

# WIN-WIN WITH CUSTOMERS

Ausnutria takes an active role in maintaining an effective communication with its customers to understand their needs and engage them to improve their knowledge on health and nutrition. Their interests and rights are well taken care of as the Group commits to adopting responsible marketing practices. For the greatest benefit of customers, the Group strives for an integrated production approach guided by the principle of “Seven Tiers of Protection” in pursuit of the safest and highest quality products. All the above are supported by the continuous investment in product R&D to improve and realise the potential nutritional benefits of the Group’s products.

## FOSTERING AND MAINTAINING CUSTOMER RELATIONS

Ausnutria seeks to build, sustain and grow its customer relationships by promoting interactions with and among customers through different engagement programs and social platforms. This allows Ausnutria to better capture feedback from customers, and for customers to have a better knowledge on dairy and nutritional products.

Ausnutria provides standard Holland Tours in the Netherlands as an educational program to promote Dutch goat milk. The tours are open for all product distributors, aiming to demonstrate the manufacturing processes of goat milk infant formula and to share information about the Dutch goat dairy industry from a broader perspective. Ausnutria has also cooperated with Aniworld TV (金鷹卡通) to launch a TV program in the PRC called “Show Your Baby (愛寶貝曬一曬)” under *Kabrita* since 2016, with an annual episode featuring children from the PRC participating in the Holland Tour. As many customers in the PRC are unfamiliar with goat milk products, the program features *Kabrita’s* goat farms and production facilities to improve their understanding of Dutch goat milk products.



“Show Your Baby” featured *Kabrita’s* goat farms and manufacturing processes in the Netherlands

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● Kabrita WeChat platform

Ausnutria makes use of online and social media platforms to reach out to its customers in the PRC and has set up public WeChat platforms under its major dairy brands including *Kabrita*, *Hyproca 1897*, *Allnutria* and *Puredo*. Mothers and mothers-to-be are gathered on the platforms where they share tips on infant care and feedback and enquiries about Ausnutria’s products. Ausnutria also utilises the platforms to disseminate product information to its customers and to promote the brands’ marketing activities. Ausnutria’s nutritionists are involved with these online platforms to discuss and monitor information shared among members, ensuring information on the platforms is accurate and will not result in harm to other members and their children.

Apart from individual end-customers, healthcare professionals such as paediatricians and practitioners play an essential role in the value chain as they have more direct interaction with end users and often act as the bridge of communication between the Group and its customers. Ausnutria therefore proactively participates in different local and regional scientific conferences and trade fairs, for instance, the 5th International Conference on Nutrition and Growth, and the 51st Annual Meeting of the European Society for Paediatric Gastroenterology Hepatology and Nutrition (ESPGHAN), to engage healthcare professionals and share the latest research findings on infant formula products, especially on the nutritional values of goat milk.

In May 2018, a national roadshow seminar series was organised to engage health care professionals in Australia for the brand *Nutrition Care*. Guest speaker, Ms. Rachel Arthur, was invited to present on the topic of “Mastering Mental Health: New assessments and management resources in your clinic setting”. A total of seven seminars were held in the major cities of Australia, attracting more than 410 healthcare professionals to the events. The participants learnt about the latest patient assessment tools and treatment methods, with case study examples for stress, anxiety and depression which they could then apply to their patients.

### CASE STUDY



### Educating customers on organic dairy farming

The first *Neolac* Farm Day was held in the Netherlands in May 2018. 16 blogging and vlogging young mothers were invited to visit a cow farm run by a farmer passionate about organic farming where *Neolac* is sourced. *Neolac* is a brand of Ausnutria, whose milk formula is made from 100% Dutch organic cow milk. During the visit, the farmer passionately shared his motives for organic farming and the farming practices on his farm. The farmer and the mothers also discussed about the nutritional and environmental benefits of organic milk. The mothers shared their experience and knowledge they learnt from the visit on social media platforms after the visit, helping to raise awareness on organic dairy farming practices among the public.

