

Ausnutria's Approach to Sustainability

SUSTAINABILITY GOVERNANCE

With the global emergence of sustainability and climate change, Ausnutria has been well aware of the rising sustainability topics, and has recognised the needs of incorporating sustainability into business operations. The Group has put in place a strong sustainable governance framework to support efficient sustainability management throughout its operations. The Board, as the highest governance body, is responsible for leading and overseeing Ausnutria's sustainability strategy, risk management, performance and progress towards sustainability targets, as well as maximising synergies and alignment between long-term business visions and the Group's sustainability strategies. The Board is also in charge of assessing and identifying the materiality of sustainability issues and risks relevant to the Group's operations as well as ensuring that appropriate risk management and internal control mechanisms are in place.

Led by the Chairman of the Board, Mr. Yan Weibin, a group-level Sustainability Committee comprised of regional senior management representatives was established to enable the Board in developing, executing and monitoring the Group's sustainability strategy and performance. The Sustainability Committee meets at least three times per year and reports to the Board on key sustainability and performance concerns for decision making. 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 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, diverse regional representatives are appointed to establish the Sustainability Workgroup, with the goal of integrating and optimising the subsidiaries' sustainability initiatives. The Sustainability Workgroup facilitates the integration of sustainability strategies into company operations by cooperating with regional teams and assessing the implementation and development of sustainability initiatives. Local teams, known as the Environmental, Health, and Safety ("EHS") or Health and Safety ("H&S") Committees, are responsible for implementing a myriad of sustainability practices in day-to-day operations. Senior management from areas such as human resources and product quality help to address sustainability challenges daily.



The Group supports the UNSDGs as part of its commitment to sustainability. Ausnutria's sustainability strategy is aligned with the global call to action to eradicate poverty, protect the environment, and ensure that all people enjoy peace and prosperity. To maximise its impact, the Group has narrowed its focus to the eight UNSDGs that are most closely linked to its business and sustainability strategies. These eight UNSDGs connect to the Group's three sustainability pillars: Better Nutrition, Better Life, and Better Environment.



As part of its efforts to support the UNSDGs, the Group has been compiling a framework for a sustainability strategy with an enhanced version. Regarding the formulation of specific objectives under each focus area in 2020, it is evident that BUs can receive clear and adequate guidance on the compilation of relevant targets after examining the sustainability strategy and identifying and consolidating focus areas under each sustainability pillar. In addition, the Group completed the collection and review of inputs from the Sustainability Workgroup and continued to outline the multifaceted sustainability targets with progress disclosure in this year's sustainability report's sections on Better Nutrition, Better Life, and Better Environment.

STAKEHOLDER ENGAGEMENT

By creating opportunities for communication with stakeholders, the Group may gain a deeper understanding of their feedback and efficiently respond. Important stakeholders are defined by the Group as those who have a major impact on our business or who are materially impacted by our operations. The key stakeholders are who are impacted materially by our operations or who have material impact towards our business. Through formal and informal dialogue, the Group remains in touch with stakeholders' viewpoints and the shifting corporate landscape. It identifies and acts for risks and opportunities, to tailor its sustainability initiatives for sustainable business performance.

Since 2016, the Group has proved its unwavering dedication to its key stakeholders by engaging with them on a regular basis to determine their perspectives and priorities on an array of sustainability issues. An online survey was distributed to stakeholders to understand their views and expectations towards sustainability issues relevant to the Group. Over 200 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



Government and regulators

- Regular working meetings
- Regular performance reporting
- Written responses to public consultations
- Interviews
- Online surveys



Employees

- Online communication platform
- Employee engagement activities and newsletters
- Meetings
- Online surveys
- Ausnutria University



Shareholders and investors

- Investor meetings
- Annual General Meetings
- Annual and interim reports
- Online surveys
- Interviews



Customers

- Members activities
- Consumer fairs and events
- Customer satisfaction surveys
- Customer hotline
- Website and social media
- Online surveys



Suppliers and business partners

- Assessments and site visits
- Online surveys
- Training programmes
- Meetings



Industry partners

- Industry conferences and seminars
- Online surveys



R&D partners

- Meetings
- Partnerships on various research topics
- Online surveys
- Conferences and seminars



Media partners

- Press conferences
- Interviews
- Online surveys



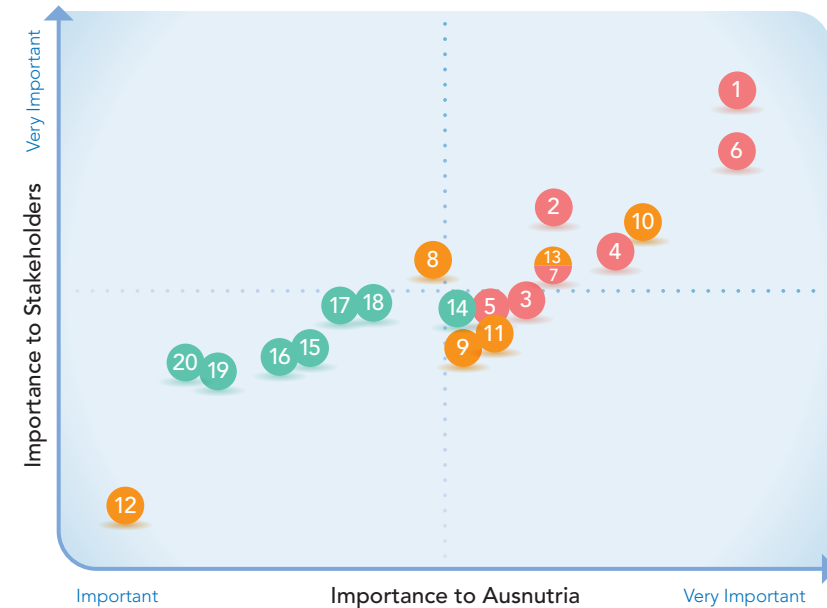
Community partners

- Community activities
- Online surveys

MATERIALITY ASSESSMENT

Global developments have substantially caused shifts in our stakeholders' priorities. In 2022, we conducted a more comprehensive materiality assessment since new sustainability topics "Business Ethics" and "Responsible Marketing" were imparted to illustrate a broader perspective on our impacts on our stakeholders and business. This results in us achieving greater alignment between stakeholders' needs and our pursuit of sustainable growth. To keep pace with the ever-changing business environment, the Group continues to regularly review sustainability issues that are relevant to its business and stakeholders.

Anchored on dynamic multi-stakeholder approaches, the feedback from the stakeholder engagement survey remains the foundation of assessing and identifying material Ausnutria's sustainability issues, thereby guiding the Board in making well-informed sustainable business decisions. The Group mapped the materiality analysis onto a matrix to display the relative significance of sustainability issues to stakeholders and the Group based on input from over 200 stakeholders via an online survey. The materiality assessment results were reviewed and endorsed by the Sustainability Committee and serves as the basis for the formulation of Ausnutria's Sustainability 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
- 7 Responsible marketing



Better Life

- 8 Employee welfare
- 9 Diversity and inclusion
- 10 Employee health and safety
- 11 Training and development
- 12 Community Investment
- 13 Business ethics



Better Environment

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