

# Ausnutria's Approach to Sustainability

## SUSTAINABILITY GOVERNANCE

In recent years, sustainability and climate change have gained momentum around the world. Ausnutria is fully aware of the growing popularity of these topics and we understand the significance to integrate sustainability into our business. To facilitate effective sustainability management across its operations, the Group has implemented a strong sustainability governance structure. As the highest governance body, the Board bears the obligation in leading and overseeing the Group's sustainability strategy, risk management, performance and progress towards its sustainability targets, as well as maximising the synergies and alignment between the Group's sustainability strategies and long-term business visions. The Board is also responsible for evaluating and determining the materiality of sustainability-related issues and risks relevant to the Group's business and ensuring that the 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 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 orientations 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 enhances the accountability of sustainability data;
- discusses and reviews the actions taken to manage sustainability-related risks and opportunities; and
- reviews and approves the annual sustainability report.

As an adjunct to the Sustainability Committee, diversified regional representatives are appointed to form the Sustainability Workgroup with an aim of consolidating and streamlining the sustainability efforts of the subsidiaries. By coordinating with local teams and monitoring the implementation and progress of sustainability initiatives, the Sustainability Workgroup enables the integration of sustainability strategies into business operations. Meanwhile, local teams, either the Environmental, Health and Safety ("EHS") or the Health and Safety ("H&S") Committee, are obligated for implementing an array of sustainability initiatives throughout daily operations. Senior management from departments concerned, such as product quality and human resources, also contribute to the day-to-day management of sustainability issues.



As part of its commitment to sustainability, the Group pledges its support to the United Nations Sustainable Development Goals ("UNSDGs"). Ausnutria's sustainability strategy is aligned with the global call to action to eradicate poverty, protect the environment, and ensure that everyone enjoys peace and prosperity. To maximise its impact, the Group has narrowed its focus to eight UNSDGs that have identified as being the most closely related to its business and sustainability strategies. These eight UNSDGs also align with the Group's sustainability strategy's three pillars: Better Nutrition, Better Life, and Better Environment.



The Group has been compiling a sustainability strategy framework with an enhanced version as part of its journey to support the UNSDGs. With reference to the formulation of specific objectives under each focus area in 2020, it is evident that BUs are able to receive clear and adequate guidance on compiling relevant targets after conducting an examination of the sustainability strategy, identifying and consolidating focus areas under each sustainability pillar. Additionally, the Group completed the collection and review of inputs from the Sustainability Workgroup and included the multifaceted sustainability targets in this year's sustainability report's sections on Better Nutrition, Better Life, and Better Environment.

## STAKEHOLDER ENGAGEMENT

By establishing excellent contact with stakeholders, the Group can acquire a deeper understanding of their feedback and respond effectively. The Group defines important stakeholders as those who have a material impact on our business or who are impacted materially by our operations. At all business levels, the Group maintains a regular dialogue with its stakeholders via formal and informal channels. This approach enables the Group to stay current on stakeholders' perspectives and the shifting business landscape, as well as identify and prepare for problems and opportunities to advance its sustainability initiatives and performance.

Since 2016, the Group has demonstrated its unwavering commitment to its key stakeholders by regularly engaging with them to ascertain their perceptions and priorities on a range of sustainability issues. 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 a variety of 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

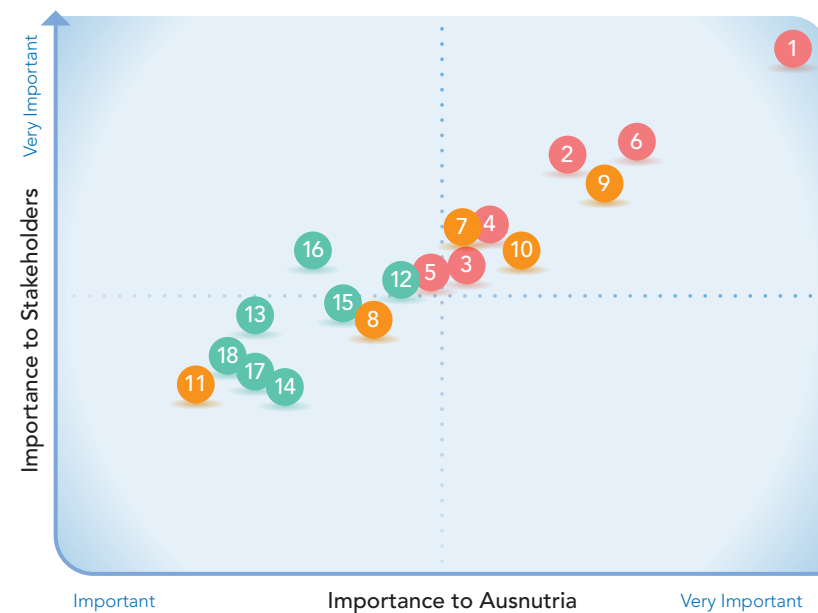


## MATERIALITY ASSESSMENT

The feedback from the stakeholder engagement survey renders the foundation for the assessment and identification of the materiality of sustainability issues, thereby 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.

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