



China Mengniu Dairy Company Limited  
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China Mengniu Dairy Company Limited

2021 Sustainability Report (ESG Report)

## China Mengniu Dairy Company Limited

### 2021 Sustainability Report (ESG Report)

Stock code:2319



## About this report

### Reporting Period

This report covers the period from 1 January 2021 to 31 December 2021. Some contents and data are from previous years.

### Organisational Coverage

The report covers China Mengniu Dairy Company Limited and its branches, subsidiaries, and affiliates.

### Publication

*China Mengniu Dairy Company Limited Sustainability Report (2021)* is the tenth non-financial report issued by the Company.

### References

This report was prepared in accordance with Appendix 27 *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide") of The Stock Exchange of Hong Kong Limited ("HKEX") *Main Board Listing Rules* and in particular in compliance with its "comply or explain" requirements regarding the reporting principles of materiality, quantitative, balance and consistency, and with reference to the *Global Reporting Initiative (GRI)'s Sustainability Reporting Standards* ("GRI Standards").

### Abbreviations

For ease of presentation and readability, China Mengniu Dairy Company Limited is also referred to as "Mengniu", the "Group", the "Company" and "We" in this report.

### Data Sources

All information and data used in this report originate from formal documents, statistical reports, and financial reports of the Company. The materials in this report were provided by our employees and partners and intended for Mengniu to provide information about the progress of its sustainability management and may not be used for commercial purpose.

### Language Versions

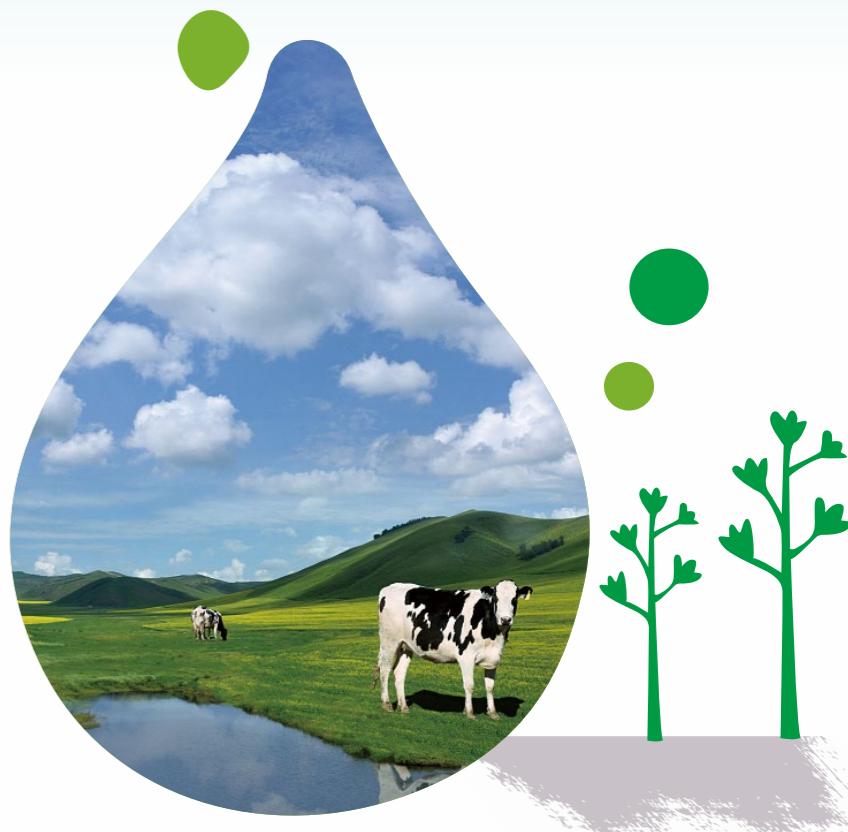
This report is available in simplified Chinese, traditional Chinese, and English. In case of inconsistency, please refer to the simplified Chinese version as it shall prevail.

### Report Request

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## CEO's Statement

The year 2021 is a year of milestone significance. China has established a well-being society in all-around aspects, achieved the first century goal, formulated new development pattern and new direction and successfully started the "fourteenth five-year" new journey. Eye on the world, economic, social and environmental challenges lie ahead of us, and sustainable development remains to be the common expectations of the whole society. While the dairy industry brings nutrition, health and joy to consumers worldwide, its transformation is also urgently needed to be accelerated. We need to join hands, co-building a green, low-carbon, inclusive, more resilient and sustainable future.

As a dairy company with global influence, Mengniu highly values sustainable development. It constantly improves the ESG level of the company, endeavours to improve ESG governance and internal management and responds to ESG concerns of stakeholders in a comprehensive and timely manner. Looking back on the year of 2021, we accomplished business goals beyond expectations, while driving the continuous improvement of various ESG issues, being awarded State Science and Technology Award and China Charity Award, and continuing to lead the food industry of China in the mainstream ESG ratings such as MSCI and Hong Kong Hang Seng. It has brought greater returns for investors, created more value to the society, and enables the Company to achieve healthier and more sustainable development.

In the past year, under the guidance of the five-year strategy of "Creating A New Mengniu by 2025", Mengniu has iteratively upgraded its own sustainable development system and formulated the "GREEN Sustainable Development Strategy", aiming at the international development goals, covering 6 mainstream ESG ratings with more than 500 indicators and taking into full consideration of Mengniu's own business needs. Through formulation of the GREEN strategic system, Mengniu strives to visualize and quantify sustainable development efforts, further regulate and improve ESG management and guide the high quality and sustainable development of Mengniu.

Looking forward, the GREEN sustainable development strategy will be implemented focusing on Governance–Sustainability, Responsibility–Common Prosperity, Environment–Carbon Net-zero, Ecosystem–Collaborative & Accountable, and Nutrition–Supreme & Inclusive. Mengniu will implement GREEN strategy from the 15 issues and 28 specific actions, comprehensively improve the level of corporate governance, contribute to common prosperity and rural revitalization and practice green and low carbon way of production, to build more accountable procurement and supply chain, provide consumers with more inclusive and healthier products and services and ultimately promote the "GREEN" sustainable development transformation of itself and the industrial chain.

Currently, responding to the climate change has become the global focus, and "dual-carbon action" has become the core of the GREEN strategy of Mengniu. In 2021, We actively responded to the "2030 & 2060 Dual-Carbon Goals" of the state, formulated dual-carbon strategic planning with the Boston Consulting Group (BCG), a world renown wisdom consulting firm with the scientific, rigorous and responsible attitude, set the strategic goal of "achieving carbon peak by 2030 and carbon neutrality by 2050" taking into full consideration of the carbon emission baseline, business development plan, resource endowment characteristics and other factors, and officially started the journey of Mengniu leading the entire industry chain towards carbon neutrality. Step by step, Mengniu will innovate low-carbon ranches practice green production, create green packages and achieve low-carbon transportation, lead Chinese dairy industry towards "carbon neutrality" and contribute to achieve the national "dual carbon" goal.

One small step at a time makes it possible to go thousands of miles away, and accumulation of small currents forms rivers and seas. Mengniu, with the sustainable development vision of "Promise a healthier world", will resolutely practice green, low-carbon and inclusive sustainable development path, and

endeavour to become a social corporate bringing more value to the mankind. Looking ahead, Mengniu will work together with its partners in the industry chain to achieve "GREEN" sustainable development transformation, and reshape a more resilient and sustainable dairy industry, making every life thrive with every drop of nutrition.



Achieving GREEN Transformation,  
Promising a Healthier World

Chief Executive Officer and  
executive director

*Jeffrey, Minfang Lu*



## A Statement from the Board

Mengniu highly recognizes the importance of environmental, social and governance (ESG) to the long-term and stable operation of the Company, and has established an effective ESG management mechanism and governance mechanism. The Board of Directors (the "Board") has set up the Sustainable Development Committee, which is the highest decision-making body for the sustainable development work of the Group, for reviewing the sustainable development strategies, goals and

risks, reviewing the progress of achieving ESG goals, achieving more independent, efficient and professional ESG management, ensuring the integration of ESG concepts with policies of the Company and exploring new sustainable development models that combine ESG with our business. Under the leadership of the Sustainable Development Committee of the Board, the Sustainable Development Executive Committee, the Secretariat of the Sustainable Development Executive Committee, and the

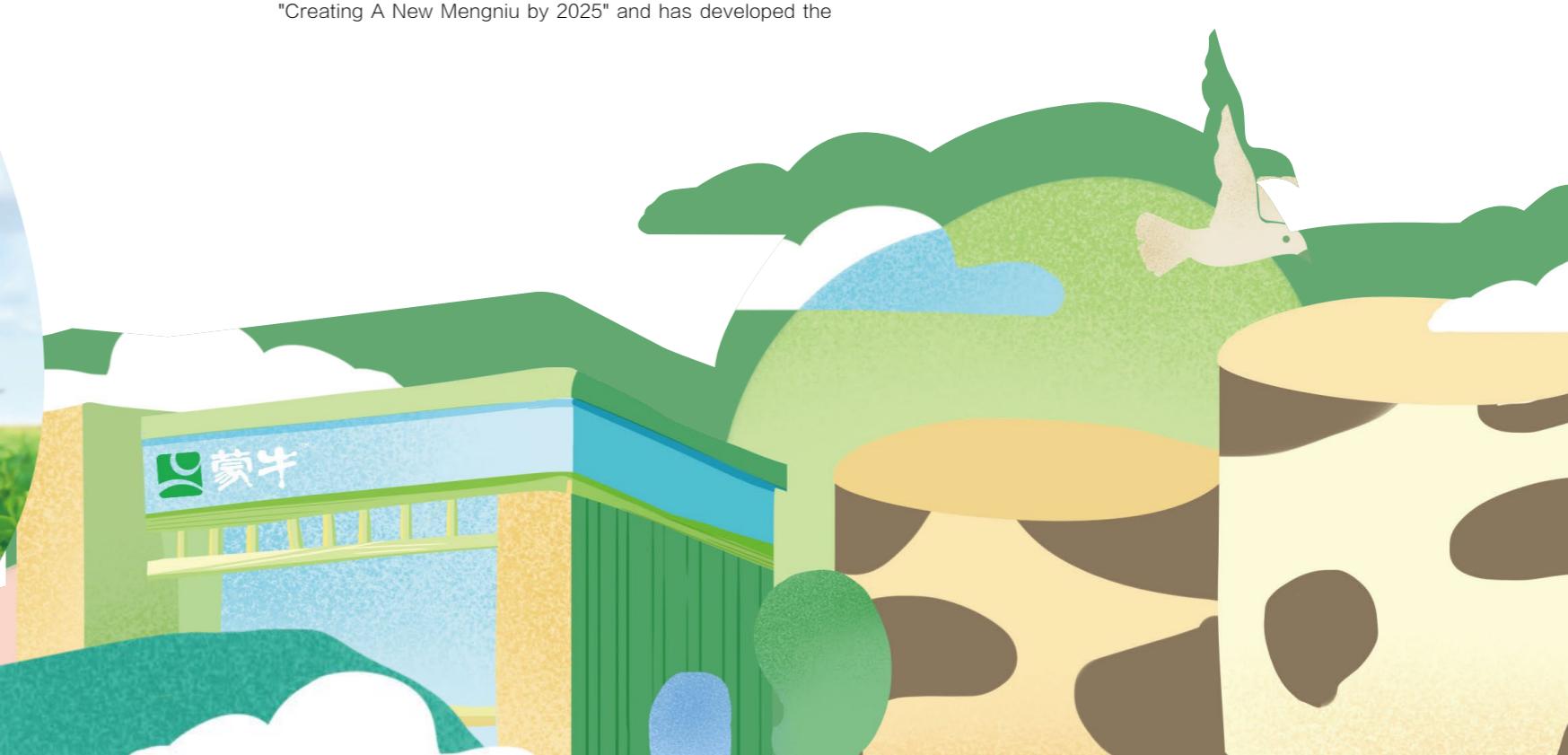
five "GREEN" strategic pillar promotion groups were established to implement the Company's ESG management.

Mengniu attaches great importance to the significant impact that ESG risks may have on the Company. Based on the external socio-economic macro environment and internal corporate development strategy, it conducts assessments on important ESG issues and reports them to the Board for review on a regular basis. The Board discusses and determines the Company's ESG risks and opportunities, gives priority to the management and improvement of important ESG issues, incorporates them into the Company's overall strategy for consideration, and monitors issue management and performance. In 2021, the Group has preliminarily identified the risks and opportunities brought by climate change to enterprises from three aspects of physical risk, transition risk and market opportunity, and taken countermeasures. In the future, with active responses, the Group will continue to strengthen its capability in managing climate risks and opportunities.

The Company has taken over the "FIRST New Strategy" of "Creating A New Mengniu by 2025" and has developed the

"GREEN Sustainable Development Strategy" covering 15 topics and 28 specific actions, and is committed to creating a "more responsible Mengniu". The implementation and promulgation of the "GREEN Sustainable Development Strategy" and the establishment of management objectives for corresponding environmental, social and governance issues will further standardize and strengthen the Company's ESG management standards. In the future, the Sustainability Committee will listen to reports on the progress of each goal and conduct reviews on a regular basis.

This report discloses in detail the progress and effectiveness of the ESG work of Mengniu in 2021, and has been reviewed and approved by the Board. The Board and all directors of the Company guarantee that the contents of this report do not contain any false records, misleading statements or major omissions, and assume individual and joint responsibility for the truthfulness, accuracy and completeness of the contents herein.



## About Mengniu

China Mengniu Dairy Company Limited (stock code: 2319) is a dairy company ranking "Global Dairy Top 10". Established in 1999, the Company has its headquarters in Hohhot, Inner Mongolia Autonomous Region, the PRC. Listed in Hong Kong Stock Exchange in 2004, it was included as a constituent of the Hang Seng Index and Hang Seng China Enterprises Index and was re-elected as a core constituent of the Hang Seng Corporate Sustainability Index in 2021.

Mengniu focuses on providing nutritious, healthy and delicious dairy products to Chinese and global consumers through a rich variety of product lines including liquid milk, ice cream, milk powder, cheese and other categories. For the year ended 31 December 2021, the revenue of the Group amounted to RMB88,141.50 million.



the revenue of the Group  
amounted in 2021 to

RMB **88,141.50** million

Mengniu has established 41 production bases in China and 3 overseas bases in New Zealand, Australia and Indonesia, and 68 factories in total worldwide with a combined annual production capacity of 10 million tonnes. 100% of Mengniu's raw milk comes from large-scale intensive ranches. Mengniu has made strategic investments in three major dairy groups, namely, Fuyuan International, China Modern Dairy and Shengmu with a view to integrating high-quality resources. Meanwhile, Mengniu actively deployed overseas high-quality milk sources and owned raw milk processor Burra Foods and organic baby food supplier Bellamy's in Australia.

The Company has established Mengniu European Innovation Research Centre, and has strategic cooperation with a number of well-known research institutions in mainland China and abroad to carry out joint research in areas such as forage cultivation, breeding and processing, basic research in dairy food science and product innovation, and has made great progress in areas including smart manufacturing, raw milk preservation, probiotics and quality control technology. We continuously improve our "from pasture to milk cup" whole industry chain quality management system, which covers all aspects of dairy production including breeding, processing and logistics with digital and intelligent means of management and monitors the whole process of production to ensure that every carton of milk is of assured superior quality.

Mengniu has been widely recognised for its first-class product quality and sterling brand image, being the official sponsor of the FIFA World Cup, the strategic partner of China's aerospace industry, the official dairy products provider for the BRICS Summit in Xiamen, the official partner of the 14<sup>th</sup> National Winter Games, the official partner of the Chinese Football Super League, the official dairy partner of the Shanghai Disney Resort, and the exclusive supplier of dairy and ice cream products for the Universal Beijing Resort.

Benchmarking against the United Nations SDGs, Mengniu has gradually improved its sustainable development system, and stays true to its original intention to create responsible industrial ecosystem, and create more environmental and social value. During the 14<sup>th</sup> Five-Year Plan period, Mengniu, standing at a new stage of development, will lead in the construction of a new paradigm of development of China's dairy industry and formulate its strategic plan of "Creating a New Mengniu", striving to develop into a Mengniu beloved by consumers, a digitalized Mengniu, an international Mengniu, a Mengniu with strong cultural gene, and a Mengniu with strong sense of responsibility. Mengniu will continue to meet the customers' needs for a better life with high-quality products and services, promote the high-quality development of China's dairy industry and build itself into an icon of Made in China.

## Corporate Culture



# GREEN Sustainable Development Strategy

Mengniu's sustainability vision is Promise a healthier world by producing more nutritious products, enabling of a better life and contributing to a more sustainable planet. It is the fundamental requirement and prerequisite for everything we do. From 2019 to 2021, Mengniu completed its first three-year ESG strategy and achieved milestone results. In pursuit of the United Nations SDGs and based on Mengniu's own business practices, Mengniu upgraded and formed the 5 strategic pillars under the "GREEN Sustainable Development Strategy", which are subdivided into 15 topics and 28 specific actions, covering 178 sustainability indicators in total.

## Governance-Sustainability

ESG Governance  
Risk Management  
Business Ethics

The strategic pillar of "Governance-Sustainability" aims to strengthen the Company's risk control and management capabilities, continuously improve corporate business behavior, enhance corporate governance capabilities, protect shareholders' interests and promote the Company's healthy and sustainable development;

## Responsibility- Common Prosperity

Employee Well-being  
Rural Revitalisation  
Charity

The strategic pillar of "Responsibility-Common Prosperity" is committed to enhancing Mengniu's social value, benefiting Mengniu's employees, people in underdeveloped areas and socially disadvantaged groups, and helping to achieve common prosperity;

## Environment- Carbon Net-zero

Dual-carbon Action  
Green Operation  
Recycle

The strategic pillar of "Environment-Carbon Net-Zero" aims to improve Mengniu's environmental performance to create a cleaner and lower carbon production process and actively respond to climate change;

Promise a Healthier World **Vision**

More Nutritious Products **Mission**

A Better Life

A More Sustainable Planet



**Nutrition—Supreme&Inclusive**

Nutrition and Health  
Excellent Quality  
Good Services

The strategic pillar of "Nutrition— Supreme & Inclusive" aims to meet the diverse demands of healthy consumption, and to provide consumers around the world with more nutritious, healthier products and higher-quality services.

# 2021 HIGHLIGHTS

## HONORS



### Employer Brand Awards

The "Most Suitable Place to Work" award in LinkedIn

"Best Workplace" Award by Employer Branding Institute

· The global sustainability initiatives that Mengniu joined in 2021 include:

Mengniu joined the United Nations Global Compact (UNG) community and supports and follows the Global Compact Ten Principles by adopting more responsible operating model and constantly developing innovative solutions to bring greater commercial benefits to the public.

Mengniu joined the Pathways to Dairy Net Zero climate initiative jointly promoted by Food and Agriculture Organisation of the United Nations (FAO), International Dairy Federation (IDF), Global Dairy Platform (GDP) and other organisations with a view to accelerating action on climate change and reducing greenhouse gas emissions from the dairy industry, and systematically building a low-carbon dairy industry worldwide.

Mengniu joined the strategy advisor committee of the Business for Nature sponsored by World Business Council for Sustainable Development (WBCSD), calling for conservation and sustainable use of natural resources to reverse the loss of nature by 2030.



## ESG Highlights

Governance–  
Sustainability



Responsibility–  
Common Prosperity



- Specific ESG appraisal targets for management were set and included in the annual performance contract.
- The Company participated in 21 large-scale investor conferences, conducted a total of more than 230 investor conferences and sell-side analyst meetings on a daily basis, and 25 ESG-themed conference calls, conveying Mengniu's development strategy and long-term value effectively.
- The Risk Management Committee evaluated the Group's major risk points from the perspective of sustainable development.
- Joined the United Nations Global Compact (UNGC).
- Focused on the performance of business ethics in the supply chain and formulated *Compliance Code of Conduct for Business Partners*.
- 211 training on business ethics were organised in total.
- 203 training on anti-corruption and anti-commercial bribery were organised in total.
- Obtained the green finance certification issued by Hong Kong Quality Assurance Agency, completed the first green financing order in dairy industry in China and raised HK\$2.30 billion.



Environment–  
Carbon Net-zero



- A thorough climate strategy was formulated, and the strategic goal of "achieving carbon peak in 2030 and carbon neutrality in 2050" was set.
- 5 factories were certified as "National-level Green Factory" during the year, bringing the total number of green factories to 22.
- 1 "National Green Supply Chain Management Enterprise" was approved in the year.
- The annual green energy consumption increased by 6.87% year on year.
- Generated 289,575 tonnes of steam from biomass and 8,698,000 KWh of electricity from solar photovoltaic power during the year.
- 4 provincial-level water conservation corporate certificates were obtained in the year.
- Zero environmental complaints, 100% compliance for supervisory inspections throughout the year, and 100% compliance for all emission indicators.
- During the year, fresh water consumption per unit product decreased by 2.02% year on year in 2020.
- A total of 1,479,400 tonnes of water (including 890,800 tonnes of social water) were saved during the year.
- The water reuse rate was 9.68% in the year, the rate of water consumption from alternative water sources in total water consumption is 9.18%.
- The first innovative use of post-consumer recycled plastic (PCR) in China's food industry.
- PP loop boxes were advocated to be applied to replace traditional paper turnover boxes, each PP loop box reduces carbon footprint by 57.50% compared to that of traditional carton boxes.
- Building the first recycled plastic-based road in China with waste plastic bottles.

Ecosystem–  
Collaborative & Accountable



- There were a total of 658 suppliers, including 614 suppliers in mainland China and 44 overseas suppliers.
- 485 suppliers, accounting for 74%, received on-site assessments.
- The Code of Conduct for suppliers (COC)* was improved, requiring all suppliers to sign and comply with regulations on environmental protection, health and safety, labour rights, business ethics, etc.
- 100% procured raw materials and auxiliary materials have obtained FSSC 22000, FDA registration, ISO 9001, ISO 14001, ISO 22000, HACCP, BRC, and other standard system certifications.
- 100% of packing paper has obtained the Forest Stewardship Council (FSC) certification, with a total of approximately 20 billion packs.
- 100% of palm oil was purchased from RSPO certificated suppliers.
- 14 cooperative ranches were awarded the title of "National Pilot Farms for Reduction in the Use of Veterinary Antimicrobial drugs".
- Participated in the compilation and publication of *the first domestic group standard "Farm Animal Welfare Requirements Dairy Cows"*.
- Proposed *The Biodiversity Conservation Strategy of Mengniu*.
- 822 employees participated in the coastal clean-up activity, picking up a total of approximately 1,997 kilograms of beach garbage, covering an area of 210,000 square meters.

Nutrition–  
Supreme & Inclusive



- The "*Mengniu Nutrition and Health Policy (2021–2025)*" was released to comprehensively promote nutrition and health work.
- More than 80 new products were launched and a variety of organic, sugar-reduced, low-fat, functional-enhanced and less-artificial additive products were continuously created.
- The "Healthy China–Children's Nutrition Care Public Welfare Tour" campus activity, covering over 2,000 teachers, students and parents, was launched.
- More than 20,000 salespeople, promoters and new retail business staff were empowered through training on knowledge of dairy nutrition.
- Awarded Second-Class award for the *State Scientific and Technological Progress Award of China* by the State Council.
- 185 newly granted patents, 47 valid copyright registrations and 4,578 valid trademarks were registered during the year.
- 100% factory has obtained the ISO 9001 quality management system certification, and 100% dairy factory has obtained the HACCP certification.
- 8 categories of products have been certified by EU food standards.
- The product quality traceability information system being built to cover 8 processes and 16 links in the whole industry chain, achieving 100% coverage of key quality traceability information in the industry chain.
- Organising "Together with the Consumers" activity on consumer day, with over 40,000 participants, over 100 events and over 180,000 consumer feedbacks collected.
- The total number of training sessions on responsible marketing was over 40 and a cumulative number of participants of over 7,000.

# 01

## Governance-Sustainability

Mengniu attaches great importance to the establishment of a sound corporate governance system and procedures, the establishment of a more independent, efficient and professional Board to implement thorough risk management and control, promote the improvement of business behaviors, build a system and mechanism that operates smoothly in compliance with regulations in a clean and efficient manner, thus to protect the rights and interests of investors, in particular, the minority shareholders. Under the "Governance-Sustainability" pillar in GREEN strategy, Mengniu sets three topics of ESG governance, risk governance and business ethics, integrates ESG into the Company's development strategy, and keeps improving the ESG governance structure and operation mechanism.

- **ESG Governance**
- **Risk Management**
- **Business Ethics**

### Highlights in 2021

- Specific ESG appraisal targets for management were set and included in the annual performance contract.
- The Company participated in 21 large-scale investor conferences, conducted a total of more than 230 investor conferences and sell-side analyst meetings on a daily basis, and 25 ESG-themed conference calls, conveying Mengniu's development strategy and long-term value effectively.
- The Risk Management Committee evaluated the Group's major risk points from the perspective of sustainable development.
- Joined the UNGC.
- Focused on the performance of business ethics in the supply chain and formulated *Compliance Code of Conduct for Business Partners*.
- An electronic integrity file system was developed and 26,750 integrity commitments were signed.
- 211 training on business ethics were organised in total.
- 203 training on anti-corruption and integrity warning education and anti-commercial bribery were organised in total.
- 100% case conclusion rate for violations of laws and disciplines.
- Obtained the green finance certification issued by Hong Kong Quality Assurance Agency, completed the first green financing order in dairy industry in China and raised HK\$2.30 billion.

