

# ABOUT AUSNUTRIA

## CORPORATE PROFILE

Founded in Changsha City, Hunan Province, the PRC in September 2003, the Company was listed on the Stock Exchange in October 2009 (stock code: 1717), spotlighted as the first Chinese infant formula company to list in Hong Kong. Currently, the Group owns and operates an integrated business chain in the global dairy and nutrition market, from sourcing and production, to marketing and distribution.

The Group started by selling imported cow milk infant formula products in the PRC under the brand names of Allnutria, A-choice and Best-Choice. It later acquired Ausnutria B.V. and its subsidiaries (formerly the Hyproca Dairy Group) together with three factories in the Netherlands (all are now wholly-owned subsidiaries of the Group), and capitalised the opportunity of launching the Group's own-branded goat milk infant formula, Kabrita. Through a number of mergers and acquisitions over the years, the Group continued to extend its sales network and product offerings globally. In 2016, the Group acquired a high-end nutritional business based in Australia, NCP. In 2017, it further acquired a dairy production factory in Australia. As at the date hereof, Ausnutria possesses ten factories around the world, among which there are two in the PRC, five in the Netherlands, two in Australia, and one in New Zealand. They provide a diversified product portfolio for over sixty other countries covering infant formula, toddler formula, adult formula, liquid milk, probiotics, purees and other nutrition products.

This year, the Group continued to broaden its product portfolio and introduced various probiotic, children and adult formula milk products. Ausnutria introduced a brand new probiotic product, Aunulife Probiotic (developed by the Group and produced by Bioflag International Corporation ("Bioflag")). This broadens the Group's product offerings to its increasingly nutrition-conscious consumers and extend its nutrition business into the probiotic segment. The Group will continue to launch more sustainable and premium quality dairy and nutrition products, on its journey to realise its "Golden Decade" strategic plan set out at the end of 2015 to become a global leader in milk formula, nutrition and healthcare industry.

About this Report

Message from The Chairman

About Ausnutria

Ausnutria's Approach to Sustainability

Contributing to the Community

Win-win with Customers

Win-win with Employees

Win-win with Business Partners

Friendly with the Environment

Sustainability Performance Table

HKEx ESG Reporting Guide Content Index

Revised HKEx ESG Reporting Guide Additional Disclosures Content Index

Independent Assurance Opinion Statement



## THE GROUP'S OWN BRANDS

- About this Report
- Message from The Chairman
- About Ausnutria
- Ausnutria's Approach to Sustainability
- Contributing to the Community
- Win-win with Customers
- Win-win with Employees
- Win-win with Business Partners
- Friendly with the Environment
- Sustainability Performance Table
- HKEx ESG Reporting Guide Content Index
- Revised HKEx ESG Reporting Guide Additional Disclosures Content Index
- Independent Assurance Opinion Statement



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## MEMBERSHIPS

Ausnutria strives to contribute to the development of the dairy and nutrition industry and actively participates in numerous worldwide industry associations and voluntary initiatives. By proactively exchanging ideas with industry partners and peers, the Group advocates sustainability and promotes operational advancement.



### Australia China Nutrition and Health Association ("ACNHA")

Ausnutria is a major supporter and sponsor of the ACNHA, which builds partnerships and exchanges ideas with industry players in Australia and the PRC with a focus on the Chinese goat milk market.



### China Dairy Industry Association

Being one of the vice-president units of the China Dairy Industry Association, Ausnutria attributes to the industry guideline development and administrative work to promote high standard dairy products.



### China Nutrition and Health Food Association ("CNHFA")

Mr. Liu Yuehui, the Group's chief supervisor, party secretary, and chairman of the labour union in the PRC, represents Ausnutria as the President and Secretary General in the CNHFA for Hunan Province, to stimulate the development of the dairy industry in the PRC.



### Dairy Association of China ("DAC")

As a board member of DAC, Ausnutria hopes to give contributions to the promotion of dairy products and development of Chinese dairy industry.



### Dutch Dairy Association ("NZO")

Being involved in the working groups of the NZO, Ausnutria encourages knowledge exchange and continuous advancement in Dutch milk processing.



### Dutch Goat Dairy Association ("NGZO")

Being involved in the working groups, Ausnutria promotes better industry image, environmental sustainability and animal welfare. Ausnutria supports NGZO's "KwaliGeit", by collaborating with its goat milk suppliers. Please refer to [Win-win with Business Partners](#) for more details.



