

WIN-WIN WITH EMPLOYEES

Ausnutria recognises the value of its employees and makes great efforts with its resources to put together a high-performing team. Ausnutria embraces diversity and respects the uniqueness of each individual as they contribute to the dynamic growth of the business. The Group will continue to provide an equal, harmonious and engaging work environment, where employees feel respected, trusted and constantly supported, especially in times of uncertainty.

Key Highlights in 2020

Ausnutria University in the PRC was

- certified as **China Corporate University Prototype** in the first batch.

- recognised as one of the **top corporate universities** in the PRC 4 years in a row.

Zero reported cases of work-related fatalities.



Lost day rate dropped.
(lost day per 200,000 work hours)



Increased average training hours.



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In order to safeguard the health and safety of employees, the Group and its subsidiaries closely monitor the development of the COVID-19 pandemic and adhere to government policies on health in each operating area. Emergency meetings were held among senior management to discuss social distancing arrangements and the implementation of hygiene policy. Ausnutria has developed internal safety plans and guidelines to protect all employees from the virus while ensuring smooth and functional operation of the Group.

Ausnutria has also strengthened measures to maintain a safe work environment. All office and manufacturing areas are cleaned and disinfected more frequently, and operations in different regions have tailored measures according to their local needs and regulations. For instance, all personnel entering the premises in the PRC, the Netherlands and Australia, including employees and visitors, are required to record attendance and wear masks at all times. In some of the regional offices, more stringent measures are implemented, where staff are required to report their health condition on a daily basis and have more frequent routine monitoring of their body temperature. The Group also introduced flexible work arrangements in which employees are encouraged to work from home whenever feasible or follow rotation schedules to practice physical distancing and limit workplace attendance.

Hoping to assist employees in combatting COVID-19, Ausnutria provided them with necessary resources and constant support through this challenging time. Anti-epidemic items like face masks, face shields, gowns and hand sanitisers are available to employees to ensure they have sufficient protection. In the Netherlands, staff were required to wear face masks in the factories. In the PRC, employees were also provided with Chinese medicine package to strengthen their immune systems. Ausnutria also provided trainings for employees on the correct use and disposal of face coverings and PPE, so that they can remain good hygiene practices at work.

As the foundation of being a responsible employer, Ausnutria strictly adheres to relevant laws and regulations pertaining to employment practices in its various operating locations. Child and forced labour are strictly prohibited within Ausnutria's operational control. To prevent such occurrence, the human resources department closely monitors the recruitment process to ensure the applicants are qualified as lawful hiring. In the case of dispute, management will be informed immediately to ensure the Group acts in the best interest of the individual.

Ausnutria's values, standards and expectations of employees' behaviours are laid out in regional Code of Conduct and Employee Handbooks. The Group has also introduced policies and procedures to guide its subsidiaries in handling employment-related issues, including those relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, training and development, occupational health and safety, and other benefits and welfare. The information above is made widely available and is effectively communicated to all employees via formal channels during their early onboarding stage or whenever it is updated.

To stimulate growth and facilitate global integration, the Group has introduced a three-year global human resources strategy plan in 2019 with an aim to consolidate resources and align related practices across subsidiaries. Ausnutria is underway to review internal policies, update management practices, enhance efficiency and strengthen its corporate culture, in order to achieve the ultimate goal of "One Ausnutria, One Team, One Direction". The Group has also input significant amount of resources for human resources development to integrate the day-to-day management processes at regional level onto an unified group level online portal. In Year 2020, Ausnutria optimised its human resources management system. The upgrade has resulted in easier communication internally and achieved higher efficiency in human resources management. Moreover, the Group also launched its plan in strengthening company culture, and kickstarted various corporate culture research and improvement projects accordingly.

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New Headquarter in the PRC

CASE STUDY



A ceremony recognising the topping-out of the PRC headquarter was held on 28 June 2020.

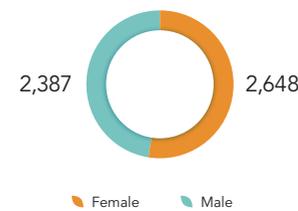
In Year 2020, the Group continued to facilitate the establishment of its headquarter in the PRC. The future office will provide a spacious, refreshing and productive working environment for our staff. Upon completion, it will become the quintessential base for Ausnutria. Employees from all BUs will be able to attend trainings, conduct business meetings and engage in team-building events in the new headquarter. On 28 June 2020, a ceremony recognising the topping-out of the PRC headquarter was held. The construction of the PRC headquarter will be completed in the second quarter of 2021 and will commence operation in June 2021.