### SDGs we focused in this section



# ESG Governance

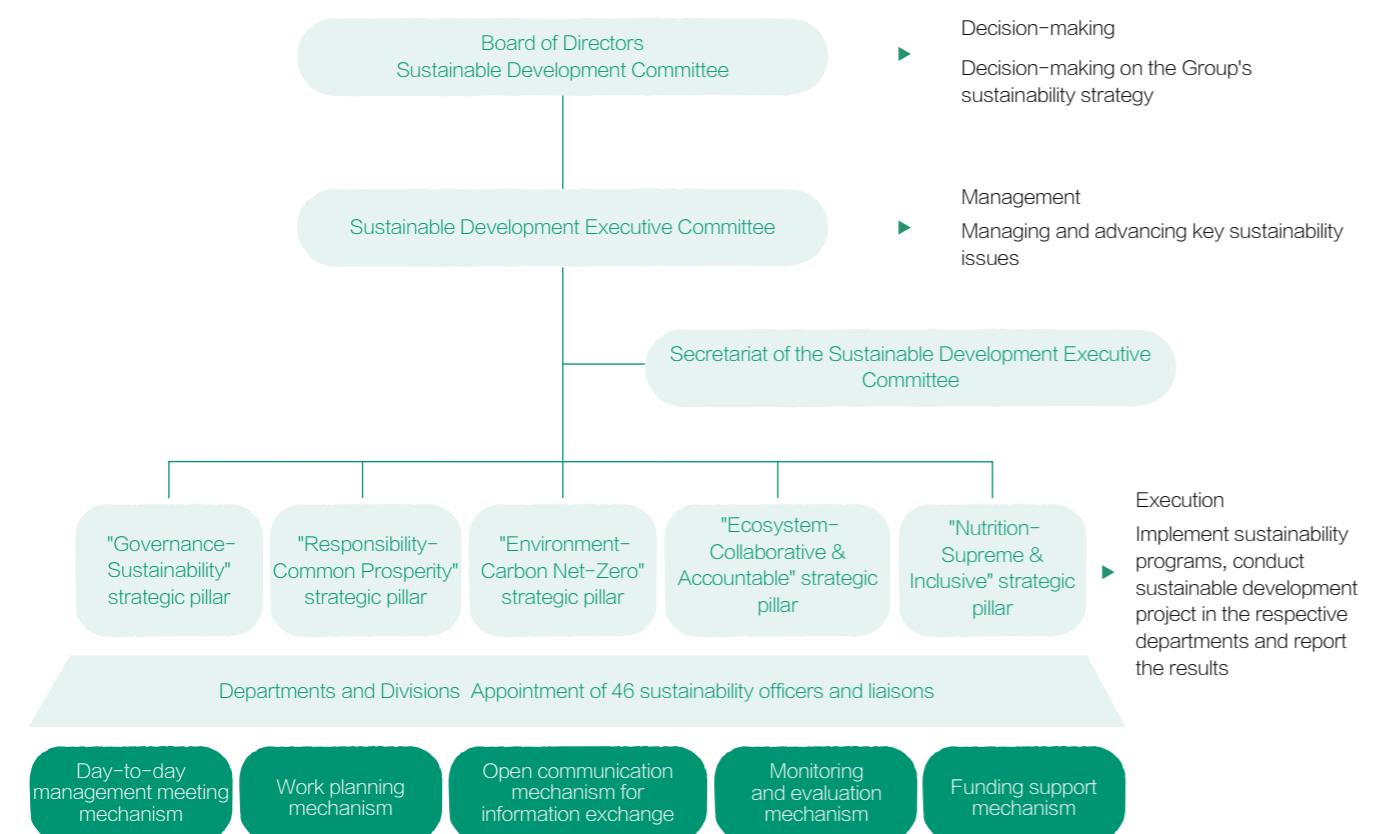
## Corporate Governance

Mengniu is dedicated to ensuring high standards of corporate governance with an emphasis on a diligent Board and a sound internal control system, and the establishment of a diverse governance structure to improve corporate governance.

The Board of the Company comprises nine directors, including three executive directors, three non-executive directors and three independent non-executive directors. The Board is primarily responsible for formulating the Group's overall strategies and policies, setting performance and management targets, assessing business performance and monitoring management's performance. The Board has five professional committees, namely Audit Committee, Nomination Committee, Remuneration Committee, Strategy and Development Committee, and Sustainability Development Committee.

## Sustainability Governance System

Mengniu released the *Mengniu Group Sustainability System Management Approach*, which forms a three-level sustainability management system with the Board as the highest decision-making body and effectively promotes the engagement of ESG work by various departments.



### Decision-Making

As of the reporting time, Mengniu's Sustainable Development Committee comprises three executive directors (Mr. Lu Minfang, Ms. Wang Yan, Mr. Zhang Ping), a non-executive director (Mr. Simon Dominic Stevens), and an independent non-executive director (Mr. Li Michael Hankin), with Mr. Simon Dominic Stevens as the chair. The Committee is the Company's highest decision-making body for sustainability work and is responsible for considering the Company's sustainability strategies, goals and risk profile.

### Management

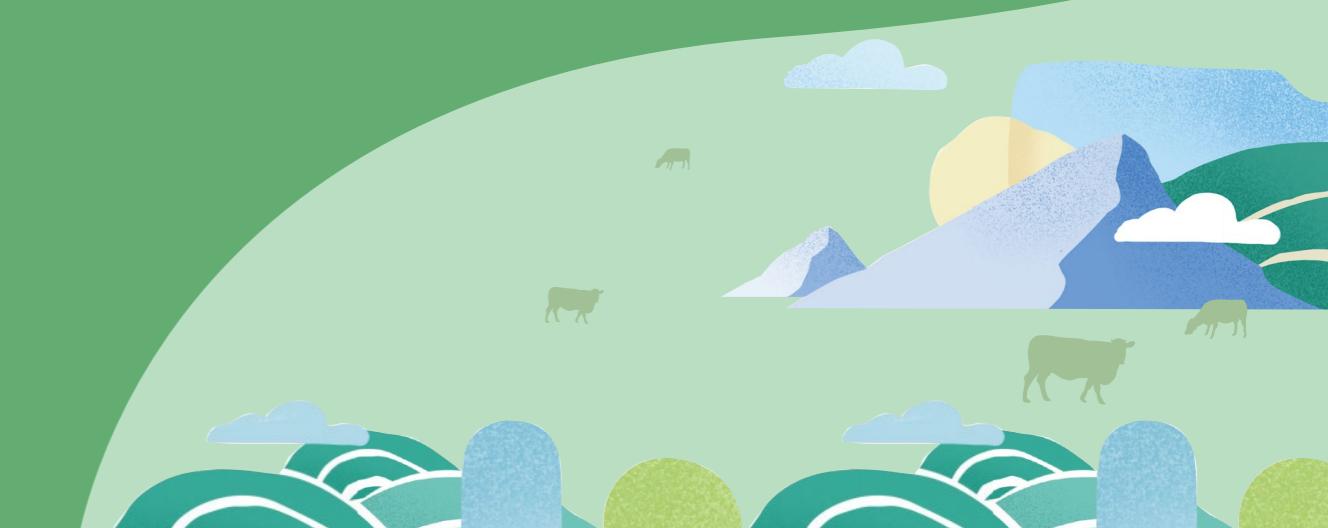
The Mengniu Sustainable Development Committee has an executive committee comprising core executives of the Company, which is responsible for sustainability management and strategy advancement, overseeing strategy implementation and reviewing annual work plans and reports.

### Execution

The Mengniu Sustainable Development Executive Committee has five working groups under the GREEN Strategy with the participation of the divisions and functions that lead 28 Mengniu initiatives, which are responsible for setting the corresponding work objectives and plans, implementing the Company's strategies and maintaining communication with internal and external stakeholders.

Mengniu motivates its management to achieve the Company's sustainable development goals by setting specific ESG appraisal targets for management and including them in the annual performance contract, in accordance with the characteristics of the Company's business and the Company's main sustainable development issues.

Mengniu holds Sustainable Development Committee meetings, Sustainable Development Executive Committee meetings, and executive-level work meetings every year on a regular basis to discuss and make decisions on ESG-related matters and promote strategic actions.



## Stakeholder Identification and Communication

Mengniu pays attention to the concerns of its stakeholders and has identified stakeholders including shareholders and investors, government and regulatory bodies, consumers, suppliers, distributors, employees, the environment, and the community. The Company communicates with stakeholders through various channels, respects and listens to their opinions, and actively responds for improvement.

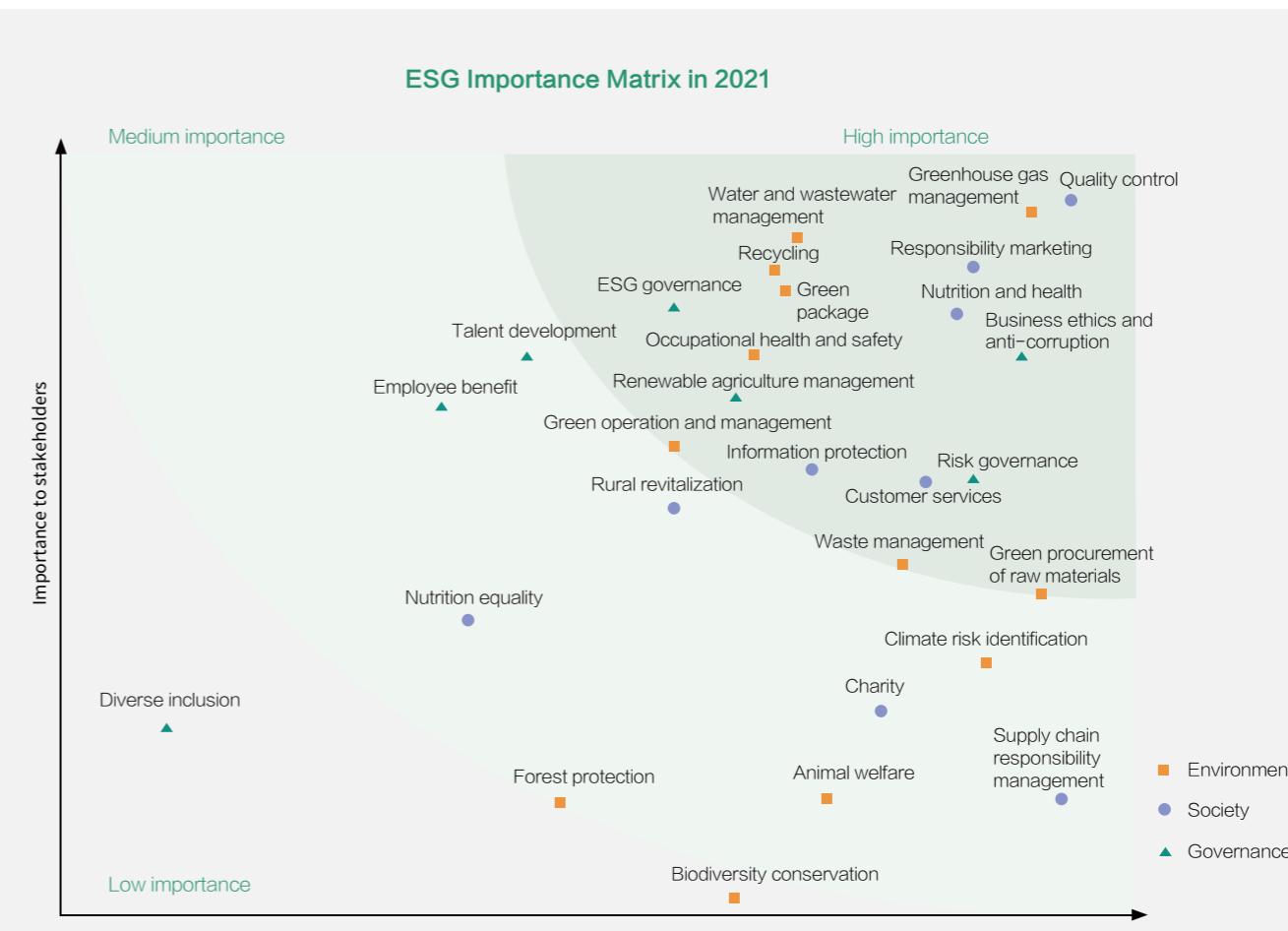
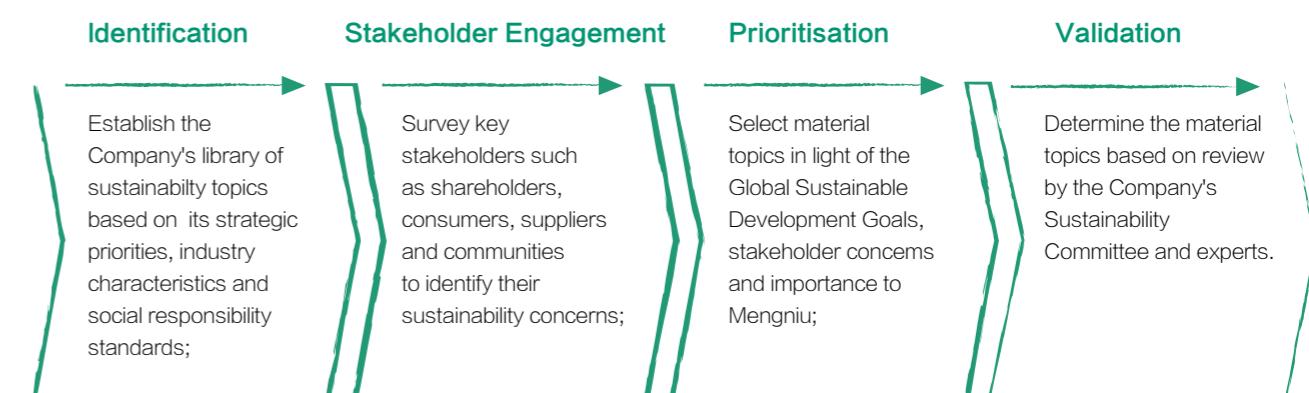
In 2021, Mengniu conducted information disclosure and investor relations management in compliance with relevant laws and regulations of the securities market. In addition to releasing regular reports, it also discloses major developments of the Company in a timely and compliant manner. We conducted interactive communication with the capital market through emails, conference calls, face-to-face meetings and the platform of capital market. During the reporting period, the Company participated in 21 large-scale investor conferences, conducted a total of more than 230 investor conferences and sell-side analyst meetings on a daily basis, and 25 ESG-themed conference calls, conveying Mengniu's development strategy and long-term value.

Stakeholders	Topics covered	Communication and response channels
Shareholders and Investors	<ul style="list-style-type: none"> <li>Preventing business risks</li> <li>Asset preservation and appreciation</li> <li>Developing new markets and opportunities</li> <li>Steady returns on investment and value growth</li> </ul>	<ul style="list-style-type: none"> <li>Corporate annual reports and announcements</li> <li>Roadshow</li> <li>Special meetings</li> <li>Investor relations website</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>Compliant operations</li> <li>Paying taxes in accordance with the law</li> <li>Contributing to local economic development</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory supervision</li> <li>Proactive tax payment</li> <li>Special meetings</li> </ul>
Consumers	<ul style="list-style-type: none"> <li>Providing high-quality products</li> <li>Comprehensive customer services</li> <li>Smooth channels of communication</li> <li>Diverse products</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure and dissemination</li> <li>Factory transparency</li> <li>Interactive activities</li> <li>Consumer service hotline</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Open, fair and equitable procurement</li> <li>Business integrity and good faith</li> <li>Confidentiality of information</li> </ul>	<ul style="list-style-type: none"> <li>Supplier conference</li> <li>Supplier assistance</li> <li>Supplier training</li> </ul>
Distributor	<ul style="list-style-type: none"> <li>Mutually beneficiary win-win cooperation</li> <li>Mutual growth</li> </ul>	<ul style="list-style-type: none"> <li>Distributor conference</li> <li>Distributor satisfaction survey</li> <li>Decision management committee</li> <li>Customer communication platforms</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Ecological &amp; environmental protection</li> <li>Green and low carbon development</li> </ul>	<ul style="list-style-type: none"> <li>Government environmental information platforms</li> <li>Network and Weibo communication channel</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Compensation and benefits</li> <li>Building career growth platforms</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Manager's mailbox</li> <li>Staff and workers' congress</li> <li>Training and exchange</li> </ul>
Community	<ul style="list-style-type: none"> <li>Promoting employment</li> <li>Driving local economic development</li> <li>Helping rural revitalisation</li> <li>Community development and well-being</li> </ul>	<ul style="list-style-type: none"> <li>Providing employment</li> <li>Promoting the development of related local industries</li> <li>Improving local infrastructure</li> <li>Charity programs</li> </ul>

## Materiality Analysis

The Company invited internal and external stakeholders to engage in the identification of environmental, social and governance issues and conduct materiality assessments through various forms such as communication interviews, on-site visits, and questionnaire surveys.

The process of materiality analysis is as follows:



# Risk Management

Mengniu values risk management and internal control, and has established risk management framework and fundamental norms with a focus on the Group's major risk management and control and the continuous optimisation of the risk management model. Following the internationally accepted COSO<sup>1</sup> risk management framework, the Company established a risk-oriented, closed-loop management model of "risk identification first, business self-management, audit supervision and follow-up" based on the operating and management needs of Mengniu. This incorporates risk management into business and applies to the business management process and gives full play to its value. Mengniu has established the *Mengniu Risk Management System* and six implementation rules on risk identification, risk evaluation, risk response, risk monitoring, risk response appraisal and risk management report. In 2021, the Company optimised the *Mengniu Risk Management Framework and Manual for Risk Management of the Group* on this basis, to ensure the effective operation of the risk management system.

Mengniu has put in place three lines of defence of risk management organisation structure under the leadership of the Board. The Risk Management Committee is the highest deliberative and decision-making body for risk management, in which the chief executive officer of the Group serves as the chairman, and the vice president of the Group who is in charge of risk control and auditing business serves as the deputy chairman, while the committee members comprise the head of the major business divisions and functional departments. The Risk Management Department is the body for daily affairs designated by the Risk Management Committee that reports the management and control of important risks and the operational effectiveness of the risk management system to the Audit Committee under the Board every year on a regular basis, and under the supervision of the Audit Committee.

## Three Lines of Defences of Risk Management Organisation Structure



In 2021, the Company organised business departments and functional departments to adopt a three-level evaluation method of "self-identification of major business, professional pre-judgment and control of TOP20 risks, and collective review of Risk Management Committee" focusing on formulating a new Mengniu strategic plan and key work goals, and assess major risks from the seven aspects of group strategy, market, finance, operation, law and compliance, quality and food safety, sustainable development on which the Risk Management Committee reached a consensus. In order to promote the effective implementation of major risk management and control, and clarify main responsible department and person, Mengniu implements the accountability system. The risk management department has formulated appropriate risk response strategies, measures or contingency plans and follow-up to supervise the response effect in the process of classification, to reduce and avoid the adverse impact of important risks on the Group's strategic goals and sustainable development in an effective manner.

<sup>1</sup> COSO: Committee of Sponsoring Organisations of the Treadway Commission

Mengniu has taken multiple measures at four levels to carry out empowerment training on risk management concepts and methods, promoted the extensive implementation of risk management mechanisms, and improved employees' risk management awareness and prevention and control standards, gradually cultivating a risk culture, and reasonably ensuring the achievement of strategic goals.

## Risk Management Empowerment Training

### Management

- 10 core management members participated in the major risk assessment at group level and implemented the main responsibility for risk response;
- The management reviewed and approved the major risk response strategies at the group level, made timely decisions for resolving cross-departmental issues and problems such as difficulties to be implemented during the process, to ensure the effectiveness of risk management implementation;
- The management listened to the effectiveness of the management and control of major risks in the previous year and put forward guiding opinions to promote the improvement of risk management.



### Core Middle-level Management Personnel

- The Company communicated and advocated risk management concepts on the Group's major risk management and control with 45 core middle-level management personnel by way of one-to-one communication and reporting, to unify risk management cognition, identify other risks in important business areas and key business links and provide professional assessment opinions for major risks annual identification.



### Grassroots Management Personnel/Full-time and Part-time Risk Management Personnel

- Training on basic norms of internal control: 17 sessions of training on internal control were organised to consolidate the theoretical foundation of risk management personnel and grassroots management personnel, more than 2,500 personnel participated online and offline, and the "Worth-It" platform was launched with clicks exceeding 80,000;
- Training on professional knowledge of risk management: Based on the training needs of each unit, a total of more than 380 people from China Shengmu, Fuyuan Farming, and China Dairy Industrial Park have been offered risk empowerment training.



### New Employees

- A risk management training course was developed for new employees as a compulsory course on risk management for new employees and promoted on the "Worth-It" platform with 2,880 participants in total.





## Business Ethics

The Company strictly complied with the *Civil Code of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Supervision Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Environmental Protection Law of the People's Republic of China* and other laws and regulations.

The Company values the construction of business ethics and integrity and compliance, and has formulated and released the Group's *Compliance Management Regulations*, *Integrity and Compliance Manual* and management regulations and guidelines for key areas such as corporate governance, anti-monopoly, anti-bribery and business partners. Meanwhile, the Company formulated detailed anti-corruption policies and joined the UNGC in 2021 in compliance with international anti-corruption initiative.

The Company has established a sound compliance management mechanism in key areas of business ethics, and advocates integrity and compliance culture, so as to build a sound business ethics management and supervision framework, improve business ethics standards and establish a sound ecosystem. The Company vigorously conducts compliance and audit supervision of business ethics, opens compliance consultation and complaint reporting channels, and strictly investigates violations of laws and regulations.



### Code of Conduct of Business Ethics of Mengniu

#### Integrity and Compliance Manual

It provides basic behavior guidelines for business management behaviors and business activities of the Company and all employees, and elaborates the basic requirements and cultural background of integrity and compliance between consumers, partners, shareholders, society, colleagues and the Company, and the *Integrity and Compliance Commitment* was signed.

#### Compliant Business Partners

It establishes a sound business partner ecosystem and a complete anti-bribery compliance management mechanism to learn and pass on the *Compliance Code of Conduct of Business Partners* and convey Mengniu Group's compliance standards, philosophy and culture.

#### Anti-bribery

The Group adopts zero tolerance to any form of bribery and corruption, and has established sound anti-bribery compliance management mechanism, signed the *Anti-bribery Compliance Commitment* and the *Anti-corruption Agreement* when signing business contracts with third parties, which strictly prohibits any form of financial and non-financial benefits, including gifts, rebates, and employment opportunities that may appear in cooperation.

#### Anti-unfair Competition

It strictly regulates the internal management work in close relation to market economic activities such as contract management, advertising review and marketing management, requires the compliance with relevant laws and regulations, and ensures that business activities are compliant with relevant provisions of the *Anti-Unfair Competition Law of the People's Republic of China*.

#### Anti-monopoly

Adhering to the principle of fair competition, it establishes a sound anti-monopoly compliance management mechanism and signed the *Anti-monopoly Compliance Commitment* to avoid direct or indirect engagement in monopolistic behaviors expressly prohibited by laws and regulations, including but not limited to reaching monopoly agreements with other operators, abuse of dominant market position and the implementation of business operator concentration that has or may have the effect of eliminating or restricting competition, among others.

#### 16 Honesty and Self-discipline Codes for Management

1.Unrevel of company secrets; 2.no damage to corporate image; 3. no occupation of corporate property; 4. no misappropriation of corporate funds; 5. no bribery; 6. no cheat; 7. no non-compliant guarantee; 8. no small exchequer; 9. no acceptance of gift from partners; 10. no borrowings from partners and subordinates; 11. no acceptance of invitation or travel, fitness, entertainment and other arrangement that may affect impartial performance; 12. no non-compliant referral or promotion of business and products to cooperators and management served; 13. no appointment of relatives within scope of authority or arrange the appointment of relatives taking use of power or influence in positions; 14.no business with relatives; 15. no illegal part-time job; 16. no involvement of pornography gambling.

#### Avoidance of Conflict of Interests

The management personnel shall not take profits for relatives or specific connected persons taking use of job convenience or arrange relatives to serve within their authority. Affiliates of relatives of management personnel and key business personnel (including specific connected persons) must not participate in equity investment or have business dealings with partners within his or her authority, failure of which, they will be listed in the "blacklists" of the partners.

#### Respect for the Employees

The Company abides by laws and regulations on labor and employment, insists on equal employment and equal treatment of employees, and prohibits the employment of child labour and forced labour. The Company and employees, as well as between employees, shall respect each others in race, ethnicity, gender, occupation, age, political party, family, etc. Discrimination or ridicule for any reason, harassment and violence are prohibited.

#### Compliance with Organisational Discipline

No employee shall violate organisational discipline and personnel discipline, such as provoking fights and falsifying during work.



## Regular Supervision and Management

Mengniu has established a comprehensive compliance management system, and a compliance management committee composed of core executives of the Group. As the highest leadership and decision-making body for compliance management matters of the Group, it focuses on fulfilling compliance supervision duties and strengthens the restriction and supervision of the operation of power.



### Mengniu's Integrity Management in 2021

- Throughout the year, Mengniu carried out an integrity audit of 5,949 promoted and appraised personnel, which effectively ensured the compliance of personnel selection and appraisal;
- The daily supervision of development business, overseas business and functional departments were strengthened and relevant persons in charge were interviewed;
- A pre-appointment integrity reminder was conducted with 40 new recruits (promoted);
- An electronic integrity file system was developed and managers at all levels filled in and signed 26,750 integrity letters of commitment;
- An ecosystem of integrity was proactively built and included in the Trust and Integrity Enterprise Alliance Dishonest List System, and the "blacklist" management is applied to dishonest persons who accept bribes, embezzle, and other violations.

