

AUSNUTRIA'S APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

At Ausnutria, the Board has the responsibility to provide oversight over the management of the Group's sustainability issues, as well as the effectiveness of related risk management and control systems. The Board is also responsible for evaluating and determining material sustainability issues relevant to the Group's business, and ensuring sustainability strategies and the Group's long-term business goals are properly aligned.

Headed by the chairman of the Board, Mr. Yan Weibin, and comprised of regional senior management representatives, a sustainability committee of Ausnutria (the "Sustainability Committee") is in place to support the Board in implementing sustainability strategies within the Group. The Sustainability Committee meets at least three times a year to review feedback from stakeholders and the performance of material sustainability issues, as well as to report all appropriate matters to the Board for decision-making.

To consolidate and streamline the efforts of the subsidiaries, representative(s) from each region is appointed to form a sustainability workgroup (the "Sustainability Workgroup"). It aims to coordinate among local teams and monitor the progress and implementation of sustainability initiatives. Local teams, either the Environmental, Health and Safety ("EHS") or the Health and Safety ("H&S") Committee, are responsible for implementing and executing sustainability initiatives on a daily basis. Senior management from other departments, including the production department, product quality department and human resources department, are also involved to ensure sustainability issues are all well-managed and organised.

During the Year 2019, the Sustainability Committee reviewed the Group's sustainability strategy and consolidated its focus into three sustainability pillars: Better Nutrition, Better Life and Better Environment. The Group also demonstrates a high level of commitment in pursuing sustainability as it pledged to support the United Nations Sustainable Development Goals ("SDGs"), a call for global action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. Eight out of seventeen SDGs are identified to be the most closely connected to the Group's business and sustainability strategy. The Group is working with the Sustainability Committee to develop respective sustainability targets and goals.

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STAKEHOLDER ENGAGEMENT

The Group's approach to stakeholder engagement is designed to ensure effective communications with its stakeholders, thus enabling Ausnutria to better understand and respond to stakeholders' needs. The Group identified key stakeholders as those who can impact or are impacted by its operations and has been continuously engaging them through both formal and informal channels in all levels of the business. This approach helps Ausnutria recognise challenges and opportunities to support continuous improvement in sustainability performance.

Since 2016, the Group also regularly engages key stakeholders to understand their perceptions and priorities on a range of sustainability issues. The last extensive exercise covering over 300 stakeholders was conducted for 2018 through an online survey and interviews with its internal and external stakeholders. Whilst there is no significant and fundamental change in the business, the Group plans to repeat the exercise every three years and engage stakeholders to understand their up-to-date views on sustainability issues.

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KEY STAKEHOLDER GROUPS AND THE ENGAGEMENT METHODS

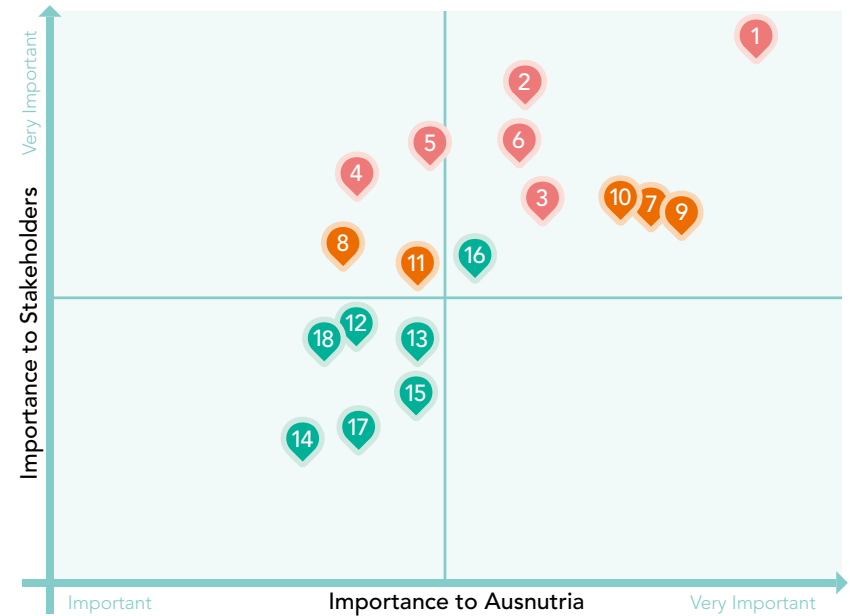


MATERIALITY ASSESSMENT

The feedback collected from stakeholders serves as the foundation for assessing and identifying the materiality of sustainability issues, and guides the Board in making informed decisions towards sustainability.

A total of 18 sustainability issues were chosen for consideration in the stakeholder engagement exercises conducted for 2018. Based on the aggregated scores given by the Group's internal and external stakeholders, the 18 sustainability issues were mapped onto a matrix to compare the relative importance and impact to the Group and stakeholders.

The materiality of the issues was reviewed and discussed among the Sustainability Committee in the Year 2019 based on its understanding of the importance of the issues to the Group. The 18 identified sustainability issues are validated by the Sustainability Committee and regrouped under the Group's three sustainability pillars – Better Nutrition, Better Life and Better Environment – to better reflect the current sustainability challenges and opportunities of the Group.



Better Nutrition
更優營養

Better Nutrition

- 1 Product quality and food safety
- 2 Product innovation
- 3 Customer engagement
- 4 Supply chain management
- 5 Intellectual property rights
- 6 Compliance



Better Life
更優生活

Better Life

- 7 Employee welfare
- 8 Diversity and inclusion
- 9 Employee health and safety
- 10 Training and development
- 11 Community investment



Better Environment
更優環境

Better Environment

- 12 Greenhouse gas emissions
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- 15 Waste management
- 16 Use of packaging materials
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- 18 Environmental conservation and biodiversity

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