ATTRACTING AND RETAINING TALENT

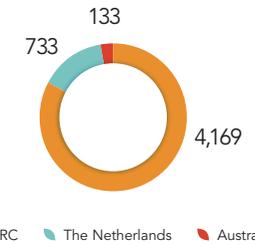
Talent attraction and retention is critical to support the Group in achieving continued success and business growth. The Group recruits and treats all employees in an open and fair manner based on the principles of meritocracy and no discrimination. For instance, the recruitment process is guided by a set of standard operating procedures which all regional teams are required to follow. These procedures are regularly reviewed and updated in accordance with local regulations and changing industry practices. Aside from regular recruitment channels, the Group also seeks to recruit talent from other platforms such as the Management Trainee Programme in the PRC so as to reinforce the talent pipeline for high potential graduates specialised in food manufacturing.

Year 2020 Employee composition

Number of employees (Gender)

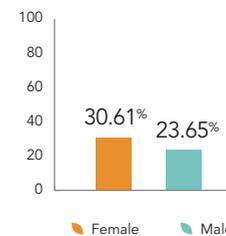


Number of employees (Region)

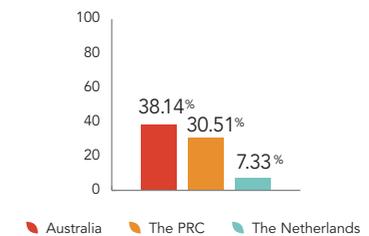


Year 2020 Employee turnover

Employee turnover rate (Gender)

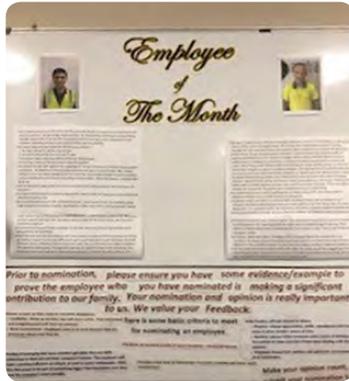


Employee turnover rate (Region)



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Ausnutria provides employees with competitive remuneration and attractive benefits in return for their efforts and contributions at work. Employees are entitled to leaves, allowances, bonus and subsidies according to their ranks, positions and years of service. Besides, as a recognition to employees, Ausnutria Australia introduced Employee of the Month nomination programme to reward outstanding members of the team.



Employee of the Month display board.

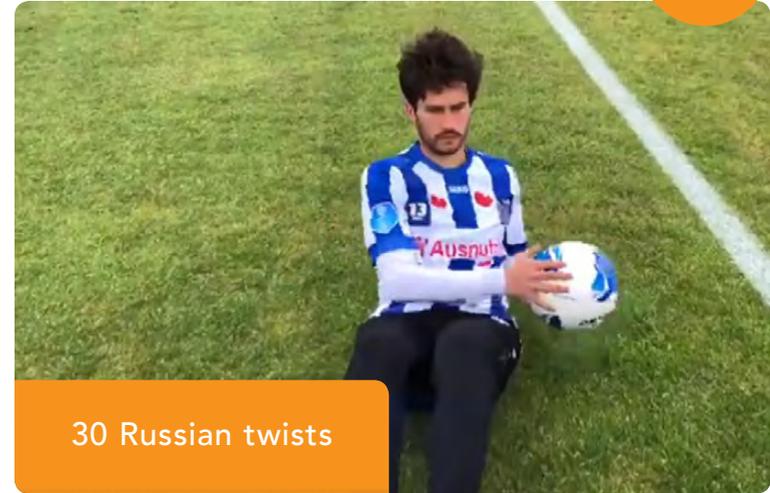


Winner of the Employee of the Month receiving the award at staff snapchat.

Ausnutria prioritises the well-being of all employees with the introduction of health checks to ensure that employees are working in good health condition. In the PRC, all employees with more than one year of service at Ausnutria are covered in the Employee Health Check Scheme. New joiners are also entitled to a health check before onboarding. In Australia, flu vaccination from recognised immunisation providers was arranged for employees. The vaccination protects employees from seasonal influenza and reduces the risks of spreading within workplace. Furthermore, a new Vitality Plan was introduced in Year 2020 for employees in the Netherlands to promote better work-life balance. The plan sponsors each employee with a maximum €200 per year for sport-related expenses such as sports equipment or gym membership, so as to encourage employees to exercise more often outside work. In addition, as part of the plan, various training courses are also provided to raise the awareness of physical and mental wellness in the workplace.