Under the principle of "strategic guidance, prominent focus, risk orientation, and comprehensive coverage", the Group actively carries out compliance management and audit supervision in key areas such as sales management, supply chain management, and functional support, and conducts supervision and rectification of identified problems. In 2021, Mengniu conducted 47 special supervisions on high-incidence and prone to corruption links such as tender and bidding, procurement, research and development, sales market and raw milk acquisition, and proposed 11 rectifications and 5 improvement systems in response to the problems found. In addition, Mengniu issued case reports within the Company for legal-related cases and major cases by implementing the measure of "one notification for one case". A total of 20 typical case reports were issued throughout the year. In 2021, the Company has concluded one corruption lawsuit. The relevant personnel was sentenced to imprisonment and a fine.



## Complaint Management and Whistleblower Protection

In order to improve the investigation, supervision and management of business ethics reports and complaints, the Company standardized the channel and process of whistle-blowing to ensure the timely and effective treatment of reports and complaints. In 2021, the Company established open and diverse complaint reporting channel and has arranged for the establishment of a group complaint and reporting mechanism by publishing complaints and reports on the Company's official website, WeChat public account, *Sunshine Agreement*, customer conferences, and the day-to-day internal warning education on integrity, and the reporting mechanism of typical cases in disciplinary inspection. The Group's annual complaint handling rate is 100%. The Group issued work reminders to 83 key personnel based on daily work and clarified 8 false reports accepted.

### Mengniu's Business Ethics Reporting Channel

Website: <https://www.mengniu.com.cn>  
 Email: mnjw@mengniu.cn/compliance@mengniu.cn  
 Complaint hotline: 0471-7393612  
 Address: Disciplinary Committee Office, Mengniu Dairy Milk Source Building 311, Shengle Economic Zone of Helingeer, Hohhot, Inner Mongolia

Mengniu encourages real-name reporting. In order to protect the legitimate rights and interests of whistleblowers, Mengniu has formulated the *Provisions on the Management of Reporting and Disposal of Questions and Clues*, which clarifies the protection mechanism for whistleblowers. The Company keeps strictly confidential the whistleblower's name, employer, home address and other relevant information and the content of the report, and includes the report information in the confidential management. The Company strictly protects the personal safety of the whistleblower when accepting the whistleblower's report or checking the information with the whistleblower, and does not make public the whistleblower's identity. Mengniu stipulates that no department or individual may block or suppress the whistleblower's report or withhold the whistleblower's materials under any pretext. Retaliation against whistleblowers will be processed in accordance with relevant policies, and those involving violations of laws and crimes will be handed over to judicial organs for processing.

## Compliance and Integrity Culture

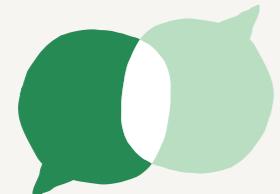
Mengniu actively builds a culture of integrity and compliance, and strives to enhance the integrity and compliance awareness of all employees through diversified forms including the "Integrity Day" activities, knowledge promotion, special training, and the signing of the *Integrity and Compliance Commitment*. In addition, the Company has enhanced the building of an integrity culture, carried out publicity activities on an ongoing basis, and paid close attention to major festivals to conduct integrity warning training for key areas and key positions with a view to creating an integrate and upright atmosphere within the Company.

Mengniu keeps strengthening the honesty, compliance and integrity awareness of its senior management and directors, and urges their compliance and integrity through special compliance training, pre-appointment reminders, improvement of management personnel integrity files, and signing of compliance commitments and integrity commitments. In addition, the Company conducts multi-level and multi-field business ethics training covering all employees, executives and directors to improve their business ethics literacy as a whole.



Mengniu pays attention to the ethical performance of business partners and the entire supply chain. In 2021, the Company formulated the Compliance Code of Conduct of Business Partners, which stipulates business ethics, fair competition, anti-monopoly, conflicts of interest, bidding and labor protection, and comprehensively promotes anti-corruption procurement.

### Indicators for Training on Business Ethics



Total sessions of training on business ethics for employees

**211**

Time



Total number of employees accepted training on business ethics

**44,167**

Person



Total sessions of anti-corruption training (warning education on integrity) for employees

**194**

Time



Total number of employees accepted anti-corruption training (warning education on integrity)

**44,001**

Person



Total sessions of training on anti-commercial bribery for employees

**9**

Time



Total number of employees accepted training on anti-commercial bribery

**34,181**

Person

Total sessions of training on business ethics for employees	Time	211
Total number of employees accepted training on business ethics	Person	44,167
Classification by hierarchy		
Number of senior management employees accepted training on business ethics	Person	19
Number of middle-level management employees accepted training on business ethics	Person	3,019
Number of general employees accepted training on business ethics	Person	41,129
Total sessions of anti-corruption training (warning education on integrity) for employees	Time	194
Total number of employees accepted anti-corruption training (warning education on integrity)	Person	44,001
Number of senior management employees accepted anti-corruption training (warning education on integrity)	Person	19
Number of middle-level management employees accepted anti-corruption training (warning education on integrity)	Person	2,853
Number of general employees accepted anti-corruption training (warning education on integrity)	Person	41,129
Number of cadres accepted anti-corruption and other training (warning education on integrity)	Person	2,968
Number of employees in key positions accepted anti-corruption and other training (warning education on integrity)	Person	1,497
Total sessions of training on anti-commercial bribery for employees	Time	9
Total number of employees accepted training on anti-commercial bribery	Person	34,181
Classification by hierarchy		
Number of senior management employees accepted training on anti-commercial bribery	Person	19
Number of middle-level management employees accepted training on anti-commercial bribery	Person	3,019
Number of general employees accepted training on anti-commercial bribery	Person	31,143

# Responsibility–Common Prosperity

Mengniu is also endeavoured to making its own development keep up with the pace of social development. We inherit the national strategy of rural revitalisation and common prosperity, make full use of industrial advantages, and strive to assume more social responsibilities. Under the support of the "Governance–Sustainability" in the GREEN strategy, Mengniu sets three topics of employee well-being, rural revitalisation and charity programs, striving to enhance employee well-being, promote economic development in underdeveloped areas, send nutrition and warmth to social disadvantaged groups, and create a more responsible corporate image.

- **Employee Well-being**
- **Rural Revitalisation**
- **Charity**

## Highlights in 2021

- 44,692 employees, including 26,514 male employees and 18,115 female employees were recruited.
- Female senior management personnel accounted for 25% (Vice president and above).
- A "LOVE+" double-channel promotion channel covering all employees was established.
- Employee training rate reached 90.98% with 87.31 training hours on average.
- 447 learning and development training were held, involving 9,804 trainees, 2,315 internal trainers and 2,522 classic courses and cases.
- 446 live broadcasts were held on the "Worth-It" online learning platform throughout the year, with an average monthly activity rate of 75% throughout the year, and 24 class hours per person per year.
- Physical examination coverage reached 100%.
- Investment in security measures reached RMB 49.74 million.
- No work-related death.
- The trading gross merchandise volume of "Aiyangniu" platform reached RMB 17 billion, which helps save procurement cost of approximately RMB 1 billion for nearly 600 raw milk suppliers.
- More than RMB 7 billion was invested in upstream milk source together with financial institutions.
- The commencement of China Dairy Industry Park laid a foundation for the successive operation of seven ranches in Inner Mongolia Autonomous Region, which directly and indirectly provide job opportunities to and help increase income of 31,000 farmers and herdsmen.
- Through the "Inclusive Nutrition Plan", 3.03 million boxes of high-quality student milk were donated to 185 schools in 43 cities in 19 provinces across the country, benefiting 214,475 students.
- Empowerment training provided to nearly 1,411 rural teachers in 14 prefectures, counties and cities under the Youth Teacher Empowerment Education Plan sponsored by Mengniu.
- RMB 7 million was donated to Luozha County, Tibet for pair support.
- Won the 11<sup>th</sup> "China Charity Award" for outstanding contributions in the COVID-19 epidemic.
- Annual charitable donations worth RMB 45.85 million.
- During the year, employee volunteer activities lasted for up to 20,000 hours, with more than 10,000 volunteers.

## SDGs we focused in this section



## Employee Well-being

Mengniu upholds the "people-oriented" development strategy, and is committed to creating a diverse and inclusive corporate culture and fair talent selection mechanism, with a view to ongoing optimise talent retention, promotion and development system. It designed a compensation, benefits and care policy throughout the entire workplace life cycle of employees to comprehensively guarantee employees' occupational development and working experience, and enhance employees' sense of happiness and belonging.

### Diversity and Inclusion

Mengniu strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other relevant laws and regulations, and has established and improved internal employment rules and regulations such as the *Recruitment Management Measures*, the *Remuneration Management Measures*, the *Welfare Management Measures* and the *Management Manual on Performance System*, which provide comprehensive employment, remuneration and welfare guarantee for employees.

The Company follows all internationally recognised human rights policies as set out in the *United Nations Universal Declaration*

of Human Rights and the *International Bill of Human Rights* and the core conventions of the International Labour Organisation, strives to create a diverse and inclusive environment and treats employees of different ethnicities, nationalities, genders, religious beliefs, ages, sexual orientation, political affiliation and marital status equally in respect of employment, treatment, promotion, etc., firmly prohibits the employment and use of child labour and forced labour, and respects and safeguards the legitimate rights and interests of all employees.

In 2021, the Group had a total of 44,629 employees, including 26,514 male employees and 18,115 female employees.

### Quantitative Performance of Mengniu's Employees

#### Total employees



#### By gender



#### By classification



#### By age group

Total number of employees aged below 30



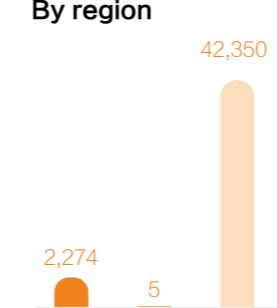
Total number of employees aged between 30 and 50



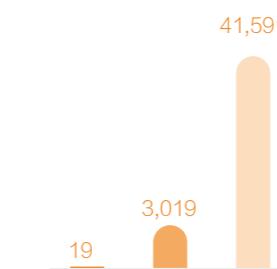
Total number of employees aged above 50



#### By region



#### By position



Total number of disabled employees

**39** person

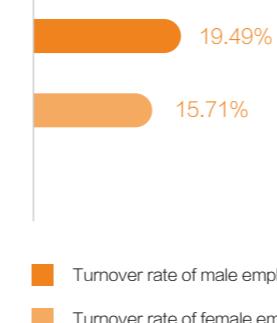
Total number of minority employees

**3,626** person



The indicators refer to principal business of Mengniu

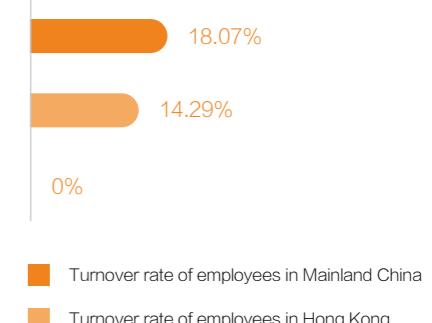
#### By gender



#### By age



#### By region



In addition, Mengniu always implements democratic management to highlight the main role of employees in the Company. In accordance with the *Constitution of the All-China Federation of Trade Unions* and the *Trade Union Law*, we have been committed to improving the democratic management system, strengthening the construction and implementation of the Workers' Representative Congress system, so as to build equal channels for negotiation and communication to effectively protect employees' rights to information, participation, expression and supervision. In order to safeguard and protect the legitimate rights and interests of female employees, Mengniu Group signed the *Special Collective Contract for the Protection of the Rights and Interests of Female Employees* with its labor forces, to protect the rights and interests of female employees from multiple perspectives, such as the protection of the legal

and special rights and interests of female employees, and the scope of work that female employees are forbidden to engage in, so as to better serve the production and operation of enterprises.

In order to resolve conflicts arising from the employment in a timely manner, we help employees establish smooth communication channels and resolve controversial incidents through collective consultation, Workers' Representative Congress, and labor dispute coordination committees. In addition, we regularly carry out activities such as patrols by employee representatives, employee surveys, and "Meet the CEO" Day to listen to employees and learn about and proactively solve their difficulties.

## Talent Development

Mengniu attaches great importance to the retention and training of employees, continuously builds and optimises a management system covering the entire life cycle of talent development. We provide employees with a clear and smooth development path, comprehensive and objective talent evaluation, and accelerated training in an efficient and practical manner, as well as diversified career development opportunities. Mengniu carried out rich and perfect talent training projects to promote the growth of talents and accelerate the thriving of talents. In addition, Mengniu has also created a high-quality growth environment for excellent talents, and continued to "nurture" them to create value, grow rapidly and thrive in Mengniu.

### Talent Promotion

In 2021, Mengniu established the "LOVE+Talent Standard" covering all employees, and comprehensively measured talents from five dimensions: morality, integrity, ability, performance and potential. It established a promotion mechanism of "cultivating talents in accordance with the survival of the fittest" to create a fair, transparent and professional promotion atmosphere, and provided professional and management two-way development channels for employees, as well as exceptional promotion opportunities for talents with outstanding contributions, to accelerate the development of high-potential talents and encourage rapid growth of young talents. Taking the year 2021 as an example, 19.80% employees get promoted, in particular, management positions account for 7%, non-management positions account for 93%, and exceptional promotions account for 2.50%.



### Talent Retention

We adhere to the value-oriented salary management principle and formulate a complete salary and welfare system to provide employees with competitive salaries. We keep optimising incentive policies and strengthen performance orientation, and efficiently combine current incentives, long-term incentives, innovation incentives with spiritual incentives. Based on relevant laws and regulations, we timely understand the dynamics and needs of employees, and formulate a comprehensive welfare system, including basic welfare such as five insurances and one provident housing fund, statutory holidays, statutory annual leave, as well as internal corporate benefits such as commercial insurance, welfare annual leave, enterprise annuity, employee physical examination, etc., which protect the rights and interests of employees effectively.

In addition, in order to establish a sound employee relationship and improve employee satisfaction, the Group has established a three-pillar model of "HRBP (HR Business Partner)", "HRSSC (HR Shared Service Centre)" and "COE (Center of Expertise)". Its service scope covers all business modules and all employees of the Group.

### Employee Training

In accordance with the *Learning and Development Management System*, Mengniu focuses on Mengniu's development needs and builds a unique talent training system.

In 2021, Mengniu optimised the talent training system in an all-round way, with a focus on the cultivation of core talents from the three aspects of leadership, professional competencies and general capabilities, so that every employee can be offered systematic and targeted training. Meanwhile, Mengniu continues to enrich various talent training programs to promote the growth of talents.

### Mengniu's Talent Training System

- Help new employees to familiarise themselves with corporate culture and understand the main business and the Company's development direction in the shortest possible time through a variety of learning forms.
- The blended learning model is adopted to build personal workplace thinking and logic through the learning of the underlying general capabilities, consolidate the cornerstone of personal workplace competencies, and improve core general skills.
- Based on business needs and focusing on key talents such as milk source front-end, quality, technology and sales terminal, a comprehensive professional sequence was built to improve the professional curriculum system, improve professional capabilities, cultivate high-quality professional talents, and achieve endogenous growth of talents.
- In respect of the two groups of incumbent managers and backup successors, two systematic project systems, i.e., the qualified candidates line and the backup candidates line, have been created. The Benteng project of the qualified candidates line creates leadership open courses and training for new managers. The blue ocean project of the backup candidates line adopts 721 full-cycle training, with strict barrier. In 2021, it covered 1,691 managers.
- Based on business needs and focusing on key talents such as milk source front-end, quality, technology and sales terminal, a comprehensive professional sequence was built to improve the professional curriculum system, improve professional capabilities, cultivate high-quality professional talents, and achieve endogenous growth of talents.
- Through the "Youth Training Camp" project, a portrait of young talents in CAMP was formulated, talent selection was carried out across the Group, and young talents were cultivated through two systems of innovation line and management line.
- For businesses such as the new track business, attract doctors and postdocs from top universities and enterprises around the world, and provide corresponding resource support, so that there are space and resources for high-end talents to make bold attempts and innovations.
- Undertaking the innovative layout of the second and third curves, Mengniu provides innovative and entrepreneurial talents to enhance their capabilities and incubate projects such as entrepreneurial talent training camps, while providing a sound system guaranteed to help growth of entrepreneurial talents.

By the end of 2021,  
Mengniu had organised

**447**  
training sessions in total

**9,804**  
staffs

**2,315**  
Mengniu internal trainers

**2,522**  
featured classic courses and  
cases in total

In order to broaden the channels and platforms for talent training, Mengniu has built a mobile terminal "Worth-It" learning platform, which not only enables "online" and "offline" training, but also enables knowledge accumulation and precipitation, while achieving training management such as registration, sign-in, training evaluation and others. In 2021, for business line groups such as terminal shopping guides and business representatives in the value chain, Mengniu built an online learning platform in "Huqitu", serving as a branch of "Worth-It", to improve the professional basic capabilities of terminal personnel.

In 2021, 446 live broadcasts were held on the "Worth-It" online platform throughout the year with an average monthly activity rate of 75% and 24 class hours per person per year, which won the "National Digital Learning Application Benchmark TOP10" in the Boao Award of the China E-learning Forum & Exhibition.

### Indicators for Employee Training



#### By gender



#### By title



## Employee Benefits

In addition to providing a competitive and comprehensive salary and welfare system, Mengniu organised diversified humanistic care activities with employee benefits. Mengniu provides employees with five basic security benefits, four employee health benefits, 11 holiday benefits and eight living allowance benefits. Meanwhile, Mengniu has built an employee experience system, designed and launched the "Niu Life" employee experience map for each key process of the entire life cycle, created a life-cycle welfare and experience system for employees, encouraged

work-life balance, and fully satisfied employees' spiritual and psychological needs. In 2021, Mengniu employees achieved 100% medical checkup coverage.

In addition, in order to implement the "Mengniu Group 365+ Employee Care Project" care measures for female, the young and elderly employees, it has also created six employee happiness plans and implemented a number of care measures.

### Mengniu Group 365 + Employee Care Program and Welfare List



#### Basic Benefits

Employees are provided with pension insurance, medical insurance, unemployment insurance, work-related injury insurance, large-amount medical insurance, housing provident fund and regular labor security supplies to provide basic guarantees for the health and safety of employees.



#### Living Allowance Care

Employees are provided with living allowances such as work meal allowance, car allowance, communication allowance, among others. Employees who are dispatched and rotated in different places are provided with housing allowances, spouse living allowances, resettlement allowances, transportation expenses for visiting relatives, paid annual leave allowances and others to support employees working in places away from home and ensure a secure life of employees.



#### Female Employee Care

The monthly benefits for female workers are distributed online and offline, and various activities such as selection of the most beautiful women's stories, lectures on women's psychological knowledge, hand-making, book giving, and warm condolences.



#### Youth Care

A series of activities such as group weddings, the third session of "As luck has it" dating party, and the second session of "Celebrating the 100<sup>th</sup> Anniversary of the Founding of the Party Youth Culture Festival", youth forums, post meritorious deeds, etc.

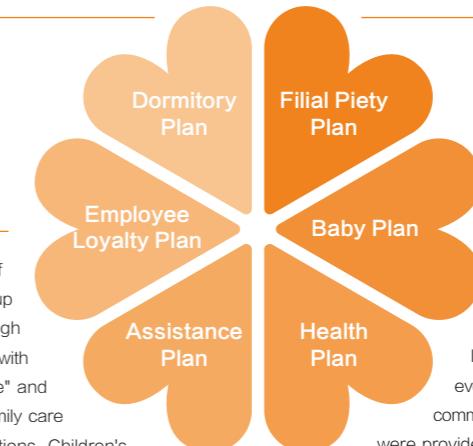


#### Veteran Care

During the Mid-Autumn Festival and the Spring Festival, the labor union of the Group sent fruits, supplies, and holiday blessings and greetings to retired veteran cadres, so that retired veteran cadres could also feel the care and warmth from the Mengniu family during traditional festivals.

### Well-being Plan

In order to continuously improve the quality of life of employees and enhance their sense of belonging, in 2021, all units further actively implemented the dormitory plan and built three new "Mengniu Happy Homes".



Mengniu cherishes every small partner who grows together with the Company, and thanks every employee of Mengniu for their dedication and perseverance. In 2021, the second season of the "Employee Loyalty Plan" event was held.

In order to better support the employees of the Company in difficulty and help them build up the confidence and determination to get through difficulties, in 2021, the group labor union united with all units to encourage assistance, "one-to-one" and "multi-to-one" assistance, holiday blessings, family care funds, golden autumn scholarships, book donations, Children's Day care and other measures to solve the actual difficulties of employees in accordance with the Assistance Scheme of the "Born for Greatness" Fund.

During the Spring Festival, Mid-Autumn Festival, May 1st Labor Day, and Double Ninth Festival, parents of employees over 60 years old (inclusive) were sent Mengniu milk and customized blessing cards.

Free 12-month milk powder is distributed to the newborn babies of Mengniu employees.

It arranges medical examinations for Mengniu employees every year, and pays commercial insurance and children's commercial insurance. In 2021, employees and their children were provided additional major illness insurance, which increases health protection of employees. Besides, the employee health check-up package was upgraded to promote health management and prevention.

### Care Initiative



Special care work is carried out for employees working in outdoor alpine areas to protect employees' physical and mental health and improve their happiness.



Special care is carried out for employees working in high temperature outdoors. Heatstroke prevention benefits are provided to effectively prevent heatstroke due to high temperature and ensure the physical and mental health of employees.



During the Spring Festival, Mid-Autumn Festival, Erdai's Day, Women's Day and Children's Day, we care for all employees in an inclusive and full-coverage manner, so that all Mengniu family members can feel the care and warmth from the Company during the holidays. In addition, there are also cares such as start-up benefits, wedding congratulations, second child congratulations, and birthday congratulations.



Employees in difficulties are helped with "Care Fund" and "Love Mutual Aid Fund" to solve their problems.



### Safety Culture

Mengniu has created a strong safety culture atmosphere through safety commitment, safety culture activities, and safety visualization. In 2021, the Company actively carried out cultural activities such as safety keynote speeches, safety skills competitions, factory safety visits for employees' children, and safety comic competitions to enhance employees' awareness and skills of safety risk prevention and control. At present, 60% Mengniu's grass-roots enterprises have been awarded the title of Safety Culture Demonstration Enterprise by the state or local governments.

## Occupational Health and Safety

### Safety Risk Prevention

Mengniu constantly optimizing safety management. In 2021, the number of first-class enterprises approved by national safety production standardization accounts for one-third of the total number of approved enterprises in the light industry, and the dual prevention mechanism covers all projects. Mengniu manages and controls key risks on liquid ammonia, limited space, fire protection, electricity, hazardous operations, contractor operations, and change operations by improving its plan on management and control of safety risk from the three aspects of holding the "bull nose" as a solid foundation, the "grey rhinoceros" normal risks, and the "black sky" of preventing sudden changes in risks, while reducing by 35.15 tonnes of liquid ammonia reserve through production line iteration and technological transformation, so as to continuously reduce inherent safety risks and improve the level of intrinsic safety.

### Occupational Health and Safety Management

Mengniu stays true to the vision of occupational health management taking "enabling employees to work decently in a healthy and comfortable environment" and endeavours efforts

to create a comfortable working environment for employees. The Company has been focusing on comprehensively promoting occupational health management from three aspects of early prevention (three-simultaneous management, hazard declaration, organisation and responsibility, management system and empowerment publicity), process protection and management (work premise management, job management), health monitoring and settlement (health monitoring, abnormal treatment and occupational disease diagnosis and treatment), to constantly promote the construction of healthy enterprises. 155 occupational hazard control projects were carried out in 2021, and the working environment of employees was effectively improved.

In order to improve the awareness and professional ability of safety and occupational health personnel, we have planned and built a safety and occupational health personnel empowerment course system, which is matched according to the course level and employee rank to form a learning map for personnel at all levels. Additionally, Mengniu pays attention to the acquisition of professional qualifications, and organises employees to study and participate in the professional qualification examination of registered safety engineers. In 2021, 38 employees obtained National Intermediate Registered Safety Engineer Certificates.

### Indicators for Occupational Health and Safety

Indicator	Unit	2021
Occupation diseases	case	0
Deaths related to production accidents	person	0 (for three consecutive years)
Employee death rate due to production accidents <sup>2</sup>	%	0 (for three consecutive years)
Lost hours due to work	hours	6,730
Investment in safety measures (including procurement of epidemic supplies of RMB8.22 million)	RMB'000	4,974.09
Full-time safety personnel	person	205

<sup>2</sup> Employee death rate due to production accidents = Death related to production accidents / Number of workers\*100

## Rural Revitalisation

As a part of the strategy of "2025: A More Responsible Mengniu", Mengniu will vigorously contribute to the rural revitalisation and construction. Mengniu formulated the *Mengniu Dairy Rural Revitalisation Work Plan* to build a platform of "China Dairy Industry Park" to closely integrate industrial revitalisation, nutritional benefits and rural revitalisation, to achieve strong driving and full coverage of the dairy industry, and contribute the power of dairy industry to the national rural revitalisation cause.



## Industry Revitalisation

Mengniu gave full play to its advantages in industrial resources and organically integrated the construction of dairy industrial parks with rural revitalisation, laying the foundation for revitalising the rural economy.

### Implementing Five Guarantees

In 2021, Mengniu continued to implement five major guarantee measures of "ensuring purchase, supply, transportation, funding and operation" to promote the rapid recovery of the dairy industry in the context of the epidemic and natural disasters. During the epidemic, Mengniu, together with third-party financial institutions, allocated a total of RMB5 billion of interest-free funds to the ranch to help with its partners' steady development.