### European Union Chamber of Commerce

As a member of the Pediatric Nutrition Desk of the European Union Chamber of Commerce in China, Ausnutria encourages the appropriate use and marketing of pediatric nutrition products and breastfeeding.



### Platform Melkgeitenhouderij (Dairy Goat Farming Platform)

The Dairy Goat Farming Platform initiates sector-specific projects in the field of market information, food safety, animal health and sustainability. The Dairy Goat Farming Platform also provides direction for research that adds value to the goat dairy chain.



### Infant Nutritional Council ("INC")

Ausnutria actively participates in discussions and exchanges views with other members through the INC platform on different industry policies.



### Duurzame GeitenZuivel Keten (Sustainable Goat Dairy Chain, "DGZK")

Ausnutria participates in the DGZK, an initiative that aims to further improve sustainability and animal health within the goat dairy sector.



### The Association of Dutch Manufacturers of Children and Dietary Nutrition ("VNFKD")

Ausnutria supports the VNFKD to represent the collective industry interests in advancing best production and marketing practices for infant formulas.



### Sustainable Dairy Chain

Ausnutria pledged to support Sustainable Dairy Chain's 2020 goals of the cow milk sector by introducing and implementing environmental best practices in its operations.

About this Report

Message from The Chairman

About Ausnutria

Ausnutria's Approach to Sustainability

Contributing to the Community

Win-win with Customers

Win-win with Employees

Win-win with Business Partners

Friendly with the Environment

Sustainability Performance Table

HKEx ESG Reporting Guide Content Index

Revised HKEx ESG Reporting Guide Additional Disclosures Content Index

Independent Assurance Opinion Statement

## CORPORATE GOVERNANCE

To strive for long-term success and safeguard the interests of its shareholders, the Board is committed to upholding high standards of corporate governance and promotes transparency, independence and integrity within Ausnutria.

Ausnutria has adopted rigorous governance principles that align with the Corporate Governance Code contained in Appendix 14 of the Listing Rules. Being responsible for identifying strategic prospecting of the Group's business, the Board provides oversight, insight and foresight of the overall strategy and directions of the Group's business operations. The Board is also responsible for regular monitoring, reviewing and advising the corporate governance policies to ensure compliance under the latest developments. In Year 2020, the Group published the new Performing Behaviour Guides for the middle to senior management in the PRC, delineating the roles and responsibilities of the management in building an effective corporate governance and corporate culture.

Ausnutria acknowledges the significance of diversity and inclusiveness for the sustainable development of the Group. The composition of the Board demonstrates a balanced ratio of gender, age, ethnicity, educational background, professional expertise, industry experience, management function and length of service. As at the date of this Report, the Board comprises nine members, including three executive Directors, three non-executive Directors and three independent non-executive Directors with different backgrounds, ethnicities, experiences and expertise, achieving a multi-cultural environment.

## ANTI-CORRUPTION

The Group's integrity asserts its reputation as a trusted dairy and nutrition producer and business partner. To counteract corruption in the business environment, Ausnutria upholds high standards of integrity. It is mandatory for all employees to strictly follow and act according to the Code of Conduct, which conveys the Group's expectations on workplace conduct and behaviour in situations of conflicts of interest, bribery and corruption and integrity breaches. Regular training is also delivered to enhance employees' awareness on anti-corruption practices.

Any acts of non-compliance may lead to verbal warning, formal warning or other disciplinary and/or legal actions. Ausnutria has established an anti-fraud and whistleblowing system for employees to report to the management team when there are any suspected misconduct behaviors in relation to business ethic principles. Moreover, the Group's internal audit department verifies and keeps a close eye on financial and operational data, to identify any risks of infringement of bribery, conflicts of interest or corruption. The Board monitors the effectiveness of such procedures and ensures that appropriate and adequate actions are carried out for all reported cases.

For further information about the Group's corporate governance policies, please refer to the Corporate Governance Report section in the [Annual Report 2020](#).

About this Report

Message from The Chairman

● About Ausnutria

Ausnutria's Approach to Sustainability

Contributing to the Community

Win-win with Customers

Win-win with Employees

Win-win with Business Partners

Friendly with the Environment

Sustainability Performance Table

HKEx ESG Reporting Guide Content Index

Revised HKEx ESG Reporting Guide Additional Disclosures Content Index

Independent Assurance Opinion Statement