Joining with SC Heerenveen to Promote Employees' Physical Health

CASE STUDY



30 Russian twists

Still image from video of football players from SC Heerenveen teaching football exercises.

The Group upheld its resilience and creativity in promoting healthy lifestyle during the pandemic. Ausnutria Netherlands continued to encourage employees to exercise more especially when working from home. As the main sponsor of the SC Heerenveen, Ausnutria delivered footballs to employees' homes and invited players from the football club to film a tutorial video on conducting physical training with a football. The scheme received great feedback and eventually evolved into a "Football Juggling Challenge" among colleagues, where they competed against one another by filming themselves juggling football as many times as they could and uploaded the video to the intranet.

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Meanwhile, Ausnutria places great emphasis on employees' mental health condition just as their physical health. In Year 2020, Ausnutria provided training to support employees in Australia to cope with the possible mental stress in light of the global pandemic.

Leisure and entertainment are also essential parts of work-life balance. Throughout the year, the Group organised various festive celebrations for employees to relax and enjoy the special occasions.



Christmas celebration and award presentation.



As a formula milk and nutrition product manufacturing company that targets families and children, Ausnutria embraces the importance of family ties and is committed to promoting a family-friendly culture within the Group. Ausnutria has adopted flexible arrangement at subsidiary level to cater to the needs of employees and their families. Special arrangements can be made to bring work-life balance to employees and provide them with the opportunity to spend time with their family. For instance, in the PRC, if the spouse of an employee lives in a different region and they have difficulties to reunite during public holidays, the employee is entitled to enjoy a half-day excused leave for family visit every month.

The Group also strives to provide a mother-friendly environment for employees by introducing breastfeeding facilities and flexible working arrangements. In the PRC, all mothers with a child below the age of one are given half an hour of breastfeeding leave every day. The Group values family time and has organised events for employees and their family. On special occasions such as Children's Day, working parents are welcome to bring their children to work and spend time together during family games.

"Sint drive-through" Family Event During Netherlands's National Feast "Sinterklaas"

CASE STUDY



Children of Ausnutria's employees receiving presents during the "Sint drive-through" event.

Ausnutria Netherlands celebrated the national feast "Sinterklaas" with its employees and their families by organising a "Sint drive-through". In Year 2020, the celebration event could not be held in the traditional way due to COVID-19. Instead, participants drove to a designated location, where children could receive a present while staying inside the car. The event brought joy to its people while maintaining a safe social distance amid the unusual times of pandemic.

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FOSTERING COMMUNICATION AT WORKPLACE

The Group values mutual communication between management and employees and respects voices from different levels regarding their workplace experience. Employees are encouraged to express their concerns through established channels. Ausnutria believes that good communication is critical to create an efficient and a dynamic workplace, where employees can freely exchange their ideas and thoughts with management and among themselves.

The Workplace Communication and Consultation Policy, the Communication Protocol and other documents outline the guidelines, rights and responsibilities for employees and management to maintain meaningful conversations. The Group encourages employees to convey their work expectations and career development plans in formal and informal meetings, so as to address their concerns for work and facilitate more efficient work collaborations.

To keep employees updated with corporate news, the Group utilises email, newsletter, mobile application, social media and intranet to share information. In the PRC, Ausnutria continues to communicate with employees using the tailor-made mobile application (U享家) and social media platform like WeChat. In Australia, employees are encouraged to communicate with the firm and provide feedback using the letter box. Internal newsletter will also be launched for easier communication and prompt circulation of corporate news via email.

Ausnutria values employee's opinions and ideas. During COVID-19, new strategies were established to facilitate interactions and strengthen the ties between the Group and the employees. In the Netherlands, the crisis team communicated frequently with all employees about the pandemic situation and the measures taken by the Group. Employees were also encouraged to propose new plans for Ausnutria to better respond to the virus outbreak. Those who provided good ideas were rewarded with a coupon for a home-delivered meal, and some of their suggestions have been already adopted. Such active engagement approach has encouraged employees to keep their spirits up and fight this battle together.

To collect comments and feedbacks from employees in an objective and open manner, a company-wide employee satisfaction survey was conducted in Year 2020 in the PRC and in Australia. Employees were highly responsive and provided with constructive feedbacks on the improvement of existing employment-related practices, as well as their expectations on the Group. The Group will continue to expand the survey scope to other subsidiaries in the future.

