

AUSNUTRIA'S APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

The Group adopts a robust sustainability governance structure to facilitate effective sustainability management across its operations. As the highest governance body, the Board takes leadership and responsibilities in overseeing the Group's sustainability strategy, risk management and performance, and ensuring alignment between the Group's sustainability strategies and long-term business goals. The Board also evaluates and determines the materiality of sustainability-related issues and risks to the Group, and ensures that effective risk management and internal control systems are in place correspondingly.

Chaired by Mr. Yan Weibin, the Chairman of the Board, a group-level sustainability committee (the "Sustainability Committee") comprising regional senior management representatives was established to support the Board in devising, implementing and monitoring the Group's sustainability strategies and performance. The Sustainability Committee meets at least three times a year and reports relevant sustainability matters and performance issues to the Board for decision making purposes. The Sustainability Committee also:

- reviews and provides strategic directions for the Group's sustainability strategy and management;
- identifies, assesses and monitors the Group's sustainability risk exposure including climate-related risks;
- reviews and endorses the Group's sustainability performance and targets, and drives sustainability data accountability;
- discusses and reviews the actions taken to manage sustainability-related risks and opportunities; and
- reviews and approves the annual sustainability report.

Supporting the Sustainability Committee, regional representative(s) are appointed to form a sustainability workgroup (the "Sustainability Workgroup"), which is responsible for consolidating and streamlining the sustainability efforts of the subsidiaries. The Sustainability Workgroup facilitates the integration of sustainability strategies into the business operations by coordinating with local teams and monitoring the implementation and progress of sustainability initiatives. Meanwhile, local teams, which are either the Environmental, Health and Safety ("EHS") or the Health and Safety ("H&S") Committee, are responsible for executing sustainability initiatives in daily operations. Senior management from relevant departments including the product quality department and the human resources department also take part in the daily management of sustainability issues.



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As a demonstration of its devotion to sustainability, the Group pledges its support to the United Nations Sustainable Development Goals (“SDGs”). Ausnutria devises its sustainability strategy in alignment with the universal call for actions to end poverty, protect the planet and ensure that everyone enjoys peace and prosperity. To maximise its contribution, the Group has sharpened its focus to eight SDGs that are identified to be most closely connected to the Group’s business and sustainability strategies. These eight SDGs also correspond to the focus areas under one or more of the three pillars of the Group’s sustainability strategy: Better Nutrition, Better Life and Better Environment.



As part of the journey to support the SDGs, the Group has been formulating an enhanced sustainability strategy framework. Subsequent to the work on reviewing the sustainability strategy, identifying and consolidating focus areas under each sustainability pillar, the Sustainability Committee has established specific objectives under each focus area in Year 2020 to guide BUs to formulate relevant targets. The Group is currently collecting and reviewing the inputs from the Sustainability Workgroup, and aims to disclose its sustainability targets next year.

STAKEHOLDER ENGAGEMENT

By maintaining effective communications with stakeholders, the Group can gain a better understanding of, and respond appropriately towards, stakeholders’ feedback. The Group identifies key stakeholders as those who have a significant impact on its business, or which experience significant impacts from its operations. The Group continuously engages with its stakeholders through both formal and informal channels at all business levels. Through this approach, the Group can stay up to date with stakeholders’ views and the evolving business landscape, and identify and prepare for challenges and opportunities to further its sustainability efforts and improve its sustainability performance.

In Year 2020, an online survey was distributed to stakeholders to understand their views and expectations towards sustainability issues relevant to the Group. Over 400 responses were received from different stakeholder groups, including employees, shareholders, investors, customers, suppliers, business partners, industry partners, R&D partners, media partners, community partners and regulators.

KEY STAKEHOLDER GROUPS AND REGULAR ENGAGEMENT METHODS



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MATERIALITY ASSESSMENT

The results of the stakeholder engagement survey provide the basis for identifying and assessing the materiality of sustainability issues, further guiding the Board in making well-informed decisions towards sustainability.

As sustainability management and identification of material issues is a dynamic process that needs to keep pace with the ever-changing business environment, the Group regularly reviews the list of sustainability issues that are relevant to its business and stakeholders. In Year 2020, the Group has updated the list. A total of 18 sustainability topics were identified for this year’s materiality assessment exercise, of which 16 topics were adopted from the list in 2019. “Waste Management” and “Natural Resources” were consolidated into “Resources and Waste Management” to represent a holistic resources management approach. Meanwhile, in order to respond to the latest ESG Reporting Guide requirements of the Stock Exchange and international trends, “Climate Change” was added as a new issue.

Based on the inputs from over 400 stakeholders received through the online survey, the Group mapped the materiality analysis onto a matrix to reflect the relative importance of sustainability issues to stakeholders and the Group. The materiality assessment results were reviewed and endorsed by the Sustainability Committee and serves as the basis for the preparation of this report.



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

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



Better Environment

- 12 Energy management
- 13 Greenhouse gas emissions
- 14 Water management
- 15 Resources and waste management
- 16 Use of packaging materials
- 17 Climate change
- 18 Environmental conservation and biodiversity

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