving equipment and recycling technologies, and implement real-time monitoring of water consumption data to reduce product water footprint (see section *Preserving Water for Future Generations*)

Currently, Ausnutria has not yet quantified climate-related risks and opportunities, as the necessary data and assessment frameworks are still being developed. However, we plan to initiate a comprehensive climate risk and opportunity assessment in the coming years, with the goal of quantitative findings into its strategic planning and ESG reporting.

Risk Management

Ausnutria has established a systematic, end-to-end climate risk management framework encompassing key stages such as risk identification, assessment and prioritisation, development of response strategies, and ongoing monitoring and reporting. By integrating internal and external climate data and industry trends analyses, the Group dynamically identifies physical and transition risks, conducts scientific assessments based on impact severity and likelihood, and assigns priority rankings. Targeted mitigation and adaptation measures are subsequently developed and implemented. Climate-related risks have been fully integrated into the Group's enterprise risk management system. Through regular monitoring and reporting mechanisms, oversight is ensured at both the Sustainability Committee and Board levels, guaranteeing transparency, traceability, and continuous improvement in climate risk management. This comprehensive approach fully supports the Company's long-term sustainable development.

Metrics and Targets

Ausnutria has established science-based and quantifiable carbon reduction targets, together with clearly defined decarbonisation pathways, and has integrated emissions data management into its annual reporting and internal control processes. The Group conducts annual greenhouse gas inventories to comprehensively calculate Scope 1 and Scope 2 emissions. Through systematic data collection, analysis, and tracking procedures, emission data are ensured to be accurate, reliable, and comparable. A structured monitoring mechanism for target progress has been put in place to assess progress against targets, evaluate the effectiveness of decarbonisation initiatives, and adjust strategies as necessary to remain on track. These measures strengthen the transparency of the Group's carbon management and support ongoing improvements in environmental performance and sustainability outcomes. (See section *Tracking our Progress on Environmental Targets*)