Ausnutria has adopted standard procedures to resolve disputes or unfair treatment when employees encounter any unfair treatment or observe any conflicts in the employment relationship. The employee has the right and responsibility to report the issue to their supervisor under the guidelines laid out in the Code of Conduct and Employee Handbook. Whistleblowers are protected and will remain anonymous. All grievances will be addressed appropriately within a designated timeframe. Where necessary, the case shall be escalated to more senior level to involve the HR department and senior management until an agreement can be reached.



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Official Works Council of Ommen Factory in the Netherlands

CASE
STUDY

Mutual understanding between the Group and employees are necessary to identify shared values and drive long-term improvement. With the awareness of the obligation to form a Work Council when the number of employee reached 50 or above in the Netherlands, official Works Council for Ommen Factory was introduced and elected in Year 2020. To this end, all factories in the Netherlands are now with official Works Councils as representative to foster effective communication between management of Ausnutria and employees.

The Work Council is an internal body that represents employees and protects their interests. It possesses consultation rights regarding certain significant management decisions proposed by Ausnutria. Furthermore, the Works Council has approval rights in intended decisions from the Group regarding employment policies. The Council is elected by employees and the elected members shall act in their interests to safeguard the rights of employees.

The new Works Council in the Ommen factory consists of five members, who engage in regular meetings with the management every two months on issues such as daily operation of the workplace. This allows all parties within the subsidiary to be well-informed about the corporate, management decisions and daily operations. Employment-related issues can also be resolved in an efficient and timely manner through active discussions and negotiations between both parties.

The Group continues to promote communication between Ausnutria and its employees. Another Works Council will be formulated in Zwolle, the head office of the Netherlands operations in 2021.



Employees counting the votes for the first election of the Works Council.

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TALENT DEVELOPMENT FOR EMPLOYEES

Ausnutria provides ample learning opportunities and resources for employees to explore their talents and unleash their potentials. Several subsidiaries have developed annual training plans for employees to ensure they receive adequate trainings and guidance at work, as well as to better consolidate training resources, and ensure that human resources are carefully managed. All new joiners are mandated to attend a comprehensive induction training which prepares them with fundamental knowledge to adapt into and excel in the workplace.

Ausnutria provides a wide range of trainings for all levels of employees to enhance their capability and productivity, which include:

- Professional on-the-job training based on specific position and job duty
- Standard Operating Procedure (SOP) training
- Health and Safety training
- Quality training
- Human Resources training
- External training (e.g. first aid training and software training)

In Ausnutria Netherlands, we have increased the usage of our e-learning platform called "Dairy Academy" to educate employees in a more convenient and effective way. The digital knowledge and learning platform provides practical knowledge regarding raw materials, technology application, production processes and quality monitoring of Ausnutria's products through online courses. Employees can acquire knowledge about operation expertise through the platform. In addition, Ausnutria in the Netherlands is also developing a new training programme for all levels of employees. The programme is scheduled for implementation in 2021.

Established in 2015, Ausnutria University has been a major platform to provide learning support to employees in the PRC with the aim to enhance quality, optimise organisational performance, nurture a culture of excellence and instil a belief in lifelong learning.

Based on individual needs, Ausnutria University regularly organises training programmes to enrich employees' knowledge and competence on management skills, professional expertise and general workplace skills. Aside from regular trainings, Ausnutria University sought to develop management pipeline in Year 2020. By delivering management courses with quality training materials, Ausnutria seeks to cultivate its management members and professionals for its future growth.

In the future, Ausnutria will keep investing and nurturing employees to become the expert of the industry and progress to achieve the 10-year "Golden Decade" strategic goals.



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Ausnutria has also developed formal staff appraisal system to examine the performance of individual employee. The staff appraisal system promotes accountability and enhances work efficiency. The Group has adopted the system in the PRC and Australia and has already planned to expand the coverage to other subsidiaries. In the PRC, the 'a+b+N' Evaluation Model was introduced to evaluate and review employees' performance in a structured yet flexible way. Based on the model, the employee will be rewarded according to their performance and evaluation results, which comprise of technical expertise, work approach, quality and quantity, communication and interpersonal skills, as well as progress against action plans and development goals. Various forms of incentives including innovation bonus, rewards for high-performing employees, share rewards and year-end bonus are provided to employees with excellent performance. It is hoped that employees will be motivated to improve their work performance and productivity when they are rewarded accordingly.



Opening Ceremony for Pre-MBA Class (澳青計劃) 2020.