### Natural Disaster Relief on Mengniu's Industry Chain

Mengniu actively guarded the upstream pastures during various disasters, made efforts to ensure the production capacity and supply of the dairy industry chain, and minimized the adverse impact of the disasters on the development of the pastures.



Tongliao Snow Disaster Scene

In July, after the flood in Henan, Mengniu quickly coordinated to transport fresh milk from the regional pastures to factories in Tai'an, Wuhan, Taiyuan and Ma'anshan to guarantee the purchase of all fresh milk from pastures in the Henan region;

In November, a rare snow disaster occurred in Tongliao, Chifeng and Xing'anmeng of Inner Mongolia and Liaoning. Mengniu actively allocated relevant resources to help more than 50 cooperative farms solve the difficulties in fresh milk transportation, forage, farm operation and funds after the disaster, and invested nearly RMB100 million successively to quickly help the local disaster-stricken pastures to resume operations.

## Intensive Development Layout

In accordance with the requirements of national dairy industry revitalisation, optimisation and adjustment of milk source layout, Mengniu has deployed the construction of 10 major planting, breeding and processing industrial clusters, to achieve "one million dairy cattle, one million acres of pasture, one million tonnes of milk" by saving and intensive use of resources, reducing energy, water and land consumption, promoting green and low-carbon development, which has driven income increase of more than 1.50 million farmers and herdsmen. In 2021, Mengniu and its strategic partners have built and are building more than 70 pastures, involving more than 500,000 dairy cows.



In 2021, Mengniu and its strategic partners have built and are building more than



involving more than

**70**  
pastures

**500,000**  
dairy cows

### Modernisation Promotion

Mengniu has launched the "Zhurong Plan" and will invest more than RMB500 million special funds for three consecutive years to help ranch partners build a modern ranch service platform and accelerate the digital and intelligent transformation and upgrading of ranches. In 2021, the total trading volume of the "Aiyangniu" platform reached RMB17 billion, which helps save procurement cost of approximately RMB1 billion for nearly 600 raw milk partners.

In 2021, the construction of China Dairy Industry Park started. Driven by the construction of the industrial park, eight pastures in Inner Mongolia Autonomous Region have been put into operation successively, which directly and indirectly provide job opportunities to and help increase income of 31,000 farmers and herdsmen. In addition, 15 pastures are under construction, when put into operation, 57,000 farmers and herdsmen will be benefited.



Overall Rendering of China Dairy Industry Park

## Nutrition Support

Together with China Youth Development Foundation, Mengniu has carried out public welfare programs such as "Milk Donation", "Food Education" and "Teacher Empowerment" through Mengniu Inclusive Nutrition Fund to help primary and middle school students supplement their nutrition in time during their growth and development.



Mengniu Inclusive Nutrition Plan in Hongyuan County, Aba Prefecture in Sichuan



In 2021, the "Inclusive Nutrition Plan" donated

**3.03** million boxes of high-quality  
student milk to **185** schools in **43**  
cities in **19** provinces across the country  
benefiting  
**214,475** students



Mengniu sponsored the "Strong Angel" project to provide free student milk to the children of the Baseball Base



### Mengniu Inclusive Nutrition Plan in Ganzi, Sichuan

Together with COFCO, Mengniu carried out the Educational Assistance and Charity Donation campaign at the Minzu Middle School in Ganzi County. We donated a total of 7,200 packs of pure milk to Jueri Village in Ganzi County, a total of 64,000 packs of Future Star student milk to Yucai School in remote pastoral areas of Ganzi County and Laima Town Primary School in Ganzi County, which contributed to the healthy growth of 1,881 students.



Donation site in Ganzi county

With a view to improve the quality of children's education in economically underdeveloped areas by taking the cultivation of young rural teachers as the fulcrum, Mengniu and "Youth Teacher Empowerment Education Plan" has completed the training of 1,411 rural teachers in 14 counties and districts by the end of 2021.

## Multiple Support

Mengniu also promoted the all-round development of the countryside through technical empowerment and fixed-point assistance according to local conditions, and organised activities such as ranch management training and dairy elite professional training, so as to achieve full coverage of technical guidance and training for farmers, herdsmen and poor farmers. Cooperated with the National Dairy Industry and Technology System, the Sino-Danish Center and more than 200 domestic experts, the Company has carried out nearly 50 online and offline training sessions, covering 100% of the cooperative ranch through the platform of "Aiyangniu", "Niurenhu Education Platform" and "Cow Golden Key", benefiting more than 30,000 people.

In 2021, Mengniu donated RMB7 million to Luozha County, Tibet, and focused on the "co-branding" project of student milk to improve the nutritional and health status of primary and secondary school students in Tibet, drive the dairy industry in Tibet, and achieve the strategic goal of building a "Plateau Milk Capital".

## Charity

Mengniu proactively devotes to the social public welfare undertakings. It formulated a solid strategy on public welfare and charity, and conducts diverse charity programs in the fields of epidemic prevention and disaster relief, inclusive nutrition, balance development and environmental protection. Meanwhile, Mengniu has developed the *Management System on Public Welfare Donation* and the standards for employee volunteer service activities to regulate the management of donation and volunteer service activities.



In 2021, Mengniu's annual expenditure on donations amounted to

RMB **45.85** million



In 2021, the number of Mengniu volunteers reached more than

**10,000** persons

with a time investment of nearly

**20,000** hours



### Flood Disaster Relief in Henan Province

In July 2021, Henan was affected by heavy rainfall and floods therefrom. Mengniu immediately launched the emergency response mechanism to help relieve the flood disaster. Together with the China Charity Federation and the Blue Sky Rescue Team, nutritional support including pure milk and yogurt, fresh milk, milk powder and cheese were provided to the forefront of flood relief, safeguarding the nutrition need of the front-line rescuers and the people in the disaster area.



Children in disaster areas in Henan enjoyed donated milk



Mengniu's volunteers sent various donated dairy products to the front line



## Epidemic Prevention and Disaster Relief

In respect of the anti-epidemic and relief of the local natural disasters, Mengniu always adheres to the responsibilities of a leading milk company, and has developed a complete emergency response mechanism to provide timely nutritional support for resuming work and production in disaster-stricken areas.

Mengniu won the 11<sup>th</sup> "China Charity Award", the highest national charity award for its outstanding contribution to the fight against the Covid-19 epidemic.



China Charity Award



### Fighting Against COVID-19 in Inner Mongolia

In October 2021, an outbreak occurred in Inner Mongolia Autonomous Region, resulting in nearly 10,000 tourists trapped in Ejina, and the supply of daily necessities encountered difficulties. Together with the Red Cross of Inner Mongolia Autonomous Region, Mengniu donates 1,700 boxes of pure milk and yogurt immediately, ensuring that tourists and front-line anti-epidemic personnel receive adequate nutritional support.



Anti-epidemic Donation Site in Inner Mongolia



### Earthquake Disaster Relief in Sichuan, Qinghai and Yunnan Province

In 2021, earthquake disasters occurred successively in Sichuan Luzhou, Guoluo and Dali and other places. Mengniu, together with China Charity Federation and Blue Sky Rescue Team, quickly launched the emergency rescue mechanism, and immediately sent dairy products to the people in the affected areas to ensure emergency nutrition.



After the earthquake in Yunnan, local students for college entrance examination drank donated milk and studied for exams

## Public Welfare Care

We care for the vulnerable groups of the society and gather power of volunteers through cooperation with local civil affairs departments and charity institutions, and organised various charity activities to send warmth to more people.



### Innovative Public Welfare with Surplus Food

In 2021, Mengniu innovated charity by taking into account the initial intention of caring for the vulnerable groups in the society and food conservation, and donated unqualified products that are safe to eat (such as line-exchange mixed fruit products, and zero-package products) to the elderly in nursing homes, primary school students, sanitation workers, special children and other groups through cooperation with local civil affairs departments and the third-party public welfare organisation, Food Bank Network. In 2021, Mengniu's factories in Ma'anshan, Jinhua and Shenyang successively organised 15 donations and donated products weighing 3.80 tonnes.



Volunteers of Mengniu donated yogurt products to the local elderly and solitary



Mengniu Charity Milk Donation Activity

## Overseas Corporate Citizenship

As the most influential Chinese dairy company in the world, Mengniu also shoulders the mission of leading the Chinese dairy industry to the world in the process of international development. Mengniu actively participated in the Dairy Nourishes Africa (DNA) project initiated by the Global Dairy Platform (GDP) to help revitalise the African dairy industry and improve the nutritional and health standards for African children under the backdrop of the epidemic, and copy the successful experience of the project on a large scale and spread the warmth to Africa.

In Indonesia and Tanzania, Mengniu has promoted the development of the local dairy industry and the employment of local talents by investing in constructing factories, co-building schools, and cultivating technical talents. The case of Mengniu was included in the information database of the "South-South and Trilateral Cooperation" of the United Nations International Fund for Agricultural Development.



Mengniu Participated in the "Dairy Nourishes Africa (DNA)" Project

Mengniu coexists with overseas communities in New Zealand, Australia, Indonesia and other places. It has not only delivered nutritious, healthy and delicious dairy products to overseas consumers, but also made contributions in many fields such as green environmental protection, community public welfare and poverty alleviation.



### A Public Welfare Activity of Mengniu–Heroes Legacy Program

Mengniu joined hands with Shenzhen Henghui Public Welfare Foundation to support the Heroes Legacy Program, and donated RMB6.70 million in total to provide financial assistance to the children of front-line workers who unfortunately died in the fight against the Covid-19 epidemic. Mengniu will provide 160 heroic children of the Heroes Legacy Program with 22-year milk support from Milk Deluxe, and provide all the education funds and public welfare accompanying expenses needed for 22 years of growth for 15 heroic children of particularly difficult families. From 15 to 20 July 2021, Mengniu joined hands with the Heroes Legacy Program to hold the "Sea of Encounters" themed summer camp. With "reunion" as the melody, children of the anti-epidemic heroes in the program and other parties were invited to participate in colorful activities such as welcome ceremony, concerts, art courses, technological innovation and educational sharing.



The "Sea of Encounters" themed summer camp provided art courses for children of anti-COVID-19 heroes



yoyi C launched free drinks in Indonesia

Bellamy's, an organic milk powder brand under Mengniu, actively donated monetary funds and supplies to charities and community groups. In 2021, Bellamy's actively donated baby food to Foodbank Australia, the "Big Hug" charity and "St Kilda Mums" to improve the nutritional status of special groups.

# 03

## Environment-Carbon Net-Zero

Mengniu believes that the health of human and favorable environment is inextricably linked. Adhering to the principle of *Promising a Healthier World*, we commit to establish environmentally friendly green production systems and promise to achieve carbon neutrality in the whole industrial chain in 2050. Under the guidance of the GREEN strategy, we formulated three topics of dual-carbon actions, green operation and recycling, comprehensively carried out the management of greenhouse gases, water resources and waste, the recycling of packing materials and other actions to minimize the impact on the environment.

- **Dual-Carbon Action**
- **Green Operation**
- **Recycle**

### Highlights in 2021

- A thorough climate strategy was formulated, and the strategic goal of "achieving carbon peak in 2030 and carbon neutrality in 2050" was set.
- The carbon reduction case of China Shengmu of the Group was included in the *Corporate Net Zero Pathway* published by UNGC.
- 5 factories were certified as "National-level Green Factory" during the year, bringing the total number of green factories to 22.
- 1 "National Green Supply Chain Management Enterprise" was approved in the year.
- The annual green energy consumption increased by 6.87% year on year.
- Generated 289,575 tonnes of steam from biomass and 8,698,000 kWh of electricity from solar photovoltaic power during the year.
- 4 provincial-level water conservation enterprise certificates were obtained in the year.
- Zero environmental complaints, 100% compliance for supervisory inspections throughout the year, and 100% compliance for all emission indicators.
- Saving 1,561 tonnes milk from the "One Gram of Milk" initiative of factories during the year.
- Conducted renovations with highly standard (BOT model) of a total of 5 wastewater treatment plants, and implemented the sludge drying project of 3 wastewater treatment plants during the year.
- Freshwater consumption per unit recorded a decrease of 2.02% as compared with the year 2020.
- Saved 1,479,400 tonnes of water (including 890,800 tonnes in social water savings).
- The water reuse rate was 9.68% in the year, the rate of water consumption from alternative water sources in total water consumption is 9.18%.
- Participated in the development of the *General Rules for Assessing Easy-to-Collect and Easy-to-Recycle Designs of Plastic Products* issued by the Green Recycled Plastics Supply Chain Joint Working Group (GRPG).
- Participated in the development of the *PET Recyclability Design Guide* issued by China Plastics Reuse and Recycling Association (CPRRA).
- PP loop boxes were advocated to be applied to replace traditional paper turnover boxes, each PP loop box reduces carbon footprint by 57.50% compared to that of traditional carton boxes.
- Building the first recycled plastic-based and environmentally-friendly road in China with waste plastic bottles.
- Pioneered the use of post-consumer recycled plastics (PCR) in China's food industry.

### The SDGs we focused in this section:



## Dual-Carbon Action

Mengniu has been actively responding to global climate change. Shouldering the important task to lead the decarbonization of the dairy industry in China, over the years, we have been continuously conducting carbon inventories and carbon reduction practices throughout the industry chain. Cooperating with the global consulting firm Boston Consulting Group (BCG) in 2021, Mengniu developed comprehensive carbon neutrality strategies in a scientific and rigorous manner, setting the strategic goal of "carbon peaking in 2030 and carbon neutrality in 2050", and actively explored the measurement and reduction of the absolute value of carbon dioxide emission in full scope, leading the coordinative low-carbon development of the whole industry chain, and striving to achieve the goal set in the Paris Agreement at the United Nations Climate Change Conference.

Mengniu highly recognized the Science Based Targets initiative (SBTi) and took participation in the initiative as a phased task under the Dual-Carbon Actions. We will make a reasonable schedule and scheme for participating in the SBTi after the new guidelines are released.

In 2021, Mengniu completed the inventory and correction of Scope 1 and 2 greenhouse gas emissions in the period from 2018 to 2020 for all of the 63 factories of the Group, and conducted an estimate of Scope 3 emissions in 2020.

In 2021, the Scope 1 and 2 emissions of the Group were 1,360,000 tonnes, and the intensity of Scope 1 and 2 carbon dioxide emissions was 0.171kg CO<sub>2</sub>e/kg product. Based on calculation and estimates, the Scope 3 emissions amounted to about 10-14 million tons in 2021, covering major emission sources from raw milk sourcing, packaging materials, auxiliary materials, upstream and downstream transportation. Next, Mengniu will continue to improve the carbon emission management over suppliers, calculate the carbon footprint of the value chain, exchange data with suppliers, invite suppliers to participate in carbon emission reduction efforts and promote the establishment of emission reduction ecology. During the period from 2018 to 2020, total carbon dioxide emission of the Group was increasing year by year, while the intensity of carbon dioxide emission was fluctuating within a reasonable range. In 2021, the production of the Group recorded an increase of nearly 10% from that in 2020, a significant increase as compared with the period from 2018 to 2019. Such changes were mainly due to the overall strategic plan "Creating a New Mengniu by 2025" of the Group. Despite such increase, Mengniu Group is determined to continuously innovate and advance new energy-saving and consumption-reducing processes, and strictly controls greenhouse gas emissions during the trial operation of new plants to reduce the impact of carbon dioxide emissions from production capacity.

### The comparison of Mengniu's total carbon emissions and carbon emission intensity of Scope 1 and 2 from 2019 to 2021

(10,000 Tonnes CO <sub>2</sub> e)		(kgCO <sub>2</sub> e/kg product)
110	2018	0.174
116	2019	0.168
127	2020	0.169
136	2021	0.171



# Dual-Carbon Climate Strategy of Mengniu Group

**Mengniu Group Strives to Achieve Carbon Peaking in 2030 and Carbon Neutrality in 2050**

Goal

Phased Goals

Key Routes

2020

**Phase I**

2025

**Phase II**

2030

**Phase III**

2050

To control the carbon emission intensity per tonne of dairy product within 165 kgCO<sub>2</sub>e/t in 2025

To achieve the peaking of absolute value of Scope 1 and 2 carbon emission, and control the carbon emission intensity per tonne of dairy product within 160 kgCO<sub>2</sub>e/t in 2030

To achieve the carbon neutrality of Scope 1,2 and 3 in 2050

Production	
1. Improving capacity utilisation	
2. Improving production-purposed energy efficiency	
3. Recycling surplus energy	
4. Optimising energy structure	

Raw Milk	
5. Adjusting feed composition and structure	
6. Managing and optimising cow herd structure	
7. Optimising manure management	
8. Improving energy efficiency in ranches	

Packaging	
9. Optimising packaging materials structure	
10. Changing packaging forms	
11. Reducing excessive packaging	

Transportation	
12. Upgrading logistics vehicles to electric vehicles	
13. Replacing fossil fuels with biomass fuels	

Products	
14. Increasing the proportion of plant-based milk	

Carbon Offsets	
15. Rational application of carbon offsets	





### The Management System of Dual-carbon Action

- 1 A Dual-carbon Action Promotion Team of the Group was established to coordinate the research on important matters of carbon emission management; a Dual-carbon Action liaison is appointed in each subordinate department of relevant functions, divisions and business units, or each factory, who is responsible for the liaison in respect of specific matters.
- 2 We established a carbon emission data inventory and statistics mechanism, independently developed a carbon emission data management system, and built an emission data accounting model. We also improved the accuracy and rationality of the basic data of carbon emission through dual inventory of the accounting model and data system.



Mengniu Online Carbon Emission Management System

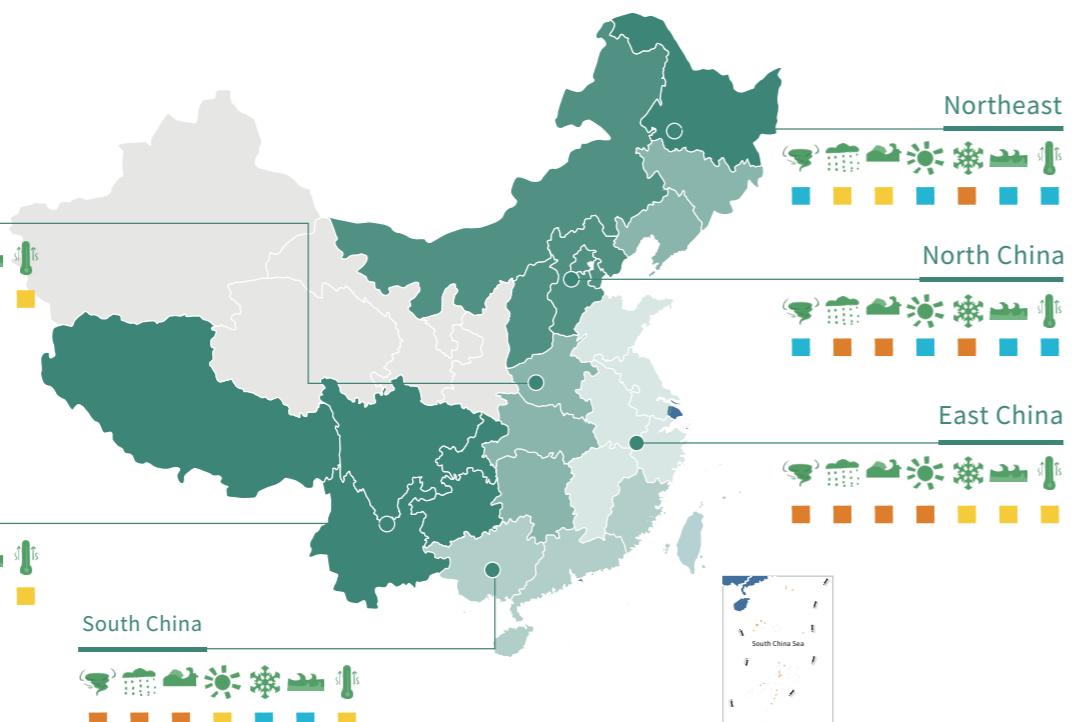
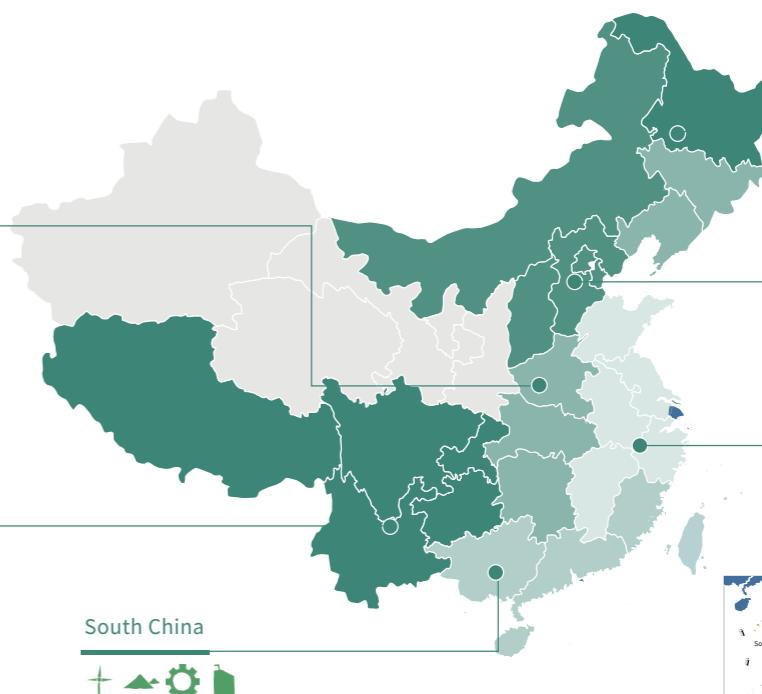
## Climate Risk Identification

Mengniu has initially identified the risks and opportunities arising from climate change for the enterprise from three aspects of physical risks, transition risks and market opportunities, and adopted corresponding measures to the identified risks. In the future, Mengniu will continuously enhance its management on climate risks and opportunities, evaluate relevant risks based on initial identification and develop contingency plans.

### Climate Risk Identification

Physical Climate Risks	Risk Descriptions	Countermeasure
Acute Risks	<p><b>Typhoon</b> It would seriously damage the power and water supply facilities for production, resulting in the suspension of operations of some factories' production lines and other businesses, increase the construction cost of factories and ranches due to the design cope with strong winds, and cause the interruption of supply chain of milk source, and production involving supply interruption, compensation and legal liability.</p> <p><b>Extreme precipitation</b> It would increase the flooding risks of ranches and factories in low-lying areas, cause physical impact on animals in the supply chain of milk source, affect milk production and quality, and seriously damage the gas supply facilities of the enterprise.</p> <p><b>Flood</b></p>	<ul style="list-style-type: none"> <li>We formulated typhoon emergency rescue plan.</li> <li>We heightened flood defenses to improve resistance against natural disasters.</li> </ul>
	<p><b>Extreme heat</b> It would increase the heat stress of animals in milk supply, leading to limited milk production, and affecting milk production and quality. It would also increase the difficulty of product preservation during the fresh milk transportation and the likelihood of food contamination and foodborne illness, as well as the operating costs of ventilation, cooling and air conditioning of sites, and the risks of site operators and workers to work outdoors.</p>	<ul style="list-style-type: none"> <li>We formulated an emergency rescue plan for heat stroke.</li> <li>We ensured the sufficient water supply to dairies and high-quality feed and established more cowsheds and shading structures.</li> </ul>
	<p><b>Extreme cold</b> It would increase the energy consumption of constant temperature environment in the factory operation, and the milk source supply for animals, as well as the costs related to the loss and maintenance of gas supply pipeline facilities and the risks of site operators and workers to work outdoors.</p>	<ul style="list-style-type: none"> <li>We implemented safety risk prevention and control measures for protection and supply under extremely cold weather conditions.</li> </ul>

Physical Climate Risks	Risk Descriptions	Countermeasure	Transition risk of climate change	Risk Descriptions	Countermeasure
	Rising sea level	<ul style="list-style-type: none"> <li>We took into account the impact of rising sea level during location selection, planning and design of new projects.</li> <li>We continuously monitored the trends of rising sea levels.</li> </ul>	Changes in customers' preference	<ul style="list-style-type: none"> <li>Based on government's advocacy, carbon neutral commitment, energy project and other issues, the awareness of residents, industrial customers and investors on the energy demand side has been raised, and prefer the use of clean energy. In terms of consumption/purchase, consideration related to green and environmental protection was increased.</li> </ul>	<ul style="list-style-type: none"> <li>Adapt the diversified product strategy, provide more products with "natural", "organic" and "local production" labels, and initiative provide environmentally-friendly products that can be understood by customers.</li> </ul>
Chronic Risks	Warming	<ul style="list-style-type: none"> <li>We formed comprehensive cold-chain transportation and increased the frequency of maintenance and inspection of transportation facilities.</li> </ul>			
Transition risk of climate change	Energy structure and energy use	<ul style="list-style-type: none"> <li>Adapt energy efficiency solutions, encourage more water efficiency measures and promote more sustainable usage of land and pasture.</li> </ul>	Opportunities related to climate	Risk Descriptions	
	Carbon pricing	<ul style="list-style-type: none"> <li>Transform energy usage to low emission sources while promoting the integrated energy solution simultaneously.</li> </ul>	Resource efficiency	<ul style="list-style-type: none"> <li>The energy conservation and pollution reduction, research and development of green materials, water resource management and waste management, which are brought about by the green operation, can directly save costs for the operation of the organisation in the medium and long term, and curb greenhouse gases emissions and waste emissions worldwide to a certain extent.</li> </ul>	
Risk in policies and regulations	Disclosure of environmental information	<ul style="list-style-type: none"> <li>Make quality public disclose of historical data such as energy consumption and carbon emission with an annual basis according to the rules and guidance of the regulatory authorities.</li> </ul>	Efficiency, resilience, innovation and market opportunities	<ul style="list-style-type: none"> <li>According to the International Energy Agency (IEA), in order to achieve the global emissions goal, countries need to transit to low-emission and renewable resources from their main resources, such as wind energy, solar energy, water energy, geothermal energy and bio-fuel. Increase the use of clean energy in the dairy industry, including the research and usage of solar energy and biomass energy, to reduce the production cost rapidly in the future.</li> </ul>	
	Risks in technical field	<ul style="list-style-type: none"> <li>Actively use new technology, such as renewable energy, battery storage, energy efficiency and carbon capture and storage.</li> <li>Reduce carbon footprints and increase green labels of products</li> </ul>	Adaptability	<ul style="list-style-type: none"> <li>For the dairy industry, the considerations of future development include corresponding risk management in tackling climate change, searching for green alternatives for technology, improving production efficiency, designing new production processes, and researching new products, which can diversify the products and marketing campaigns of the Company and strengthen the resilience of dairy enterprises.</li> </ul>	
	Requirements of energy technology		Products and services	<ul style="list-style-type: none"> <li>We will vigorously promote the development of green product business and continuously innovate and develop new low-carbon products, which can improve the competitive position effectively of the enterprise or organisation in the industry. At the same time, it can also be efficiently adaptive to the changes in consumers' preferences. We can also develop potential carbon reduction partners while decreasing our own carbon emissions in the industrial chain to raise the industry barrier.</li> </ul>	

**Physical Risks****Central China****Southwest****South China****Typhoon****Rising sea level****Extreme precipitation****Climate warming****Flood****Extreme heat****Extreme cold****Material risk****Higher risk****General risk****Low risk****Northeast****Central China****Southwest****South China****Energy structure and resource usage****Requirements of energy technology****Carbon pricing****Changes in customers' preference****Disclosure of environmental information****Material risk****Higher risk****General risk****Low risk****Opportunities****Central China****Southwest****South China****Resource efficiency****Energy sources****Adaptability****Products and services****Major benefit****Large benefit****General benefit****Mildly favorable benefit****Northeast****Central China****Southwest****South China****Energy structure and resource usage****Requirements of energy technology****Carbon pricing****Changes in customers' preference****Disclosure of environmental information****Material risk****Higher risk****General risk****Low risk**

## Greenhouse Gas Management

Mengniu formulated an effective strategy for reducing emissions, established a three-level management structure of "Group-Business Division-Factory" and conducted carbon inventories in the Group at operational level. Meanwhile, we put in place various actions including reducing energy consumption, increasing the proportion of renewable energy, setting up a mechanism for carbon statistics, accounting and report, researching a carbon neutral path, thereby decreasing greenhouse emissions in an effective manner.