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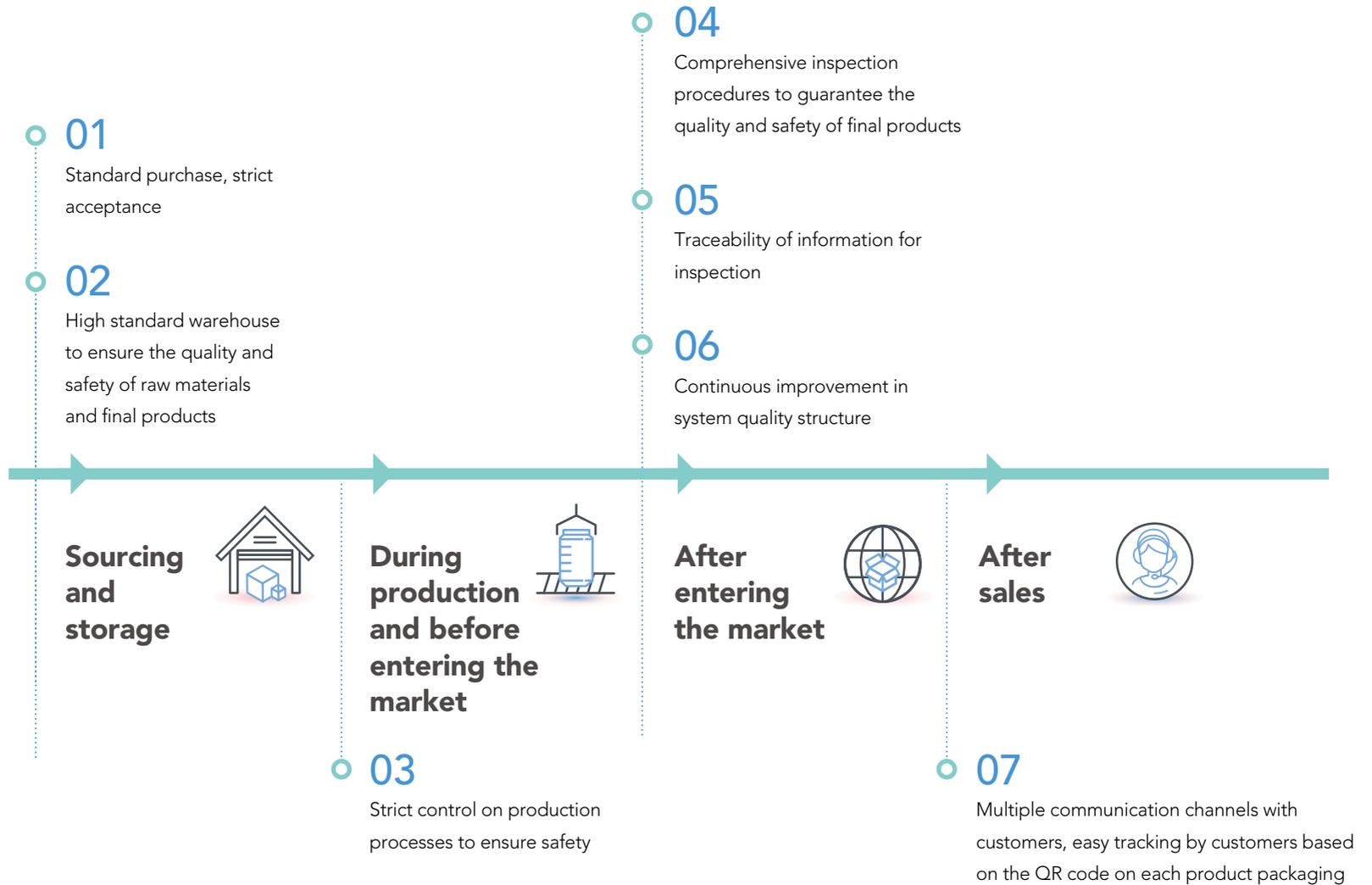


## SAFEGUARDING PRODUCT SAFETY AND QUALITY

Ausnutria supplies products to some of the most vulnerable members of the society, and hence puts product safety and quality at the centre of all. Owning an entire integrated production chain, Ausnutria closely monitors the quality and safety of its dairy and nutritional products at every step from the procurement of raw materials, to the production process, and until the products are distributed to customers. Production facilities of the Group are certified with internationally accepted food safety management systems and standards, with the majority certified with FSSC 22000 Food Safety System Certification, ISO 22000 Food Safety Management System, Hazard Analysis Critical Control Point, GMP+ Good Manufacturing Practices and/or BRC Food Safety Certification, depending on local practices. The Group's commitment to safety and quality forms the basis of Ausnutria's overarching principles of "Seven Tiers of Protection", guiding the practices at all production facilities and making sure all products are compliant with legal requirements. The Group is awarded 2017-2018 Top 100 Trusted Brand for Food Safety by the Organising Committee of the China Food Safety Annual Conference and the Certificate of 100 Exemplary Enterprises on Quality and Integrity in China by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC in recognition of its product quality control practice.