MBA Class (澳橙計劃) 2020.



MBA Plus Class (澳藍計劃) 2020.



Training on "Agile Visual Presentation".

In Year 2020, Ausnutria University has achieved the following:



8 trainings on expertise delivered



12+ management trainings organised covering 8 classes at 6 levels including the MBA Plus Class (澳藍計劃)



10+ sessions of seminars delivered under professional training series to identify talents, model their abilities and classify them into various levels



The first dairy company to be awarded the "China Corporate University Prototype"



Recognised as one of the top corporate universities in the PRC for 4 years in a row

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PROVISION OF A SAFE AND HEALTHY WORKPLACE

The Group is committed to providing a safe and healthy working environment for all employees. Ausnutria strictly complies with local occupational health and safety (“OH&S”) laws and regulations and has formulated policies accordingly in all subsidiaries. Internal standards and procedures are regularly reviewed according to the latest national and regional regulations. All relevant materials are distributed to employees so that they understand their roles and responsibilities and ensure compliance in all aspects.

To ensure health and safety plans are thoroughly and effectively implemented, a health and safety committee or officer is appointed to monitor related performance at each production facility. To further raise awareness of OH&S among employees, the Group’s subsidiary in the PRC requires all employees working at upstream factories to sign the “Work Safety Responsibility Acknowledgement” so as to ensure they understand their responsibility in complying with internal regulations and the consequences of any irresponsible actions.

Internal and external risk assessments are conducted periodically at subsidiary level to inspect working areas and prevent any potential hazards. Inspection results are reported to the committee or responsible officers for follow-up measures. In the

Netherlands, monthly risk investigation and evaluation reports are shared with the general staff, drawing their attention to existing black spots and to avoid recurrence of similar incidents. In Australia, the Group has reviewed and updated its Standard Operation Procedures and the regular risk assessment to cover new machinery and manufacturing procedures. In the PRC, the management conducted large-scale inspections in the production facilities before long holidays such as Chinese New Year and Mid-Autumn Festival. The inspection covered site safety, fire safety, the use of hazardous chemicals and waste treatment, which ensured no abnormalities would occur when all employees returned home for festive celebrations. Third party inspection on occupational hazards is also carried out annually at production sites in the PRC. Ausnutria will remain vigilant in its operations and regularly review its current practices in OH&S to eradicate risks at the workplace.

Effective communication between departments and employees prevents misunderstanding and accidents from occurring. Ausnutria has introduced OH&S Meetings at its subsidiaries to facilitate communication and work on OH&S issues. In Australia, OH&S Meetings have been successfully held throughout the Year 2020. Major achievements include the launching of “Lock Out and Tag Out Programme” and the purchase and installation of additional safety equipment.

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Lock Out and Tag Out Programme

CASE STUDY



Equipment introduced and used for the Lock Out and Tag Out Programme.

The newly introduced Lock Out and Tag Out Programme ensures that dangerous machines are properly shut off and cannot be turned on again until maintenance, repair work or cleaning procedures are completed. The programme also requires high voltage electricity sources and compressed air to be isolated and rendered inoperative before using the equipment.

The Group invests time and resources to equip employees with OH&S knowledge and skills to handle incidents and risks of its operation in the subsidiaries. For instance, in Australia, various types of specialised training including fire warden training, first aid training, ongoing injury and hazard report training and safety training are provided for relevant staff. In the PRC, drills covering fire escape, food poisoning and hazardous chemicals leakage were conducted to prepare employees for potential hazards and emergency handling according to the Group's standard protocol. On-site safety regulation training was provided for logistic service providers every month while safety management training was provided for part-time safety officers every quarter. To further strengthen their OH&S knowledge with more fun, Ausnutria organised a safety awareness competition in Year 2020. These ensure all employees and workers of the Group are well aware of operation safety and fully comply with the related regulations. Through the above initiatives, Ausnutria provides a pleasant and safe work environment for all employees, safeguarding their health and safety.



OH&S Training for front-line staff in the PRC.



Safety Knowledge Contest in the PRC.

In addition to OH&S, Ausnutria places great emphasis on the mental well-being for its employees. In the Netherlands, new counsellors have been appointed and trained during the reporting year. The counsellors support employees on issues including harassment, bullying, aggression and violence, discrimination and conflicts with superior. Employees are encouraged to reach out to the counsellors and consult them when facing the above problems at work. They will be guided and given advice from the counsellors. In some serious cases, counsellors will take further action when deemed necessary.



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