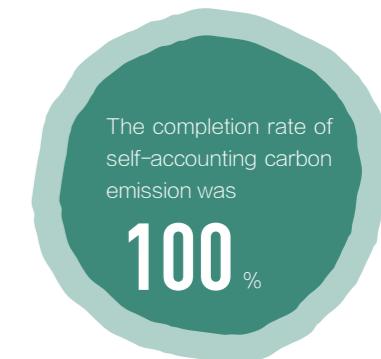
### Carbon Emission Management for Raw Milk Suppliers

Mengniu prioritizes carbon emission management in dairy farms with major raw milk suppliers, such as conducting carbon inventories during the process of animal husbandry, promoting the use of clean energy in dairy farms and optimizing feces management. We also carry out green cultivation, green planting, green transportation and green processing, aiming to below average domestic level of raw milk carbon emission intensity, and become a leader in respect in China. Large-scale animal husbandry groups such as China Shengmu and Modern Farming invested by Mengniu have completed carbon calculation and started to formulate climate strategies and planning emission reduction pathway.



### Carbon Emission Management in Factories

Mengniu established and optimized a data accounting model, which conducted product carbon footprints, carbon emission density accounting and structure analysis of carbon emission for main products including room temperature, chilled, ice cream, fresh milk, milk formula and cheese businesses. The completion rate of self-accounting carbon emission was 100%, and we will stably produce zero-carbon benchmark products in the future.



#### Carbon Emission Management of the Fresh Milk Business Unit

Mengniu Fresh Milk Business Unit carried out the following key initiatives:

- Recycling of steam heat (Tianjin factory)
- Renovation of refrigeration ice water system (Ma'anshan factory)
- Manual regulation of street light use (Ma'anshan factory)



#### Carbon Emission Management of Ice Cream Product Business Unit

Mengniu Ice Cream Product BU identified the key measures of carbon footprint management:

- **Biogas power generation:** Dangyang factory has achieved the goal of comprehensive utilization of energy. The power output was used for electricity consumption of internal sewage plant, the excess power was used in the factory and the waste heat of biogas engine exhaust was recycled for heating tank of sewage station.
- **Condensate waste heat recovery:** the factory recycled condensate water for oil tank heating, saving 1,531 tonnes of steam.
- **Series cleaning and transformation:** the factory carried out cleaning water recovery and transformation, saving 42,879 kWh of electricity and 320 tonnes of steam by various technical transformation.

#### Ma'anshan "Smokeless" Factory

The Ma'anshan factory of Mengniu Chilled Product Business Unit independently designed the steam waste heat recovery device, which recovered 100% of the waste heat, reduced the safety and quality risk compared with before recovery, and improved the steam heat exchange efficiency. The waste heat originally discharged to the atmosphere, like "white smoke" in the air, was used on cold water in the workshop, turning about 90 tonnes of cold water to hot water about 75°C per day for workshop use. This innovation can save nearly 10 tonnes of steam originally consumed per day, reduce about 500 tonnes of standard coal and corresponding carbon emissions per year, and reduce around 15 tonnes of SO<sub>2</sub> emissions.

#### Carbon Emission Management of Raw Milk of China Shengmu

Shengmu incorporated carbon reduction into carbon emission management for raw milk and each operation process, and established a green low-carbon ecological circle driven by dual layouts of "[Planting, Rearing and Processing] carbon reduction and [Agriculture, Forestry and Meadow] carbon sequestration". In 2021, the actual carbon emissions of Shengmu were approximately 660,000 tonnes and emission intensity decreased by 5.70%. In three major emission units of herd breeding, feed planting and processing, carbon emissions were reduced to 570,000 tonnes, 77,000 tonnes and 13,000 tonnes, respectively on a year-on-year basis. During the process of carbon sequestration, ecological carbon sequestration of Shengmu's vegetation and farmlands accumulated 1.11 million tonnes, reaching excellent carbon sequestration results. In 2021, Shengmu has submitted an application to SBTi (Science Based Targets initiative) and RE100 (100% renewable energy), and was recorded as a sustainable case of the first representative enterprise in China's animal husbandry in *Corporate Net Zero Pathway* issued by UNGC.

#### World-class Excrement Recycling of China Modern Dairy

China Modern Dairy increased digestion rate of milk through reasonable feeding management and breeding. The overall carbon emission of gastrointestinal fermentation of dairy cattle amounted to 0.52 kg CO<sub>2</sub>e/kg FPCM. In addition, methane fermentation system during feces management process is a key competitiveness of carbon emission reduction. Carbon emission of feces management in ranches were approximately 0.19 kg CO<sub>2</sub>e/kg FPCM, lower than Midwest part of America, California, Ontario in Canada, Australia and other regions and countries, which reduced over 40% carbon emissions as compared with a vast majority of systems during the processes of feces management and energy consumption.

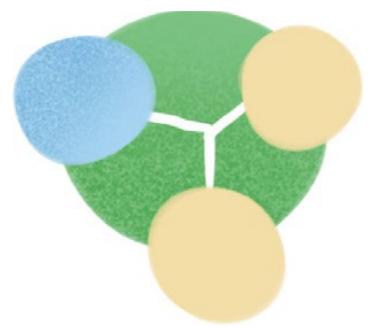
## Energy Conservation and Consumption Reduction

In terms of energy conservation and consumption reduction, Mengniu has reduced energy consumption by focusing on two dimensions of emission reduction and efficiency enhancement. Mengniu established the Energy Conservation and Emission Reduction Committee, of which the group president serves as the chairman, and the vice president of the group takes charge of the management of energy strategy and performance, allocation of tasks to each Business Unit, sign of letter of commitment with person in charge of the business divisions and fulfillment and follow-up for monthly improvement the performance contract.



### Systematic Management

Aiming at the most advanced management standards, Mengniu promoted ISO50001 energy management system certification to achieve 100% full coverage of its own factories; formed a pillar team for energy-saving and cost-reduction covering 61 factories of the six business divisions by applying TPM energy-saving and cost-reduction tools and methods; innovated the use of visualized tool and prevented and controlled energy compliant risks by conducting risk identification and outputting a visual map for 4 risk areas of solar energy, wind energy, water resources and energy efficiency improvement of electromechanical equipment.



### Technology Diversity

The application of energy conservation and carbon reduction technology is promoted by mobilizing the flexible use of various resources and the concept of "exploration-pilot-promotion". 168 technologies on energy and water conservation and 4 new technologies on energy conservation and carbon reduction were independently discovered and output in 2021. 56 energy conservation projects were renovated throughout the year, which can save about 1,500 tonnes of standard coal.

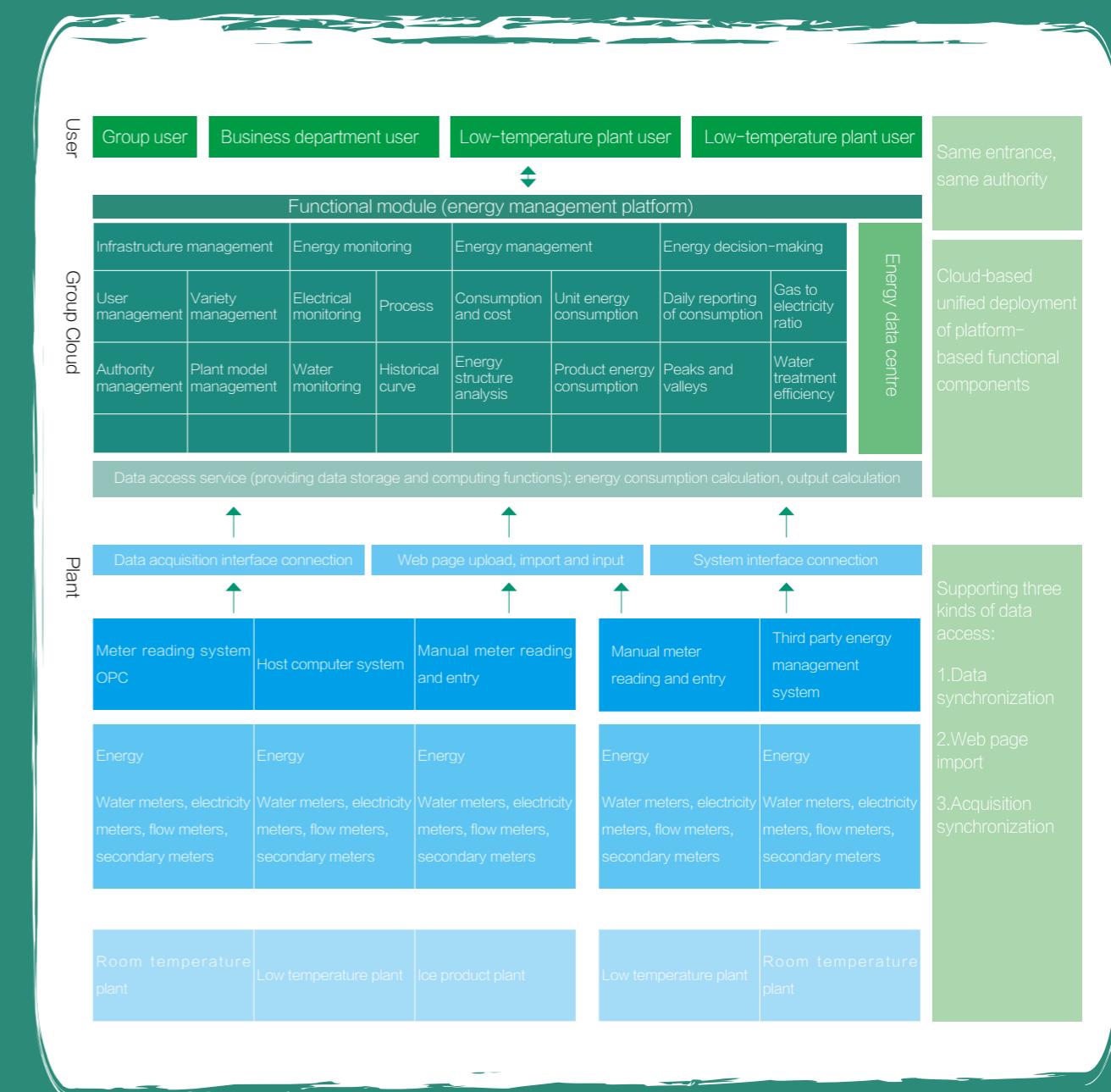


### Green and Low Carbon

The use of green renewable resources was constantly promoted to create green manufacturing demonstrations, develop the application of multi-energy complementary technologies, and help clean and low-carbon operation of enterprises. In 2021, the utilisation of green energy increased by 6.87% year on year, and 5 state-level green factory certificates and 1 state-level green supply chain management corporate certificate were obtained.

## Smart Energy System of Mengniu Group

Mengniu Group has established the Group's Smart Energy System, which is composed of "end-side-cloud" from bottom to top. The corresponding production line on the end can realize the collection, distribution and real-time calculation of energy data on the production line, the side can realize the calculation, monitoring and alarm of plant level data, and the cloud can realize the energy statistics, analysis and early warning of "end-side" at the group level, so as to guide the Group's energy conservation and consumption reduction through information tools, and facilitate the achievement of the dual carbon goal.

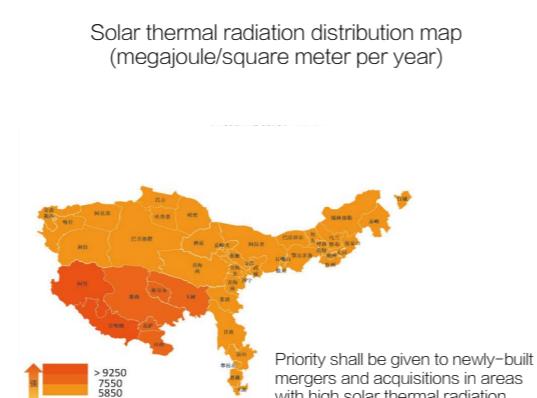
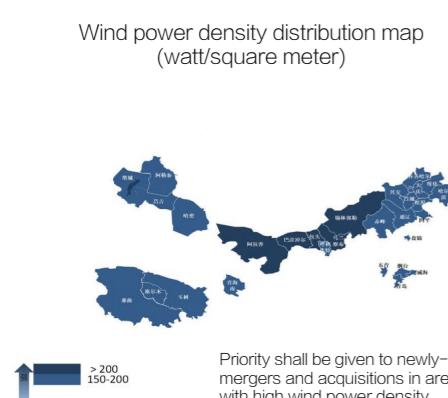
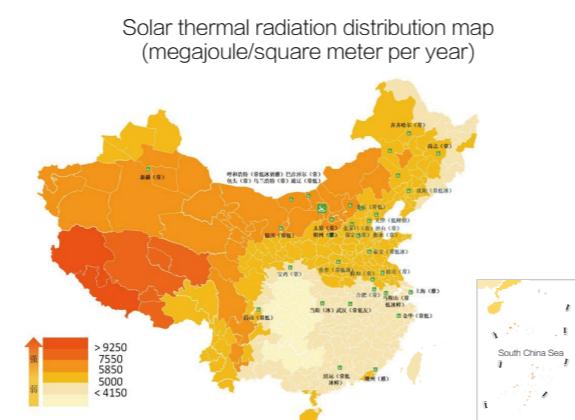
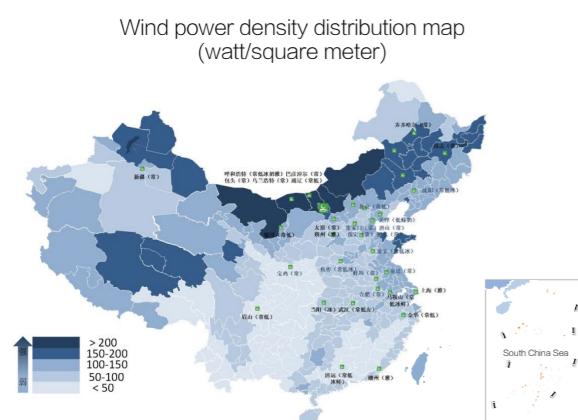


## Usage of Renewable Energy

Mengniu continued to promote renewable energy. In 2021, the Group realized the application of solar photovoltaic power generation of 8,698 MWh, biomass energy produced 289,575 tonnes of steam, and the total annual output of renewable energy was equivalent to 28,655 tonnes of standard coal.

Mengniu collects meteorological measurement data and solar radiation in the location of the factory in use of the Meteonorm and NASA databases, calculates the power generation and wind power density of the photovoltaic power generation system by identifying and analyzing the distribution characteristics and intensity of wind energy and solar energy to create a new energy distribution map. It also continuously expands the amount of distributed photovoltaics based on priorities in project implementation and explores the application of wind energy, which serves as a reference for new R&E projects and applications of renewable energy.

### Mengniu's New Energy Map



### Wuhan Green Sustainable Factory

Mengniu's new factory in Wuhan was officially put into operation in March 2021. The factory applies 219 industry-leading new technologies (including energy-saving vertical boiler, automatic control of central air conditioning in clean room, quick cooling tunnel, etc.) to build an intelligent manufacturing, green and sustainable cutting-edge factory. Meanwhile, the laying area of solar photovoltaic panels in the new plant in Wuhan is 6,400 square meters, with an average monthly power generation of 144 MWh, which has made outstanding contributions to the transformation of energy structure.



power generation of photovoltaic panel in Mengniu's factory in Wuhan

### Photovoltaic Transformation of Jinhua Factory

The solar photovoltaic project of Mengniu's factory in Jinhua was officially put into use in 2021, with an installed capacity of 4.70 MW and an annual design power generation of 4,700 MWh. After actual operation, the current daily power generation is 12.50 MWh, and the use of solar photovoltaic energy can reduce carbon emissions by 4,243 tonnes per year.

## Green Operation

Mengniu takes "ensuring compliance and promoting development" as the ecological and environmental protection management idea, formulates perfect green operation management system and policies, improves water resources management system and measures, properly handles hazardous wastes and non-hazardous wastes, and actively carries out green related system certification. The Group attaches importance to green management in the process of operation, reduces pollutant emissions in manufacturing, transportation and daily office, and carries out ecological and environmental protection management around the hierarchical control list of ecological and environmental protection, the matching list of pollution prevention and control facilities, the rectification list of key risks of ecological and environmental protection and the pollutant discharge permit file, so as to continuously improve the capability of the enterprise for pollution prevention and control.

During the year of 2021, there were 0 environmental complaints, 100% compliance for supervisory inspections, 100% compliance for the emission of various indicators, the evidence collection rate of pollutant discharge permit of grass-roots factories was 100%, and 100% compliance for the pollutant emission. As of the end of 2021, the known level I and level II environmental protection risks have been rectified, and the rectification rate was 100%.

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Green Operation and Management

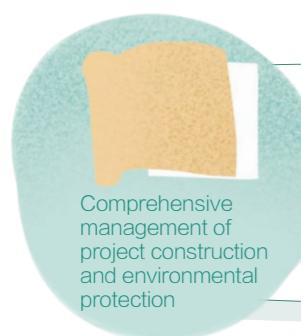
Mengniu proactively implements green operation, and in compliance with various laws and regulations on environmental protection continuously enhances environment management and conduct third party certification with a view to reducing food waste in production to a maximum and integrating green operations into corporate operations at all levels.

## Environmental Management

We strictly abide by the *Environmental Protection Law of the People's Republic of China*. Our environmental protection systems—including the *Mengniu Manual on Environmental Protection, Procedures for Environmental Risk Assessment and Control Planning, Administrative System for Environmental Accident Reporting and Handling, and Administrative System for Environmental Management of Construction Projects*—align with 196 national comprehensive and special environmental protection laws and regulations in 22 categories, to ensure environmental compliance of project construction and the process of production and manufacturing.

## Solid waste management

We drafted and issued the *Mengniu Dairy Solid Waste Environmental Management System* simultaneously in accordance with the changes and provisions in the newly revised *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, which further regulates the management requirements of general solid waste, hazardous waste, construction waste and domestic waste throughout the whole process from generation, collection, storage, transportation and disposal.



Comprehensive management of project construction and environmental protection

We have established the *Mengniu Manual on Environmental Protection and Administrative System for Environmental Management of Construction Projects* based on our practical management needs to ensure environmental compliance in the production and operation processes from procedures handling during project construction period, and the operation and management of facilities of boiler, power distribution, pollutant management.



## Environmental risk map

Mengniu carried out environmental risk analysis, through visit, research in subordinate production bases and subsidiary ranches, identified and sorted out the 8 types of risks, including wastewater, exhaust gas, manure, monitoring, solid waste, noise, radiation and management, and divided the identified risks into four levels, eight categories, 12 risk items according to the degree of impact for the visual hierarchical dynamic management in the form of a map and innovated the Mengniu environmental risk map. By the end of 2021, the Company used the environmental risk map to supervise and accelerate the completion of rectification of 123 key environmental risks in total, ensuring the compliance of production and operation.

## Sample of Environmental Risk Map

█ Primary risk    █ Secondary risk    █ Tertiary risk    █ Quaternary risk    █ Continuous concern

### Environmental Management Action Plan:



**Establish the hierachal control list of ecological and environmental protection**, and reinforce the control of plants in key ecological and environmental protection area. The Company reinforced the control requirement especially for plants located in key area and ensure fund investment, carried out improvement and enhancement of ecological and environmental protection in strict compliance with the latest laws, regulations and standards.



**Establish the list of matching degree in terms of pollution prevention and control facilities** to guarantee the follow-up of the latest national and local ecological and environmental protection requirements. In 2021, RMB17 million will be invested in hardware facilities renovation to complete 56 renovation projects, including renovation of sludge generation reduction, water sewage plant facilities and deodorization facilities.



**Establish the rectification list of ecological and environmental protection risk** to continuously reduce the existing and incremental risks. And convene seminar on environmental protection risk rectification on a regular basis and deploy the requirement for rectification, achieving 100% completion rate of risk rectification during the year.

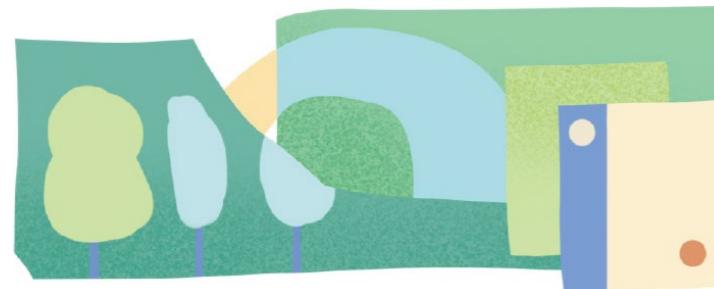


**Improve the environmental control platform** and promote the information management of ecological and environmental protection. In 2021 Mengniu Dairy continued to develop its online environmental monitoring platform and supervise the compliance of pollutant discharge of the Group's 32 wastewater treatment stations through the Group's unified control platform, ensuring that the terminal effluent meets national and local standards for pollutant discharge concentration and total volume.

### ISO Certified Plants



Mengniu continuously carries out the occupational health and safety management system and environmental management system audit certification to meet the requirements of related laws and regulations and its own business. All the legal entities that participated in the audit have respectively obtained independent GB/T45001-2020/ISO45001:2018, GB/T14001-2016/ISO14001:2015 *Management Systems Certificate*.



### Reducing Food Waste

According to the estimation of United Nations Environment Programme, about 8% to 10% of the global greenhouse gas emission is closely related to food waste at all stages. As a food production enterprise, Mengniu attaches extra importance to the reduction of food waste and integrates it into every sector in the production and operation.



### The "One Gram of Milk" Initiative

In 2021, Mengniu carried out the "Preventive Maps of Milk Loss - Save Every Gram of Milk", and set up "Milk Loss Card" to target and decrease milk loss. The Chilled Product Business Unit carried out an in-depth investigation in the milk loss points by sorting out and analyzing the maps of milk loss and made refinement and improvements, effectively lowering the milk loss rate by refinement and optimization. During the year, the milk loss rate of the plant was 2.99% in 2019, 2.44% in 2020 and 2.28% in 2021. In 2021, the "One Gram of Milk" initiative accumulatively saved up to approximately 1,561 tonnes of milk.



"Milk Loss Card" set up in the plant

Mengniu has formulated an internal system "*Mengniu Group's Anti-Food Waste Guidelines*" to enhance the food conservation awareness among the entire staff. On "World Food Day" (16 October) every year, Mengniu carries out anti-food waste promotion activities, making full use of the Group's intranet, LED screens, posting slogans and self-media to actively establish and promote anti-food waste experiences, practices and advanced models.