Product recall procedure is in place as a guideline for subsidiaries to provide in time and appropriate responses, so as to minimise public health and safety risks. The procedure is triggered by the occurrence of customer complaints, unqualified quality check by local authorities, negative media coverage, or non-conformance identified internally that would affect products in the market. In the event of a product recall, the Group will trace back the production process and supply of raw materials to quickly and completely recall any non-conforming and unsafe products to safeguard the health of users.

## SEVEN TIERS OF PROTECTION



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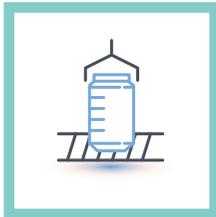


## SOURCING AND STORAGE

Ausnutria has set up stringent standard operating procedures to guide its supplier selection and approval process, so as to monitor and ensure the stable supply and quality of raw materials. On-site audits are conducted regularly at selective production facilities of major product ingredients for both its dairy and nutritional products.

Please refer to *Win-win with Business Partners* for the details on supplier's selection and management.

Employees responsible for warehouse management receive induction training to ensure that good housekeeping practice is adopted at all Ausnutria's warehouses. Proper handling and storage of packaging and raw materials are guaranteed to safeguard product quality and safety prior to distributing to customers.



## DURING PRODUCTION AND BEFORE ENTERING THE MARKET

All production facilities have detailed quality assurance processes in place to ensure products are in line with the desired quality and safety standards. All products are subject to both internal in-process quality control tests and final inspections, and laboratory tests are performed

on every batch of products against national and internal standards before being released to the market. External compliance checks are also required for dairy products by local regulators where the products are distributed. For the 16th consecutive year, all sampled products of Ausnutria have passed the monthly sampling inspection conducted by relevant regulators in the PRC, including the China Food and Drug Administration.



## AFTER ENTERING THE MARKET

After products entering the market, respective departments of the Group will perform random check and inspection to continuously monitor product quality. The Group has an electronic recording system to trace information regarding each batch of products, including the types of raw material used, the production processes and logistic information. This helps to identify problems associated with the product chain easily in case of any unfavorable issues spotted during inspection or after-sales and facilitate product quality and safety evaluation process. QR codes printed on products also enhance the traceability of information, benefiting both the Group and its customers.



## AFTER SALES

Formal channels such as dedicated email addresses and customer service hotlines are in place within each brand to collect customer feedbacks and manage customer enquiries and complaints. Feedbacks or complaints received from customers are classified into two severity tiers for further investigation and follow up by the customer service team. Where necessary, issues are escalated internally when further advice is required. It is guaranteed that severe and general complaints are responded within 12 and 48 hours respectively. All major customer feedbacks are well documented to ensure every major issue is thoroughly reviewed and evaluated for continuous improvement. Besides, Ausnutria actively monitors and manages customer satisfaction. Its sales and customer service department in the PRC conducts yearly distributor satisfaction survey and quarterly individual customer survey through phone calls, emails and visits. Customer satisfaction rate is then analysed for further improvement.

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## IMPROVING THROUGH RESEARCH AND DEVELOPMENT

R&D are key to the success of the Group. With the support of local R&D teams, Ausnutria seeks to continuously improve current products and develop next-generation products with enhanced nutritional value. As of 31 December 2018, the Group has built an extensive network of R&D teams with more than ninety professionals located in the PRC, the Netherlands, Australia, and New Zealand. During the year, Ausnutria was given the 2018 China Business Annual Innovation Award at the Fortieth Conference of the Chinese Economic Reform and Opening and the Sixth China Business Innovation Conference.