Employees could record their clean plates for meals via the "*Clean Plate Punching Mini- Program*", with a total of 19,000 headcounts participating in the Group's Clean Plate Punching in 2021, representing food conservation equal to 1.26 tonnes of Buffet.



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## Honours and Recognitions

The case of food waste reduction was selected as a "Classic Demonstration of Carbon Neutrality in 2021" in the 2nd Green Economy Development Forum jointly held by People's Daily Online, All-China Environmental Federation and the Center for Environmental Education and Communications of Ministry of Ecology and Environment;



Selected as "Classic Demonstration of Carbon Neutrality in 2021"

## GOAL-Green Operation and Life

We seek to integrate sustainability into corporate operations and employees' daily life. Nine modules in the GOAL system of Mengniu's Chilled Product Business Unit, i.e. water, energy and climate change, zero waste, air pollution and substances of concern (SOC), People and Nature, the conviction that lucid waters and lush mountains are invaluable assets, ecological economy, renewable agriculture, and sustainable supply chain, were established for the GOAL-green operation and life.



## Water Resource Management

Mengniu is committed to promoting the all-round way management of water resources focusing on the concept of "prioritizing water conservation and balanced development". It constantly reduces the pressure of production and operation on local water resources by implementing 3U water conservation strategy, enhancing management and control of target indicators, drawing water resources distribution map and water flow map and creating water conservation demonstration activity, to improve the awareness of water saving in the upstream and downstream of the entire industry chain.

The fresh water consumption per unit product of the Group in 2021 decreased by 2.02% as compared to that in 2020, and the total water conservation in 2021 was 1.48 million tonnes (including 890,800 tonnes of social water conservation). The reclaimed water reuse rate in 2021 was 9.68%. The rate of alternative water resources utilization was 9.18%. 4 entities were certified as provincial water-saving enterprises.

4

entities were certified as provincial water-saving enterprises

## Target Control:

Mengniu established the Energy Conservation and Emission Reduction Committee, of which the CEO serves as the chairman, and the vice president of the group takes charge of the management of water strategy and performance, allocation of tasks to each Business Unit, sign of letter of commitment with person in charge of the business divisions and fulfillment and follow-up for monthly improvement in the performance contract.

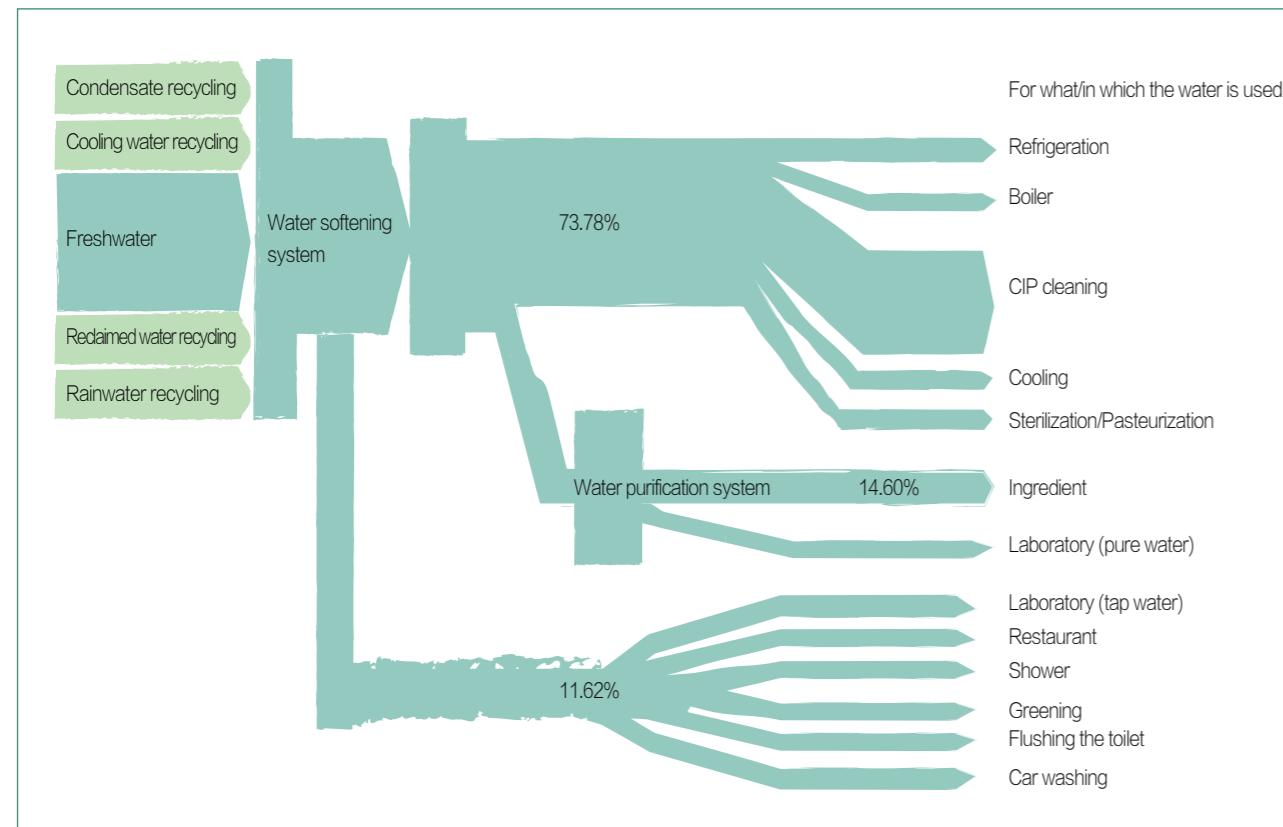
## Drawing Water Resource Map:

According to the scarcity of water resource and the level of water quality in China, the Company establishes a two-dimensional coordinate graph of water resource to classify the priority of water utilisation so as to provide guidance on the decision-making of the Company's new reconstruction and expansion projects.



### Drawing Water Flow Map:

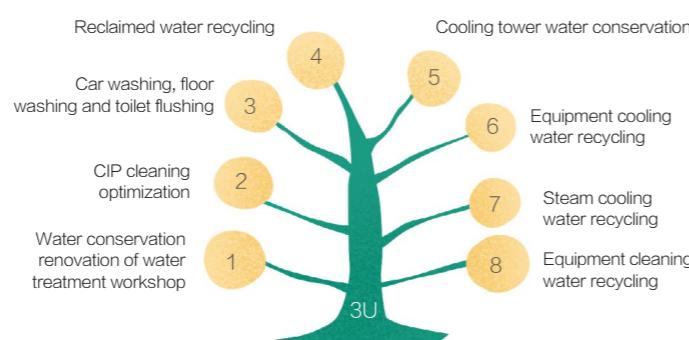
The Company draws a flow map in terms of the utilisation process starting from the entire process of water resources utilisation, determines the water use points with water-saving potential, formulates water resource risk warning map, develops improvement strategy and focuses on the water-saving technical transformation.



Mengniu's water flow map

### 3U Water Conservation Strategy

The 3U water saving strategy is based on the principle of Save Use, Recycle Use and Common Use. Lean management and methodologies were introduced in water conservation to unify water conservation concept, discover and introduce new technologies, new methods and new processes. We implemented 61 water conservation and technology transformation processes to systematically explore the potential of water conservation to give full play to the application of water resources.



Eight Water Conservation Measures

### Water Conservation Management:

The company prioritizes water conservation and balanced development to strengthen source and process control. The logic of water saving management strategy is:

- Conducting compliance inspection on water intake and drainage in terms of four aspects, namely application for water drawing certificates, three-level measurement of water drawing equipment rate, application for drainage permit and provision of drainage measuring instruments;
- Establishing water-saving demonstration and promoting the construction of water resource management system covering pipe network equipment, water metering management, water balance test, water-saving technology transformation and investment, water-saving publicity and other aspects by selecting pilot units and conducting empowerment and focus support.

### Wastewater Treatment:

In 2021, the Company invested over RMB100 million to ensure the daily stable operation of its subsidiary wastewater treatment plants. It also organised and led the application for pollutant discharge permit for the factories to ensure that all items were obtained. At the same time, the Company established pollutant discharge permit information files for the Group, carried out major supervision and management for key ecological protection areas, strictly implemented the requirements of pollutant discharge permit management, and verified pollutant discharge compliance in environmental protection inspection and examination.

#### Data specification:

The total water consumption in 2021	28,643,224.80 tonnes
The volume of wastewater treatment in 2021	27,183,204 tonnes
The recycling volume of reclaimed water in 2021	2,632,013 tonnes
The discharge volume of reclaimed water in 2021	24,551,190 tonnes

The evidence collection rate of pollutant discharge permit of grass-roots enterprises of Mengniu was 100%. Meanwhile, we also promoted the upgrading and reconstruction of the equipment and facility for water pollution control. In 2021, there were 5 upgraded and reconstructed wastewater treatment plants (BOT mode) and 3 sludge drying projects for wastewater treatment plants.

### Wastewater Online Monitoring System:

In 2021, Mengniu continued to develop an online environment monitoring platform to improve the functions of the wastewater online monitoring system and to promote informatization management of eco-environment protection. At present, more than 30 wastewater treatment facilities have realized data transmission and real-time monitoring, including key water pollutant indicators such as pH, COD, ammonia nitrogen, total phosphorus and total nitrogen as well as wastewater treatment volume indicators, ensuring that the terminal effluent meets national and local standards for pollutant discharge concentration and total volume and the sewage discharge is in compliance with the laws and regulations.



### Water Conservation Measures for Room Temperature business Unit

- ① **Reclaimed water recycling:** The annual recycling of the reclaimed water outsourced power plant of the Bameng room temperature factory was over 1 million tonnes, which has fully realized the water cycle.
- ② **Cooling water recycling:** All cooling water is re-used, and the water consumption per tonne is reduced with the process utilisation method. After taking such action, the Gaoxin room temperature factory and the Hengshui room temperature factory have saved 50,000 tonnes and 72,000 tonnes of water each year, respectively.
- ③ **Reverse osmosis concentrated water re-use project:** The reverse osmosis concentrated water was recycled to improve water efficiency. After implementing such measure, Bameng room temperature factory and Helinsi room temperature factory have saved 138,000 tonnes and 54,000 tonnes of water each year, respectively.



### Water Conservation Measures for Chilled Product Business Unit

**Water balance map of Mengniu:** The water balance map is kept optimizing by labeling key water consumption areas, developing regional objectives and conducting day-to-day management through red-green comparison, and improvement measures are taken to improve and verify with the table of analysis for areas beyond the scope to form a complete and sustainable close-loop management. The map is tracked on a regular basis to ensure the benign operating condition of the plants.



### Water Conservation Measures for Ice Cream Product Business Unit

- **Reclaimed water recycling:** Plant reclaimed water was recycled for greening, irrigation, toilet cleaning and for other uses. 6,677.28 tonnes of water was saved.
- **Cleaning water recycling:** Plants were organised to conduct cleaning water recycling and transformation in respect of the mixer circulating water tandem, homogenizer circulating water tandem, tandem cleaning of 2 production lines in workshop, tandem cleaning of 4 overfeed lines, pasteurized water recycling and the renovation of red bean sauce pipeline, which saved approximately 960 tonnes of water.
- **Pasteurized cooling water recycling:** Water pumps were added to 2 Tetra Pak pasteurizers and 2 Tetra Pak homogenizers to achieve cooling water circulation. Under the control of the interlock of the 2 pasteurizers, the circulating water pump can be started with the start of either pasteurizer, and stops running as the pasteurizer stops running. The operator is reminded by an alarm buzzer. Approximately 2,100 tonnes of drinking water was saved throughout the year.
- **Frost water recycling:** Idle equipment is applied to provide the cold storage that requires regular frosting twice a week with an additional 20-tonne water storage tank, so as to achieve recycling of forest water. Approximately 3,600 tonnes of tap water was saved throughout the year.

## Recycle

Under the concept of lifecycle design and production, Mengniu is committed to designing and using more recoverable packages for comprehensive and sustainable product packaging

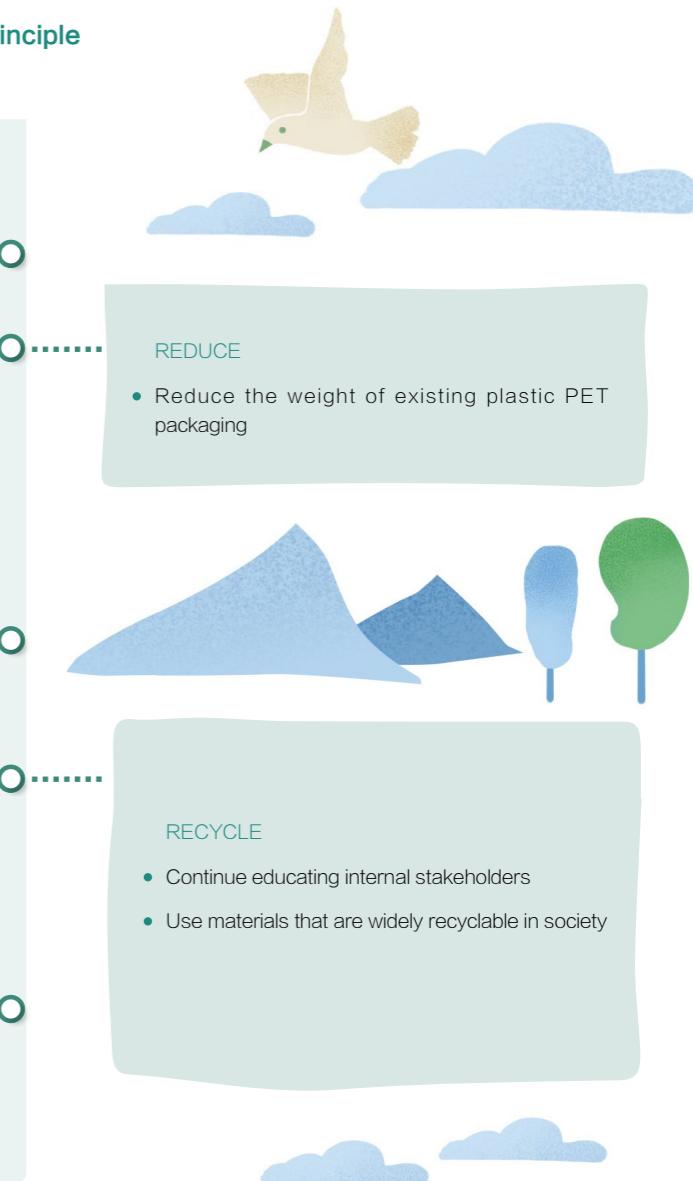
certification. It is also actively carrying out package recycling education for the consumers to reduce the impact of packaging on the environment fundamentally.

### Green Packaging

Mengniu promotes recyclable packaging and, to minimise landfill, steadily reduces packaging waste through research and innovation. We follow the "5R" principles (Redesign, Reduce, Reuse, Recycle and Recovery) and steadily reduce packaging

waste through research and innovation to minimise landfill waste. Mengniu has pledged to achieve 100% sustainable packaging technology by 2025.

#### 5R Principle

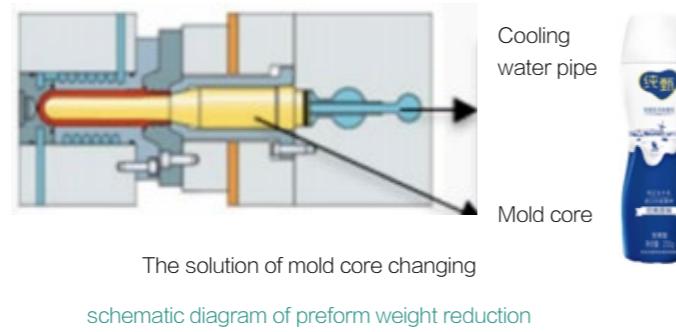




## Green Packaging Management of Room Temperature Business Unit

In 2021, Mengniu has made breakthrough and progress in lightweight packaging design, closed-loop application of dairy packaging and application research of recycled materials of its product packaging.

**Preform weight reduction (light-weight packaging design & packaging reduction):** The preform's gram weight were reduced from 21g to 19g by transforming the existing mold of outsourced preform. We have saved a total of 200 tonnes of plastic based on the annual purchase of 100 million bottles.



## Green Packaging Management of Chilled Product Business Unit

① In 2021, the Chilled Product Business Unit of Mengniu reduced the consumption of PET, PE, PP and PVC by 215 tonnes, 444 tonnes, 53 tonnes and 5.89 tonnes, respectively.

### Integration project of PET industry chain

We integrated the preformed products, unified the bottle neck and reduced the gram weight of bottle cap and preform. PE materials were replaced by the PET materials to promote green packing and reduce raw materials.

1. Yofi C 340 bottles were reduced from 23.60g to 23.40g;

2. 200g-220g yogurt bottles were reduced from 23g to 21.30g;

3. 450 bottles and Yofi C800 bottles were unified to PET instead of PE;

4. Bottle caps were uniformly reduced from 3.50g to 3.20g

### Size modification project of small Yofi C bottle label

The width of Yofi C bottle label reduced from 86mm to 70mm, and the PVC consumption was decreased.

### PET.G bottle label project

Since December 2021, the bottle label of 100ml, 330ml, 340ml and 800ml Yofi C products used PET.G instead of PVC in order to reduce PVC materials that are potentially harmful to the environment or human.

### Project of using cover instead of plastic base for a yoghurt product

using half wrapping instead of plastic base and film for the four-cup 170g yoghurt to deduce plastic.

② In 2021, the Chilled Product Business Division of Mengniu reduced the paper consumption by 1,936 tonnes.

### Material modification project of Prepack carton

The material of Prepack carton was modified to 170/170/170 from 200/170/170, and the base paper material was decreased by 30g/m<sup>2</sup>.

### Material modification project of turnover containers

The material of turnover containers for rainy season was modified to 200/170/200 from 250/140/250, and the base paper consumption was decreased by 70g/m<sup>2</sup>.



## Green Packaging Management of Fresh Milk Business Unit

Roof wrapping form is newly increased for Shiny Meadow. It adopts paperboard wrapping and direct surface printing and the materials are more environmentally friendly.

Three products with smaller volume were launched. The 180ml Prepack of Modern Meadow saved 4.93% of paperboard area by optimizing design.



## Recycling

Packaging recycling is an important issue for Mengniu and all food enterprises to practice environmental protection. Therefore, Mengniu is committed to using more renewable materials, promoting the recycling of packaging, and participating in the development of standards for the industry to reduce the use of natural resources and environmental pollution caused by packaging.

Mengniu has joined a joint task force for the supply chain of green and recyclable plastics established jointly by China Petroleum and Chemical Industry Federation and the China National Resources Recycling Association. As a representative of the dairy industry, Mengniu participated in the formulation of the *General Rules for Assessing Easy-to-Collect and Easy-to-Recycle Designs of Plastic Products*, which filled the gap in the easier recovery plastic products and design criteria for reproducibility in China. Mengniu also participated in CPRRA (China Plastics Reuse and Recycling Association) on discussion of the PET recyclability design standards and co-developed the *PET Recyclability Design Guide* for better recycling of the products'containers.



### Innovative Use of Post-Consumer Recycled Plastic (PCR)

Mengniu integrates industrial ecological forces, unites plastic raw material suppliers, packaging manufacturers, recyclers and other industrial chain parties to realize the recycling of plastic packaging for the first time in the Chinafood industry, and fully applies PCR (the content of recycled materials reaches 13% to 24%) as product packaging films. It is expected to reduce CO<sub>2</sub> emissions by approximately 300 tonnes per year after all switching, reduce resource waste and carbon emissions on a large scale, and contribute to the circular economics and the protection of the ecological environment.



Yoyi C using PCR wrap



PCR wrap recycling system diagram



### PP Recycled Box Replacing Traditional Turnover Boxes

Mengniu, together with auxiliary material suppliers and partners, fully uses non-toxic, non-hazardous and odour-free PP material turnover boxes to replace traditional cartonnes at Point of Sales. Each PP material containers reduces the carbon footprint by 57.50% compared to traditional corrugated boxes. After the full replacement, the Company will save 670 million paper material containers every year, and indirectly save 103,000 tonnes of paper.

### Recyclable Packages Applied to Fruit Particles

TOTE recyclable packages are adopted in replace of aseptic bag and carton packaging for fruit particles, which helped reduce the use of 240,000 cartons and 240,000 sterile bags, which amount to 293 tonnes of paper and 29 tonnes of aluminum foil.

### The First Waste Plastic Recycling Road in China

Mengniu, in collaboration with Dow and East China University of Science and Technology, built the first waste plastic recycling road in China by using discarded plastic bottles. We sent plastic milk bottles to recycling plants for sorting, crushing and melting, and then used them as raw materials to make waste plastic modified asphalt for paving roads. Through this innovation, we hope to find a unique solution to the social problem of "recycling plastic waste" and at the same time, we can further disseminate the relevant knowledge of the sustainable use of waste plastics, and enhance public awareness of environmental protection.



# 04

## Ecosystem-Collaborative & Accountable

Mengniu is committed to join hands with partners on the industry chain to create more social and environmental values during realizing its business value. Under the guidance of the GREEN strategy, we formulated three topics of sustainable procurement, sustainable agriculture and biodiversity conservation to build a responsible industrial chain, explore ecological agriculture and protect the nature, ultimately realize the sustainable development of the whole industry ecosystem.

- Sustainable Procurement
- Sustainable Agriculture
- Biodiversity Conservation

### Highlights in 2021

- The total number of suppliers was 658, including 614 suppliers in mainland China and 44 overseas suppliers.
- On-site assessments were conducted on 485 suppliers, with a supplier coverage rate of 74%.
- Conducted 12 training sessions for 658 suppliers, including quality culture, ESG management and anti-corruption.
- The *Code of Conduct for suppliers* (COC) was improved, requiring all suppliers to sign and comply with regulations on environmental protection, health and safety, labour rights, business ethics, etc.
- All procured raw materials and auxiliary materials have obtained FSSC 22000, FDA registration, ISO 9001, ISO 14001, ISO 22000, HACCP, BRC or other standard system certifications.
- 100% of packing paper has obtained the Forest Stewardship Council (FSC) certification, with a total of approximately 20 billion packs.
- 100% of palm oil was purchased from RSPO certificated suppliers.
- A total of more than 360 training on veterinary drug use were held, covering more than 5,500 person-times.
- 14 cooperative ranches were awarded the title of "National Pilot Farms for Reduction in the Use of Veterinary Antimicrobial drugs".
- Participated in the compilation and publication of the first domestic group standard "*Farm Animal Welfare Requirements Dairy Cows*".
- Its subsidiary China Shengmu has applied 220,000 mu (about 146.67 million square meters) of organic fertilizers to the fields during the year, reducing the use of chemical fertilizers by approximately 7.50 million tonnes.
- Proposed the *biodiversity conservation strategy* of Mengniu.
- Its subsidiary Bellamy's and China Environmental Protection Foundation jointly released the "Blue Planet" public welfare project.
- 822 employees participated in the beach clean-up activity, picking up a total of approximately 1,997 kilograms of coastal garbage, covering an area of 210,000 square meters.

### SDGs we focused in this section:



## Sustainable Procurement

Mengniu strengthens supplier management, continues to promote the construction of a responsible supply chain, and expands its sustainable development requirements to upstream and downstream supply chains. Meanwhile, we vigorously

advocate green procurement of raw materials, jointly fulfill the environmental responsibility of ecological protection with upstream and downstream enterprises, and build a green supply chain.

## Responsible Supply Chain Management

Mengniu adheres to the principles of "open, fair, and equitable" procurement, continues to improve its supplier management system and evaluates suppliers' ESG risks in all links to reduce environmental and social risks in the supply chain.

Simultaneously, we actively guide suppliers to fulfill their social and environmental responsibilities by continuously publicizing and implementing the principle of integrity procurement and conducting supplier empowerment training.

## Supplier Management

Mengniu has formulated the internal rules and regulations of "*Mengniu Dairy Quality Management System for Purchasing Materials*", which implements hierarchical and differentiated management of suppliers from the links of supplier admission,

### The Entire Process of Supplier Management

#### Supplier Admission

According to the primary screening criteria and 120 assessment criteria, implement on-site assessments to verify whether it meets the access requirements.

#### Supplier Daily Management

File management: Regularly update the supplier's qualification, the directory, and other file materials in the supplier information management system to ensure effectiveness.

Inspection upon arrival: Verify compliance based on material standards and quality control plans.

#### Supplier Improvement

Supply Improvement: Adopt the risk evaluation model to establish the supply and supplier management control principles in accordance with the risk elements evaluation to carry out pre-risk control with upstream suppliers by rank.

Daily Evaluation: Formulate an annual evaluation plan, and implement daily evaluation based on the evaluation principles to improve supplier management.

Project Improvement: Set up a project team and implement specified improvement measures in accordance with the prerequisites and management principles of the project.

#### Supplier Performance and Optimization

Performance Appraisal: The performance appraisals are performed based on the *standards for evaluating the performance of suppliers* and the performance of suppliers is classified by rating. Based on the evaluation results, reward and punishment mechanism and management measures are formulated accordingly to implement differentiated management. The performance is evaluated once a year.

Suppliers Optimization: Implement an exit control mechanism with increasing exit requirements to optimize the supplier's management capability.

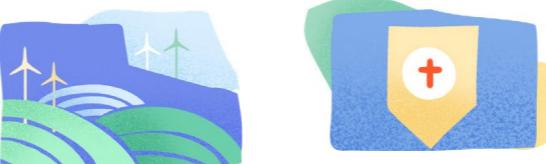
In addition, as of 2021, Mengniu revised the *Code of Conduct for Suppliers* (COC) which requires all the partners to sign and comply with the rules in respect of environmental protection, health and safety, labour rights and business ethics. Through the implementation of the Code, we managed to effectively convey

the sustainable development requirements of Mengniu to both upstream and downstream partners thus gradually establishing a joint sustainable concept and standardized code of conduct, which effectively pushed forward the sustainable development of the entire supplier chain.

### Major Issues of The *Code of Conduct for Suppliers*



#### Environment



#### Health and Safety



#### Labour Rights



#### Business Ethics

Compliance with environmental laws and regulations  
Environmental management  
Resource conservation  
Climate change  
Waste management

Prevention of occupational diseases  
Healthy and safe working environment

Non-discrimination  
Freedom of association  
Freedom of expression  
Protection of human rights  
Elimination of child labour  
Prohibition of forced labour  
Regulated working time

Anti-corruption  
Anti-unfair competition  
Anti-commercial bribery  
Gifts and hospitality

In 2021, Mengniu added 134 new suppliers. As of December 31st, 2021, Mengniu had a total of 658 suppliers, including 614 suppliers in the Chinese mainland and 44 overseas suppliers.

In addition, Mengniu has formulated the *Product Traceability Management System* to establish a traceability management mechanism, covering the whole process from raw materials and raw milk reception to sales outlets, to ensure that the raw materials of the product could be traced back to the place of origin. We required a 100% review of direct contact materials, which included verification of the effectiveness of traceability drills. In 2021, the Company's products can be 100% traced back to the origin milk sources. In 2021, the Company's products can be 100% traced back to raw milk origin.

During the procurement process, we gave priority to suppliers certified by relevant international standards. The raw materials and auxiliary materials purchased by Mengniu have obtained FSSC 22000<sup>3</sup>, FDA registration<sup>4</sup>, ISO 9001<sup>5</sup>, ISO 14001<sup>6</sup>, ISO 22000<sup>7</sup>, HACCP<sup>8</sup>, BRC<sup>9</sup> and other standard system certifications.

<sup>3</sup>Food Safety System Certification (FSSC 22000) is a global and auditable standard under the food safety management system.

<sup>4</sup>Food and Drug Administration (FDA). Food, drugs, cosmetics, and medical devices certified by FDA are safe and effective for the human body.

<sup>5</sup>International Standard for Quality Management System.

<sup>6</sup>International Standard for Environmental Management System.

<sup>7</sup>International Standard for Food Safety Management Systems.

<sup>8</sup>Hazard Analysis and Critical Control Point (HACCP) is the certification for the management system of hazard analysis and critical control point targeted at food production companies to ensure the safety of food in the production process.

<sup>9</sup>British Retail Consortium (BRC). The certification focuses on the safety and risks facing the consumers.

## Supplier Risk Assessment

Mengniu has formulated the *Mengniu Responsibility Supply Chain ESG Risk List*, incorporated the supply chain ESG management content into bidding documents, evaluation and assessment, and other control links, and regularly carried out assessment and identification of the environment, health and safety, labour rights and ethics risks of the supply chain. Based on the assessment results, we have formulated ESG training and improvement plans for suppliers, put forward requirements for suppliers to improve within deadlines and followed up on the improvement promptly.

In 2021, based on ESG risk identification and assessment, Mengniu identified a total of 42 risk items and 10 high-risk items, including resource protection, waste management, healthy and safe working environment, anti-corruption, anti-unfair competition, etc. As of the end of 2021, Mengniu has conducted on-site assessments on 485 suppliers, and the supplier coverage rate has reached 74%.

## Supplier Empowerment Training

Mengniu has been providing suppliers with targeted resources and assistance. We continuously empower our suppliers by providing guidance to them in process audit and performance interviews during the procurement process, and by carrying out supplier training on topics such as supplier lifecycle quality management, quality improvement of agricultural products, and supply chain financing, etc. In 2021, Mengniu organised training on quality and safety for all its suppliers. In addition, we developed special improvement plans for suppliers who need to make improvements, aiming to promote the mutual growth of our supplier partners and Mengniu Group.



### Mengniu Carried Out A Series of Supplier Empowerment Training

- Quality Culture training for cardboard boxes suppliers on 28 April, 2021
- Three rules of quality management training for suppliers on 13 May, 2021
- ESG online training for over 600 suppliers on 8 June, 2021
- ESG training for 37 strategic clients at the supplier conferences



In 2021, Mengniu organised 12 training sessions for more than 658 suppliers on quality culture, ESG management, corporate culture and anti-corruption initiatives.

Mengniu has conducted on-site assessments of suppliers

**485**

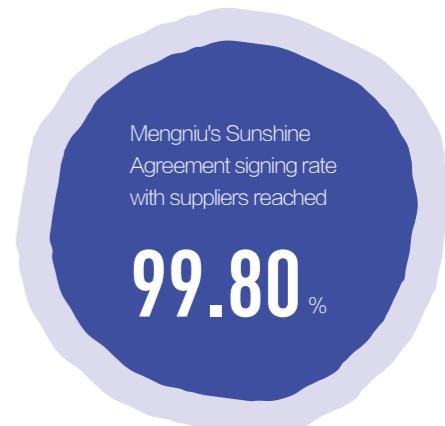
The supplier coverage rate has reached

**74 %**

## Anti-corruption for Suppliers

Mengniu has been advocating integrating procurement and ensuring its achievement by signing *Sunshine Agreement* with suppliers. In 2021, the signing rate of Mengniu's *Sunshine Agreement* with suppliers reached 99.80%.

Mengniu has formulated the *Supplier Blacklist Management System* to strengthen the integrity awareness of the suppliers and evade the procurement risks. The system clearly stipulates that supplier who has caused significant losses to Mengniu Group in terms of economy, brand and reputation due to falsifying, malicious bidding, malicious defaults, breach of the principle of integrity, breach of the terms of the *Sunshine Agreement*, or other reasons causing economic, brand, and reputation loss will be blacklisted after identification. In particular, blacklisted suppliers for violating the *Sunshine Agreement* will be permanently prohibited; other blacklisted suppliers will be prohibited for five years. In addition, we have set up a channel for whistleblowing and complaining about integrity issues of suppliers, and regularly conducted anti-corruption audits of suppliers to investigate and deal with illegal and non-compliant behaviors promptly.



## Raw Milk Supplier Management

A safe and high-quality milk source is the essence of producing premium dairy products. For raw milk suppliers, Mengniu implements strict management processes and continues to provide them with financial and technical support to contribute to the sustainable development of the farms.

Mengniu has formulated the management document of *Ranch Quality and Safety Management System*, under which it implements the whole-process standardized management for all cooperative pastures, covering 8 dimensions and 92 modules, including hay planting, ranch construction, cow feeding, milk production, milk storage, milk transportation, procurement management, monitoring and improvement. Meanwhile, we also developed the *Mengniu Standard Operating Procedures (SOPs)* and the *Ranch Operation Technical Guidance Manual*, to strictly regulate the standardized ranch operating procedures, which encompass 18 modules, 108 secondary modules, and

469 key points, including ranch design, disease prevention and control, reproduction and breeding, forage management, cow herd management, and parlor management, etc. As of the end of 2021, 100% of the Company's controlled ranches achieved standardized, intensive, and scaled production in the process of mechanical milking, total mixed ration (TMR) precision feeding, silage coverage, and integrated technical servicing. In 2021, the total number of cooperative ranches in the Group remained stable, and the milk volume increased by 12% year-on-year.

Mengniu continues to provide financial and technical support for upstream ranches. In 2021, Mengniu cooperated with a number of financial institutions to issue a series of financial products, through which the Company invested over RMB7 billion in support of upstream small and medium pastures.



## Green Procurement of Raw Material

Mengniu actively fulfilled its environmental responsibilities, implemented green procurement of raw materials, and built a green supply chain. We gave full consideration to environmental protection, resource conservation, safety and health, low-carbon recycling and recycling promotion, and gave priority to the procurement and use of energy-saving, water-saving, material-saving, and other raw materials, products, and services conducive to environmental protection. In 2021, Mengniu strengthened the green procurement management of raw materials and promoted the improvement of environmental protection, quality, and safety of suppliers.

### We Encourage:

that suppliers establish quality management system, pass third party certifications, such as organic certification, green food certification, and others;

that suppliers establish improved system for the bases, monitor and investigate the quality of soil, water and air as well as the quality of raw materials of bases on a regular basis and summarize and evaluate the status and results of bases management on a regular basis;

that suppliers establish management system for pesticides, veterinary drugs and other chemicals and list of qualified suppliers and implement procurement from suppliers selected from the list, regulate the medication safety interval and drug dosage, regulate quarantine, with no use of pesticides, veterinary drugs and other agricultural inputs prohibited by the state.



### Bellamy's Practising the Principle of Green Procurement

Major suppliers of Bellamy's under Mengniu have developed global sustainable development and social responsibility plans to ensure the sustainability of raw material procurement and production. Meanwhile, Bellamy's considers the suppliers' carbon emission plan and awareness, the emission and pollution policies, and water consumption and water discharge policies to ensure that there will be no negative impact on the environment during the suppliers' operation.



Mengniu actively promotes sustainable procurement certification among suppliers to strengthen forest protection and reduce the risk of deforestation.

We prioritize the use of sterile recyclable packaging materials certified by the FSC or SFI program. In 2021, Mengniu procured approximately 20 billion packs of paper packages, all of which passed the FSC certification.

100 %



the FSC certification obtained by SIG Combibloc Group



the FSC certification obtained by Tetra Pak Group



the FSC certification obtained by Tetra Pak Group

Mengniu's ranches use soybean meal, a by-product generated from oil extraction of soybean, as feeds for dairy cows. Mengniu encourages soybean meal suppliers to proactively trace the place of origin of soybeans and to give priority to soybeans without deforestation risk.



### Soybean Meal Products Without Deforestation Risk

COFCO International, the main soybean meal supplier of Mengniu's "Aiyangniu" platform integrated procurement platform, announced that by the end of December 2021, it had achieved the traceability for 100% directly purchased soybeans from "Matopiba", an important soybean producing area in Brazil. COFCO International and the International Finance Corporation (IFC), a member of the World Bank, use satellite images and geographic data to map the suppliers' farms and monitor their dynamics to ensure that they meet a series of sustainable development standards, including no engagement in deforestation and vegetation destruction, no activities carried out in environmental reserves, no invasion of the land of aborigines, etc. Meanwhile, COFCO International also carried out training for more than 1,000 farmers to improve their crop planting and cultivating capacity and promote the development of local sustainable agriculture.

Mengniu adopted palm oil as its raw materials for certain products. In 2021, the revenue of the products with palm oil accounted for approximately 1% of the Company's major business revenue, and 100% of Mengniu's palm oil suppliers passed the RSPO<sup>10</sup>certification;

<sup>10</sup>Roundtable of Sustainable Palm Oil (RSPO). The main purpose of RSPO certification is to maintain the sustainability of palm tree (oil palm) planting, processing, and trade, and gradually establish the sustainable development of palm oil products.

# Sustainable Agriculture

Mengniu is committed to developing sustainable agriculture. By improving animal welfare and carrying out the management of renewable agriculture, Mengniu reduces the impact on the ecological environment and ensures better milk sources.

## Animal Welfare

We believe that the healthy growth of dairy cows is fundamental to producing high-quality milk. We actively accelerate the establishment of the standard system for animal welfare and encourage standardised use of veterinary drug by cooperative pastures, and promote cooperative pastures to constantly improve animal welfare.

### Construction of Animal Welfare Standard System

In 2021, Mengniu cooperated with the China Association for the Promotion of International Agricultural Cooperation and other entities to participate in the compilation and release the first group standard titled *Farm Animal Welfare Requirements-Dairy Cows* in China. The standard upholds the concept of "treating animals scientifically, reducing animals' pain and stress response, providing suitable growth environment and nutrition for animals, and improving animals' quality of life and health level", and normalizes the animal welfare standards of dairy cows in the whole process of breeding, transportation, and elimination.

In addition, we also focus on the welfare and healthy breeding of dairy cows, highlighting the improvement of precision nutrition,

perinatal management, silage action and stress prevention, and control of dairy cows, and promote such practices in all cooperative pastures across the country according to the *Welfare Promotion and Implementation System for Dairy Cattles in Farm* prepared and released in 2020. Focusing on the whole process of dairy cow farming, the system expounds in detail on the needs, standard operating procedures, evaluation and improvement of the five benefits of dairy cows, namely "psychological well-being, environmental well-being, hygienic well-being, behavioral well-being and physiological well-being", in order to improve the awareness of animal welfare and management level of dairy cow farming.

Mengniu continually takes a deep dive into the practice and promotion of the animal welfare system. With the help of the technical expert team of the "Golden Key of Dairy Cow" campaign of the national dairy cow farming industry technology system, we have built a regional demonstration farm for farm animal welfare to drive the heightened growth of the dairy cow farming industry.



### Welfare of Dairy Cows in Modern Dairy

Modern Dairy attaches great importance to animal welfare. It is required that the nine modules, i.e. feeding and water drinking, cowshed, facilities, daily management, specific management of cattle at various stages, personnel requirements, clinical veterinary management, transportation, casualty or elimination of cattle, recording, traceability, shall meet the requirements of animal welfare. Modern Dairy has been highly appraised and recognized by external parties in terms of animal welfare.



### Welfare of Dairy Cows in China Shengmu

China Shengmu, a subsidiary of Mengniu, has built 19 organic pastures in Ulanbu and the hinterland of desert and raised nearly 100,000 organic dairy cows. China Shengmu ensures the quality of food and drinking water by offering dairy cows with organic feed and mineral water. The security team comprising professional nutritionists and health care doctors equipped ensures the health and comfort of dairy cows throughout the milk production. In order to improve animal welfare, all pastures of China Shengmu are equipped with, among others, playground, sand pads, fans, cow body brushes, warm clothes, windbreak, lighting equipment and sprinkler systems, which ensures a sound living environment of dairy cows.

Psychological welfare	Behavioral welfare	Environmental welfare	Hygienic welfare	Physiological welfare
No fear or sadness in life	Express nature	Living comfortably	No pain, injury or disease	No thirst and hunger
<ul style="list-style-type: none"> <li>• Grouping management</li> <li>• Milking management</li> <li>• Breeding programme</li> <li>• Delivery process</li> <li>• Calf feeding procedure</li> </ul>	<ul style="list-style-type: none"> <li>• Faeces/urine clean-up</li> <li>• Bedding maintenance</li> <li>• Comfort management</li> </ul>	<ul style="list-style-type: none"> <li>• Newborn cattle care</li> <li>• Health and care</li> </ul>	<ul style="list-style-type: none"> <li>• Source and storage of fresh water and forage</li> <li>• Drinking water management</li> <li>• Total mixed ration (TMR) production</li> <li>• TMR feeding</li> <li>• Trough management</li> </ul>	



## Management of Veterinary Drug Use

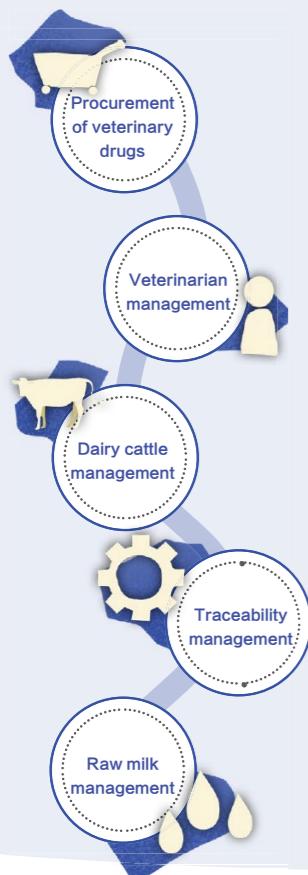
Upholding the veterinary drug use principle of "reduced use and no antibiotics", Mengniu has strictly complied with the *Animal Epidemic Prevention Law*, formulated our Commitment for the Use of the Veterinary Anti-Microbial Drugs and established a management system for the use of veterinary drugs.

### Three Principles of Veterinary Drug Management

- Strictly prohibiting drugs banned in China or internationally, and posting the prohibited list to the partner ranches;
- Restricting and gradually stopping the use of veterinary drugs on which quantity limits are imposed within and outside China and which pose risks;
- Regulating the use of other types of veterinary drugs and ensuring that use is in strict compliance with the product labels and instructions in terms of the scope of animals, indications, usage and dosage, withdrawal period, etc.



### Five Key Measures of Veterinary Drug Management



all veterinary drugs purchased must be compliant veterinary drugs and subject to registration before being put in storage.

veterinarians must be qualified to practice and sign a *Quality Safety Guarantee Statement*, pledging to use drugs compliantly in strict accordance with laws and regulations.

dosed cattle must be marked differently and quarantined separately, and the withdrawal period for milk must be practiced in strict accordance with the instructions for veterinary drugs, and testing for veterinary drug residues must be carried out at the end of the withdrawal period.

ranches are required to establish a comprehensive list of veterinary drugs moved in and out of storage, to store veterinary drugs by category, and assign dedicated roles to manage them.

milk collected on the current day is subject to laboratory monitoring for veterinary drug residues, and non-conforming milk is subject to harmless disposal.

In 2021, Mengniu launched the special control action of veterinary anti-microbial, formulated the specification of the ranch medication process and guided the ranch to "medicate less, medicate better and standardize medication". Meanwhile, we carried out veterinary drug use training to effectively guide the scientific and standardized use of veterinary drugs on ranches. More than 360 of such training were held, with more than 5,500 participants. In addition, we continued to promote the action of reducing the use of antibiotics in ranches, and guided 14 cooperative ranches to obtain the "National Pilot Accredited Farm for Reducing the Use of Veterinary Antibiotics".

## Management of Renewable Agriculture

Mengniu vigorously advocates the construction of ecological dairy farms, promotes the recycling of natural resources in dairy farms, and explores and practices renewable agriculture.

Mengniu requires raw milk suppliers to strictly abide by the *Environmental Protection Law of the PRC*, the *Environmental Impact Assessment Law of the PRC*, the *Soil Pollution Control Law of the PRC*, the *Water and Soil Conservation Law of the PRC*, and other laws and regulations, and to value highly the protection of the ecological environment around the dairy farms to achieve the harmonious development between the dairy farms and nature. We have formulated the *Review Rules for Milk Supplier Access*, which integrates environmental protection requirements into the whole life cycle management process of the dairy farms, and clarifies environmental protection requirements in the aspects of certification, selection, review, performance management and hay selection in dairy farms. Meanwhile, we request all cooperative farms to minimize their pollution in groundwater and surrounding soil around the dairy farms.

The utilization of manure resources is an essential part of the exploration of renewable agriculture. Through the effective use of dairy cow's manure, our ranch partners effectively reduced the use of artificial fertilizers on the dairy farms, as well as the discharge of manure to improve the soil health of the farms.

In 2021, Mengniu introduced new technologies and methods to form four sets of manure treatment solutions, such as the promotion of container-filled and trough-filled fermentation systems, using biogas residue as cow bedding material after directly fermented from fresh cow manure upon separation of wet from dry biomass and organic fertilizer raw material. In addition, we guide the dairy farms to carry out the construction of related facilities, or engage a third-party expert company to realize the harmless treatment and utilization of manure resources. Meanwhile, we vigorously advocate the use of manure among farmers to jointly support the manure resourcification in the dairy farms.

### Manure Resourcification in China Shengmu

China Shengmu, a subsidiary of Mengniu, has built 33 dairy farms in the Ulan Buh Desert, with a herd of 110,000 cows, and an annual output of 600,000 tonnes of raw milk. The company has also built 11 water reservoirs, 9 organic manure fermentation plants and 1 bio-organic fertilizer processing plant.

China Shengmu systematically treated the manure produced in the dairy cow farming process, and applied it back harmlessly to the field according to the maximum decomposing capacity of the land, to realize the sustainable use of manure resources. Meanwhile, it was conducive to restoring degraded soil and improving soil health. In 2021, the company applied organic fertilizer in 220,000 mu (about 146.67 million square meters) of land area to reduce the consumption of approximately 7.50 million tonnes of chemical fertilizer.

Mengniu also constantly encourage dairy farms to strengthen the recycling of water resources, and guided dairy farms to use water scientifically to reduce water waste.



### Mengniu Dairy Farms Water Conservation Initiatives:

- Mengniu actively integrated industry-wide resources, carried out more than 60 online or offline training and encouraged farms to set up circulating water systems and intelligent spray systems;
- The supernatant of the oxidation pond was used to flush the milking halls, the waiting halls, the cow walking aisles, and other ground surfaces to achieve the recycling of water resources;
- Dairy farms were guided to scientifically use water by the installation of an intelligent spray system to reduce the waste of water.

## Biodiversity Conservation

Biodiversity conservation is an important part of Mengniu's sustainable development, and we strive to realize the biodiversity conservation vision featuring "From the Nature For the Future" by carrying out forest conservation actions, practicing biodiversity conservation and enhancing biodiversity consensus.

### Forest Conservation Action

In strict compliance with the *Forest Law of the People's Republic of China*, the *Regulations on the Implementation of the Forest Law of the PRC* and other laws and regulations and the forest protection regulations under relevant local policies, Mengniu resolutely stops the act of indiscriminate logging of forest resources, and actively protects forest resources. In 2021, the construction-purpose land managed by Mengniu did not involve the risk of deforestation.



### Remarkable Effects of Desert Control by China Shengmu

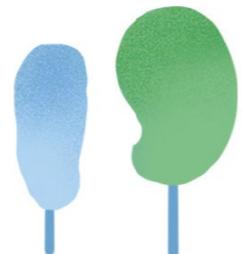
China Shengmu, a subsidiary of Mengniu, upholding the concept of "plant grass or trees as appropriate", built a systematic desert control industry system, and created a vertical ecosystem comprised of "trees, shrubs and pastures", under which large trees play as primary protection, trees, and shrubs as secondary and tertiary protection to comprehensively ease the wind and stabilize the sand, reduce land desertification, and thus improve desert climate significantly. As at the end of 2021, Shengmu has planted more than 97 million trees suited for sandy soils in the Ulan Buh Desert, afforested 410,000 mu (about 273.33 million square meters) of desert area and increased the precipitation by 30.36% from 80 mm/year to 320 mm/year. The influenced area of the desert was reduced by 40%-45% compared with that in 1980s, the amount of sand and dust was reduced by 80%-90% and the average wind speed was reduced by 21.42%.

Mengniu stuck to the green procurement of raw materials in the procurement process, and promoted suppliers to carry out sustainable procurement certification, as detailed in the "Green Procurement of Raw Materials".

### Biodiversity Conservation

Mengniu officially issued the *Biodiversity Report of China Mengniu Dairy Company Limited* in 2021 by benchmarking with the United Nation's 2020 Global Biodiversity Outlook (Draft). The report proposed "one vision", "three pathways", "five actions" and "eight commitments" for biodiversity conservation, and formed a Add a link to the English Report "1-3-5-8" strategic system to comprehensively carry out biodiversity conservation.

In addition, Mengniu works together with employees, partners, consumers, and other stakeholders to carry out biodiversity conservation projects to improve the understanding and awareness of biodiversity among employees and the public, and promote consumers' willingness to green consumption.In addition, Mengniu works together with employees, partners, consumers, and other stakeholders to carry out biodiversity conservation projects to improve the understanding and awareness of biodiversity among employees and the public and promote consumers' willingness to green consumption.



### Mengniu's Coastal Clean-up Activities



For years, we have been calling on our employees across the country to participate in beach clean-up activities on International Coastal Clean-up Day, to help protect our rivers and oceans by picking up litter from the river bank and coast. In 2021, 822 young employees of Mengniu participated in the coastal clean-up activities, picking up approximately 1,997 kilograms of litter from the river bank and coast with an area of 210,000 square meters.



Mengniu's Coastal Clean-up Activity in 2021



### "Blue Planet" Public Welfare Program

During the fifteenth meeting of the Conference of the Parties to the Convention on Biodiversity COP15 of the United Nations, Bellamy's, a subsidiary of Mengniu, organised the "Blue Planet" public welfare program with China Environmental Protection Fund. The program aims to encourage all people to raise their concerns about and safeguard biodiversity to realize the promising vision of "Harmonious Coexistence Between Human Beings and Nature".

Bellamy's will promote biodiversity publicity activity simultaneously both in China and Australia through the "Blue Planet" series projects. In China, Bellamy's will cooperate with the EPF to set up an ecological learning base in four places: Beijing, Shanghai, Guangdong and Yunnan, and take advantage of local natural ecological sites such as flora and fauna parks, forest parks and organic farms, etc. to create a scientific base for biodiversity conservation. The company leads the children and families to embrace nature, learn with joy and practice and experience the enchantment of biodiversity through activities from enlightenment education on biodiversity conservation to outdoor classes for children. Bellamy's offers its organic farms and ranches as social practice sites for children's science education on the organic ecological environment.



The Opening Ceremony of Biodiversity Conservation Public Welfare Activity



Bellamy's Australia Organic Ranch



### ESG Sustainability Visitor Zone in Mengniu Wuhan Factory

The new Mengniu Wuhan plant has set up an ESG sustainable development zone in the visitor area to promote biodiversity conservation and other sustainability-related concepts to consumers. The total number of visiting the plant was 5,043 person-times in 2021.