Additionally, the Group has formed strategic partnership with reputable universities, research institutions and industry partners, including but not limited to Peking University, China Agricultural University, Jiangnan University, Central South University and Hunan Agricultural University, the University of Groningen and Wageningen University & Research, the Technical University of Denmark, and the Commonwealth Scientific and Industrial Research Organisation in Australia. A number of research programs on nutrition and product development are being carried out currently, with the goal to develop next-generation dairy and nutritional products through science and innovation. A remarkable research program with CCIC Lelystad, a reliable testing lab based in the Netherlands, has revealed a key finding on goat milk composition and suitability that will support the development of *Kabrita*. The results were proudly presented in two leading paediatrics conferences, namely the ESPGHAN in Geneva and the Paediatric Academic Societies Meeting in Toronto.

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## CASE STUDY

### The second Scientific Board Meeting concluded with great success



A strategic Scientific Board was established in 2017 to support the R&D work in the Netherlands, consisting of well-respected scientists and professionals from all over the world. The second Scientific Board Meeting 'Nourishing Our Science' was held in November 2018. This event provided a platform for scientific authorities and eminent speakers to exchange scientific views and opinions, to inspire for new research areas, and to further build relationships allowing intensified collaborations. In addition to the discussion on potential and current research projects on goat milk among the core members of the Scientific Board, a Key Opinion Leader workshop was added to this year's agenda specifically to understand how medical professionals and the markets they are based in perceive goat milk. The meeting's objectives of reinforcing the scientific basis for goat milk based infant formula and establishing promising and scientific-sound research programs supporting Ausnutria's objectives were met in full.

As a result of the R&D investments, the Group submitted thirteen patent applications to the PRC's National Intellectual Property Administration and thirteen academic papers in the core journals of the PRC in 2018. As of 31 December 2018, Ausnutria has received a total of 72 registered patents and 40 authorised patents (which will become registered patents upon receipt of the authorisation letter).



- Among all products, Ausnutria *Augood* Children Formula and "Kabrita JingYing Goat Milk Nutritional Children's Formula" are made to with more comprehensive ingredients with added nutrients that support children's brain and visual development. Both products were awarded the Excellent New Product Prize by the China Dairy Industry Association and the Chinese National Committee of International Dairy Federation.

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- To provide better nutritional options to customers, the local R&D team is researching the effectiveness and tolerability of Gut Relief in patients to further increase the versatility and flexibility of the product.

Ausnutria constantly observes and monitors the intellectual property rights of in-house R&D achievements and that within the market to promote a fair and ethical R&D environment. To this end, Ausnutria introduced an enterprise intellectual property management system and supplementary procedures that meet the legal requirements in the PRC. Intellectual property right and trademark registry for all brands are well-maintained and managed by respective departments, ensuring that all brands and logos used in product packaging are registered. Employees are also provided with a handbook so to increase their awareness on intellectual property rights.



## UPHOLDING RESPONSIBLE MARKETING APPROACHES

Committed to providing the most trustworthy products to customers, Ausnutria upholds responsible marketing and communication practices. Ausnutria supports exclusive breastfeeding for the first six months of life as recommended by the World Health Organization and does not promote stage 1 (0-6 months) infant formula to customers. Also, stage 2 (6-12 months) infant formula will not be promoted in the PRC market in response to the latest regulatory requirement by the government. Branding guidelines are also in place to ensure the label design and product claims on branded products are fair and accurate to avoid any deceptive, untruthful claim, or discriminatory claim. All product packaging and labelling design and information undergo a rigorous reviewing process to ensure the product claims are truthful, accurate and consistent with guidelines of local regulators. All dairy products are subject to a final approval process as required by distributor or local brands to ensure the compliance of the local laws and regulations.

With the rapid development of information technology, Ausnutria is aware of the increasing concern of personal data privacy. Ausnutria has established customer data and privacy policy to protect the personal information of employees, business partners and customers. To prepare for the EU General Data Protection Regulation which became effective on 25 May 2018, Ausnutria has set up a working group in early 2018 to review its data privacy policy to ensure compliance with the law. Privacy statements are now included in *Kabrita's* and *Neolac's* websites to explain to business partners, customers and other users how their personal data will be processed and handled. To improve internal data security awareness, posters with information security tips and measures are distributed to employees.

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