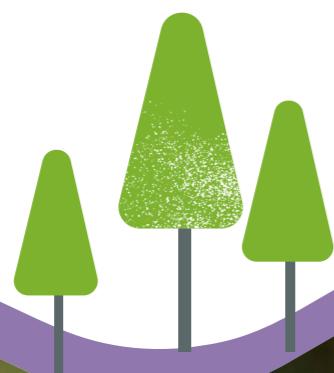
Children visited the ESG Sustainability Zone at the Wuhan plant

# 05

## Nutrition-Supreme & Inclusive

Mengniu is committed to providing nutritious, healthy and delicious dairy products to consumers around the world, nourishing two billion consumers with superior products. Guided by the GREEN strategy, the three issues including nutrition and health, quality service and excellent quality are set to cater for the various health needs, provide more inclusive nutrition and safeguard a better life.

- Nutrition and Health
- Excellent Quality
- Good Services



### Highlights in 2021

- Releasing the *Mengniu Nutrition and Health Policy (2021-2025)* to promote nutrition and health in a comprehensive manner.
- 80+ new products were launched, and a variety of organic, sugar-reduced, low-fat, functional-enhanced and less-artificial additive products were continuously created.
- Launching the "Healthy China-Children's Nutrition Care Charity Program" campus campaign, reaching over 2,000 teachers, students and parents.
- Over 20,000 salespeople, promoters and new retail business staff were empowered through training on knowledge of dairy nutrition.
- Awarded Second-Class award for the State Scientific and Technological Progress Award of China by the State Council.
- 185 newly granted patents, 47 valid copyright registrations and 4,578 valid trademarks were registered during the year.
- 100% of the factories having obtained the ISO 9001 quality management system certification, and 100% of the dairy products factories having obtained the HACCP certification.
- Eight categories of products have been certified by EU food standards.
- The product quality traceability information system being built to cover 8 processes and 16 links in the whole industry chain, achieving 100% coverage of key quality traceability information in the industry chain.
- Organising "Together with the Consumers" activity on consumer day, with more than 40,000 participants, more than 100 events and over 180,000 consumer feedbacks collected.
- The total number of training sessions on responsible marketing was more than 40, with a cumulative number of participants of over 7,000.

### SDGs we focused in this section

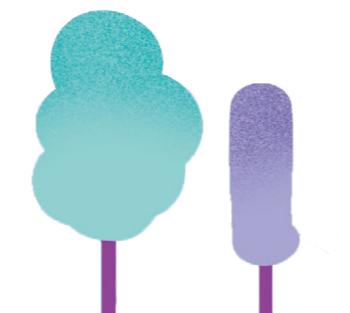


# Nutrition and Health

Mengniu has been continuously launching more innovative products, and continuously increasing the health attribute of products and associated investments to satisfying various nutrition and health needs of different groups of people. In June 2021, Mengniu released the *Mengniu Nutrition and Health Policy (2021–2025)* to promote nutrition and health in a comprehensive manner and build a world-class nutrition and health brand image.

## Healthy Products

Mengniu is committed to developing and producing more nutritious and healthier products. On the basis of nutritional health research and improvement of relevant standards, Mengniu has continued to expand our product categories and launched a succession of products with healthy features such as being organic, low fat, low sugar, low artificial ingredients, plant based, enhanced nutritional elements and small size with more high-quality nutritional dairy products.



### Liquid milk



#### Milk Deluxe Organic Pure Milk

- originated from pastures in desert
- 4g natural milk protein and 130mg of natural calcium in each 100ml of milk
- certified by both Chinese and EU organic standards

#### Zero Lactose and Low-fat Milk

- use of EHT enzymatic hydrolysis technology
- zero lactose and reduced fat content by 50%



#### Just Yogurt

- sugar reduced by 42%
- each bottle of yoghurt has additional 3.20g dietary fiber



#### Yoyi C lactobacillus beverage— low sugar and high calcium

- 50 billion active probiotics
- low sugar and zero fat
- with calcium and vitamin D



#### Champion Yogurt 0 Sucrose

- 100% raw milk fermented
- 3g protein per 100ml
- 1 billion CFU BB-12 probiotics per 100g



#### Shiny Meadow A2 β-casein fresh milk

- originated from A2 type cows in GAP standard ranch
- pure A2 β-casein
- certified by EU food standard



#### Shiny Meadow 4.0 fresh milk

- 4g protein and 130mg of natural calcium
- certified by EU food standard



#### Bellamy's Organic Children's Growth Milk Powder

- 1,300mg calcium and 50mg lactoferrins per 100g milk powder
- with FOS prebiotics and beta-glucan
- certified by Chinese and Zelanian organic standards



#### Yourui Adult Milk Powder

- 0 added sugar
- high dietary fibre—inulin and polyfructose
- advanced slow-digesting carbohydrate formula with low GI



#### M8 Milk Powder for children from 3 to 6 years old

- with bifidobacterium lactis Probio-M8 separated from breast milk



#### Deluxe Cherry Milk Ice Cream

- with raw milk as a main ingredient
- contain collagen peptides and cherries pulp



#### Deluxe Low-fat Coffee-flavoured Ice cream

- protein content >7% and fat content <3%
- with freeze-dried instant coffee powder



#### Yoyi C sparkling drink

- sparkling drink with live probiotics
- the first of its kind in the industry



#### Cheese and other dairy products



#### Arla Organic Cheese Sticks

- world's first organic cheese stick
- made from triple organic certified cream cheese
- 51% cheese content
- flavour, colouring and preservative free



#### Mengniu High Calcium Cheese Sticks

- 6 times of milk calcium
- less sugar and sodium



#### Oatist plant-based beverage

- rich in dietary fiber
- low glycemic (GI)

## Products in Smaller Size

To avoid waste caused due to inability to finish eating in one time, we are committed to researching and developing small-pack products. We have developed a variety of products with a capacity of less than 220g, such as small Yoyi C lactobacillus drink, Just Yoghurt strawberry fruit-flavoured yogurt, Future Star student milk and AhmouleYoghurt.





### Revenue Share of Nutrition and Health Products in 2021

the revenue of pure milk and fresh milk accounted for more than

**50** %

the revenue of products with no added sugar and reduced addition of sugar accounted for more than

**55** %

the revenue of low-sodium products accounted for more than

**90** %

the revenue of low-fat products accounted for more than

**15** %

the revenue of organic products accounted for more than

**6** %

the revenue of products with low or no artificial ingredients accounted for more than

**95** %

the revenue of products fortified with nutrients accounted for more than

**35** %



#### Notes:

- a) the revenue share of nutrition and health products refers to the proportion of revenue from nutrition and health products in the principle business revenue of Mengniu;
- b) the products with low sodium and low fat comply with the *GB 28050-2011 National Food Safety Standard-Standards for Nutrition Labelling of Pre-packaged Foods*;
- c) products with low or no artificial ingredients refer to the products without artificial additives, colorant aspartame and other controversial additives, or those with less such additives than the ordinary products;
- d) products fortified with nutrients refer to products with additional nutrients added compared to ordinary products.

## Nutrition Education

Nutrition education is the most fundamental, economical and effective strategy and measure to solve public nutrition and health problems. Mengniu implements the *Outline of the Healthy China 2030 Plan*, conducts education and dissemination of knowledge about basic nutrition, population nutrition and dairy scientific nutrition, and improves the level of national nutrition and health knowledge.



### The Second Nutrition and Health Development Conference of Chinese Students

In 2021, Mengniu, Tongliao City People's Government and Nutrition and Health Promotion Association of Chinese Students jointly held the second nutrition and health development conference of Chinese students. The three parties launched the joint construction project of a student nutrition and food education base to promote food education research results to truly serve students, schools and families, which helps the sustainable development of the nutrition and health industry, and realises the common vision of a healthy and powerful country.



2021中国学生营养与健康发展大会



### Mengniu's "Healthy China–Children's Nutrition Care Charity Program" Campus Campaign

From June 2021, Mengniu joined hands with the China Nutrition Society and the Nutrition and Health Promotion Association of China Student to host the "Healthy China–Children's Nutrition Care Charity Program" campus campaign. Through explaining the nutritional and health secrets of milk and yogurt, the children broadened their nutritional knowledge and realised the benefits of drinking dairy products. In 2021, a total of 7 campaigns, were held in Tianjin, Wuhan, Pingdingshan and other places, covering more than 2,000 teachers, students and parents.



In 2021, Mengniu built a comprehensive and systematic dairy nutrition knowledge system, joined hands with in-house and external nutrition experts and empowered employees and distributors with 6 major nutrition courseware systems, 3 books and 6 copyrights, so as to benefit consumers, and then carry out nutrition education more broadly.

## Nutrition Research

Mengniu attaches great importance to scientific research and innovation, and continues to conduct in-depth nutrition research in cooperation with scientific research institutions at home and abroad. At present, Mengniu has built the world-leading High-Tech Research Institute and High-Intelligence Production Base, bringing together the expertise of 16 domestic and international universities and research institutions, including Tsinghua

University, Peking University, China Agriculture University and Jiangnan University. Mengniu also built an overseas research and development (R&D) center, having more than 30 R&D partners around the world. In 2021, Mengniu launched cooperation projects with China Agricultural University and Jiangnan University respectively, mainly involving oils and fats, proteins, probiotics and other fields.



### Mengniu 2021 Nutrition Research Projects

- > China Breast Milk-oriented Protein System Research Project
- > The "13<sup>th</sup> Five-Year Plan" National Key Research and Development Special Project "Creation of New Generation of Dairy Products and Dairy-based Food for Special Medical Purposes for Infants"
- > Project of "Research on the Impact of Organic Diet on Infant Health in Early Life"
- > Environmental Microbe Monitoring Plan of Production Plant (EMP)
- > Group Standard of Probiotic Terminology
- > Influence of Yoghurt on Children's Health in China
- > Dairy Nutritional Health Trends Report
- > Validation Experiment of Health Benefits and Efficacy of Probiotic Products
- > Inner Mongolia Autonomous Region 2021 High Quality Standards System Construction Project–Dairy Nutrition Standards System



## Intellectual Property Protection

Mengniu has established an intellectual property system and built an intellectual property management system with Mengniu's characteristics, forming an intellectual property creation mechanism oriented to high-value brand innovation and supported by a digital intelligence technology platform, an intellectual property protection mechanism with holistic and synergic self-protection and dynamic and timely pre-warning against peers, an intellectual property mechanism with analysis of the legal environment in the destination countries for overseas market expansion and monitoring of intellectual property risks in the industry, and the intellectual property management mechanism with full collaboration between the intellectual property management departments and business departments, with a view to guiding each department to bring into play the combination of various types of intellectual property. In 2021, in the course of business, Mengniu audited a total of 6,469 trademark-related matters, 1,072 packaging and advertising matters and 26 copyright registrations. 26 cases.



In 2021, Mengniu revised the *Review and Management System of Advertising and Publicity*, improved the *Management Measures for the Protection of Intellectual Property Rights*, and formulated the *Trademark Management System*, the *Trade Secrets Management System*, the *Disputes Management System*, the *Copyrights Management System*, the *Overseas Intellectual Property Rights Management System*, and the *Brand Management System*.

The *Management Measures for the Protection of Intellectual Property Rights* stipulates the principles of Mengniu Group's intellectual property management, strengthens the protection of trademarks, patents and copyrights and requires timely application and registration to protect intellectual property achievements and prevent infringement; the *Advertising Slogan and Trademark Review System* mainly provides for the specific management methods, management processes and the use of related materials regarding the Group's advertising slogans and trademarks. 278 patents were applied in 2021, with a total of 1,223 valid patents by the end of 2021, and 185 new granted patents in 2021; 47 effective copyright registrations and 4,578 effective trademarks in 2021.

**278**

**1,223**

patents were applied  
in 2021

valid patents by  
the end of 2021

**185**

new granted patents  
in 2021



## Excellent Quality

Mengniu established a complete 4Q quality management system to perform quality management and control covering the entire life cycle of products with scientific and strict standards for quality management, so as to provide consumers "best products" with excellent quality. At present, Mengniu takes the lead in passing the EU food standard certification for eight categories of its products in China.

### Quality Control

Mengniu has been always upholding a core value of "consumers are at the heart of all our decisions", continuously improving product quality and presenting consumers with perfect products of world quality. Mengniu continues to improve the 4Q quality management system, continuously promote the effectiveness of quality management, identify opportunities for improvement in quality management activities and promote and enhance the quality and safety awareness of all employees.

### Product Life-cycle Quality Assurance

The Company has updated 19 policies and systems on safety and quality management in total, including quality management on raw material, quality management on raw material suppliers, management of ranch quality and safety, management of safety and quality performance, product traceability management, peripheral warehouse management, dealer access management and others.

As of 31 December 2021, all of Mengniu's factories had been certified to the ISO 9001 quality management system, and all dairy factories had been certified to HACCP, with a total of 179 certifications.

In 2021, Mengniu launched the system consistency project. Based on the international food safety management system and international food enterprises as the benchmark, Mengniu reviewed the Group's the 4Q quality management from multiple dimensions and perspectives to seek opportunities for improvement, and continue to consolidate the 4Q quality management, aiming to implement every requirement in the quality system into the grass-roots business process and improve the quality management level of the whole industrial chain.

### "The State Scientific and Technological Progress Award of China"—the Second Class



On 3 November 2021, Mengniu's project "Key Technology for The Control and Quality Improvement of Milk and Dairy Products" won the second class of the State Scientific and Technological Progress Award of China by the State Council, which represented a high level of recognition for Mengniu's work on quality and safety and quality improvement in recent years.



"The State Scientific and Technological Progress Award of China"—the Second Class



## Eight Categories of Products Have Been Certified by EU Food Standards

In 2021, Mengniu carried out EU food standard product certification, covering eight categories of sterilized milk, modulated milk, fermented milk, pasteurized milk, milk-containing/flavored beverages, frozen beverages, infant formula milk products and processed cheese. All the certified products have passed the evaluation, and reached the EU standard.



EU Food Certification



## Application and Training of Quality Design System

In 2021, the Company released the work roadmap, guidelines and tools throughout the whole process of new product quality activities. The quality design system has been applied to all new products and continuously optimized.



Photo of Quality Design System Training

## Procurement and Supply Life-cycle Quality Management

Mengniu conducts double-layer audits and strict access to raw and auxiliary materials, suppliers and high-risk items performs strict testing on each batch of raw and auxiliary materials, implements full index verification by authoritative institutions on raw and auxiliary materials, identifies the food safety risks of the whole chain of raw and auxiliary materials from the supplier to the factory and carries out quality control. Mengniu also utilises the quality big data to achieve risk warning of non-conforming materials and implements special improvements, conducts daily quality reviews on existing suppliers to identify shortcomings and promotes supplier quality improvement; promotes continuous supplier optimization through supplier quality performance management; signs a *Food Safety Commitment* with suppliers, and forms a supplier withdrawal and quality blacklist mechanism to gradually improve the quality management system for the whole life cycle of procurement and supply.

## Pilot Implementation of Pre-management of Raw Materials

Mengniu benchmarked against the world's first-class management methods, took one of the ten major categories of raw materials as a pilot and implemented the raw material pre-management process. The Company formed an expert group, and organised Business Unit experts to conduct a four-step expert conference on risk identification and assessment methods to obtain improvements points and determine implementation plans.

## Product Traceability Management Mechanism

In 2021, the Company aligned with the industry and relevant laws and regulations, sorted out and improved the key traceability information of the industry chain, formed product traceability information standards, solidified the sources of traceability information, covered 8 processes and 16 links of the whole industry chain to achieve 100% coverage of the key quality traceability information of the industry chain. Mengniu established quality traceability information system with the assistance of SAP, LIMS and other information-based systems, and conducted regular three-level verification of the effectiveness of product traceability through the three-level linkage of the Group, business divisions and factories, from the three dimensions of planning, undertaking and execution.

In order to standardize the workflow of product recall, reduce and avoid the harm of unsafe products and protect public health and life safety, Mengniu has

covered

8  
processes

16  
links of the whole industry chain

established a sound recall mechanism for Mengniu products by developing *Product Recall Management System of Mengniu Group*, in conjunction with the national *Administrative Measures for Food Recalls* to put in place a sound product recall mechanism. All departments are required to immediately stop selling the products when they are informed that the products are unsafe, and take the initiative to recall the relevant unsafe products. Mengniu implements three-level control of product recalls according to the degree of harm and urgency of unsafe products and ensures rapid response, in addition to clearly defining the recall initiation process, information transmission, recall implementation process and subsequent analysis and improvement requirements, as well as to require written reports to be formed daily for Level 1 recalls, at least every 5 working days for Level 2 recalls and at least every 10 working days for Level 3 recalls. Mengniu had no product recall in 2021.

Mengniu had

0  
product recall in 2021

## Quality Culture Construction

In order to strengthen the publicity of quality culture and empower all employees, in 2021, the Company organised a total of 353 sessions of training on quality and safety for all employees. Meanwhile, the Company has built a safety and quality course system on the "Worth-It" online learning platform, involving 10 general courses, 197 professional courses and 635 professional courses, which are pushed to 7,000+ safety and quality technicians by the system through the position learning map.

Mengniu innovatively introduced BRCGS Excellent Food Safety Culture Global Assessment Tool for Food Safety Culture Excellence Assessment to conduct food safety culture evaluation. The fourth Helin factory with normal temperature, Beijing factory low temperature, Jiaozuo factory for ice products, Ma'anshan factory for fresh milk and Helin factory for cheese were selected as the first five pilot factories for evaluation. The evaluation results exceeded the global average level of the peers. Among them, the fourth Helin factory with normal temperature and Ma'anshan factory for fresh milk obtained the international highest grade A +.



## Good Services

Mengniu carries out responsible marketing, opens up consumer communication channels, protects consumer privacy and strives to make every consumer enjoy healthy and delicious products with safety and pleasure.



### Responsible Marketing

We believe that providing consumers with scientific and accurate nutrition and health information is the basis for solving poor dietary problems. Therefore, Mengniu is committed to helping consumers make scientific and rational product choices, and eat healthily by promoting publicity of accurate product nutrition.



#### Responsible Marketing System

Mengniu has formulated documents to regulate advertising and marketing practices, such as the *Review and filing System of Advertising Slogan and Trademark*, the *Product Claim Management System*, the *Mengniu Group Business Principles of Responsible Marketing*. For breast-milk substitutes, the marketing methods are strictly required to comply with the *International Code of Marketing of Breast-milk Substitutes* and the relevant statements of the *Measures for the Administration of the Marketing of Breast Milk Substitute Products in China*. In 2021, the company revised the *Review and Management System of Advertising and Publicity*.

- Clarify the risk assessment sheet implementation system and process, specify risk level opinions and risk degree and standardise the Group's risk assessment sheet operation process;
- Require each Business Unit to establish a review management system for advertisement and publicity in line with the environment of its own business market based on the practical circumstance;
- New assessment criteria are added, and assessment will be made with regard to the violations of the provisions of this system.

We held on-site and online training for over 20 legal staff of each Business Unit to publicise the *Review and Management System of Advertising and Publicity*. The Company held approximately over 40 training related to the responsible marketing in total, with over 7,000 participants in total.

Meanwhile, Mengniu combines the construction of national nutrition and health standards and the development of Mengniu's own businesses to promote the reasonable use of front-of-package (FOP) label for prepackaged foods in all business divisions to ensure compliance with nutrition and health claims, and to promote the use of product clean labels to facilitate consumers' faster identification and selection of nutrition and health products.

## Consumer Services

Mengniu highly values the protection of the legitimate rights and interests of consumers, strictly complies with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, treats and handles consumer complaints seriously and endeavours to protect the privacy and information security of our consumers.

An independent department deals with complaints, and consumers can lodge complaints via channels such as telephone, Weibo, WeChat and email. We receive, classify, respond to, disseminate and track information in accordance with the *Customer Feedback Management System*, provide feedback to consumers in a timely manner and settle complaint cases on time. 31,654 complaints were received by the company in 2021, among which, 21,066 were quality-related complaints, 9,565 were service-related complaints and 1,023 were complaints of different types other than quality or service-related complaints, with a 100% complaint handling and settling rate.

On the World Consumer Rights Day on 15 March 2021, Mengniu organised the "We Are with the Consumers" activity,

with more than

**40,000**  
participants

more than

**100**  
events

and over

**180,000**  
consumer advises were collected  
and tracked for improvement

## Information Protection

Information security risk is one of the "N+10" major risks of Mengniu in 2021. Based on the overall risk control framework, the company will build a human-centered security structure and control system focusing on the goal of 0 loss, 0 leakage and 0 damage, promoting encrypted transmission of secret classification documents on the basis of full coverage of terminal security, ensure high efficiency transmission of data in different levels, strictly adhere to the red line of security and compliance, establish an IT standardized operation system from procedure to system and safeguard the information security of the company.

In 2021, the company will update and formulate contingency plans for emergency responding to and handling of the security events of important systems, networks, websites, data, communications and infrastructure.

loss goal of



leakage goal of



damage goal of



## Content Index of HKEX ESG Reporting Guide

ESG Scope and General Disclosure and Key Performance Indicators (KPI)			Pages
Environment			
	General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that significantly affect the issuer regarding air and greenhouse gas emissions, discharges into water and land and generation of hazardous and nonhazardous wastes.</p> <p>Note: Air emissions include NOx, SOx and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	P49–53, P59–60, P64–67, P70–73
A1:	A1.1	The types of emissions and respective emissions data.	P111
Emissions	A1.2	The direct (Scope 1) and indirect through energy (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	P49, P111
	A1.3	Total hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	P111
	A1.4	Total non-hazardous wastes produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	P111
	A1.5	Description of the emission objectives established and the steps taken to accomplish these objectives.	P51–52, P59–60, P64–67, P70–73
	A1.6	Description of how hazardous and nonhazardous wastes are handled and the waste reduction objectives established and the steps taken to accomplish these objectives.	P64–67
A2:	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P61–64, P70–78
Use of Resources	A2.1	<p>Note: Resources may be used for production, storage, transportation, buildings, electronic equipment, etc.</p> <p>Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).</p>	P111

ESG Scope and General Disclosure and Key Performance Indicators (KPI)			Pages
	A2:	A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).
	Use of Resources	A2.3	Description of the energy use efficiency objectives established and the steps taken to accomplish these objectives.
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and the description of the water efficiency objectives established and the steps taken to accomplish these objectives.
		A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.
	A3:	A3:	Policies on minimising the issuer's significant impact on the environment and natural resources.
	The environment and natural resources	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.
	A4:	General Disclosure	Policy for identifying and responding to significant climate-related issues that have had and may have an impact on the issuer.
	Climate Change	Climate Change	Description of significant climate-related issues that have had and may have an impact on the issuer, and actions taken to address them.
Social			
	General Disclosure	Information on:	
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that significantly affect the issuer regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	P31–38
	B1:	B1.1	Total workforce by gender, employment type (full-time or part-time, etc.), age group and geographical region.
	Employment	B1.2	Employee turnover rate by gender, age group and geographical region.
	B2:	General Disclosure	Information on:
	Health and Safety		(a) the policies; and
			(b) compliance with relevant laws and regulations that significantly affect the issuer regarding providing a safe working environment and protecting employees from occupational hazards.
			P37–38

ESG Scope and General Disclosure and Key Performance Indicators (KPI)			Pages
	B2.1	Number and rate of work-related fatalities for the past three years (including the reporting year).	P38
	B2.2	Lost days due to work injury.	P38
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P37-38
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  Note: Training refers to vocational training. It may include internal and external programmes paid by the employer.	P33-35
		B3.1 The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	P35
	B3.2	The average training hours completed per employee by gender and employee category.	P35
B4: Labor Standard	General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that significantly affect the issuer regarding preventing child and forced labour.	P24, P31-32, P82
		B4.1 Description of measures to review employment practices to avoid child labour and forced labour.	P31-32
	B4.2	Description of steps taken to eliminate such practices when discovered.	P31-32
	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P81-84
	B5.1	Number of suppliers by geographical region.	P82
B5: Supply Chain Management	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, as well as how they are implemented and monitored.	P81-84
	B5.3	Description of practices relating to identifying the environmental and social risks of every sector of the supply chain, as well as how they are implemented and monitored.	P81-84
	B5.4	Description of practices relating to promoting the use of environmental protection products and services when selecting supplier, as well as how they are implemented and monitored.	P85-86

ESG Scope and General Disclosure and Key Performance Indicators (KPI)			Pages
	B6: Product Responsibility	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that significantly affect the issuer regarding health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	P95-104
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P102
	B6.2	Number of products and service-related complaints received and how they are dealt with.	P104
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P99
	B6.4	Description of quality assurance process and recall procedures.	P102
	B6.5	Description of consumer information protection and privacy policies, and how they are implemented and monitored.	P104
	General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that significantly affect the issuer regarding bribery, corruption, fraud and money laundering.	P23-28
	B7: Anticorruption	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	P25
	B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	P26
	B7.3	Description of the anti-corruption trainings provided to the Directors and the employees.	P27-28
	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P39-46
	B8: Community Investment	B8.1 Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	P39-46
	B8.2	Resources contributed (e.g., money or time) to the focus area.	P39-46

## Mengniu's Sustainability Performance Data from 2015 to 2021

### Economic Performance

Indicator	2015	2016	2017	2018	2019	2020	2021
Operating revenue (RMB100 million)	490.27	537.79	601.56	689.77	790.30	760.35	881.42
Total assets (RMB100 million)	506.53	491.24	581.38	664.57	785.37	801.46	981.01
Profit (RMB100 million)	25.20	8.13	20.30	32.03	42.95	35.02	49.64
Production capacity (10,000 tonnes)	868	921	922	975	950	990	1,116
Completion ratio of economic contracts (%)	100	100	100	100	100	100	100
Signing ratio of Anti-Bribery Contract (%)	100	100	100	100	100	100	99.80SS
Traceability of nonconforming products (%)	100	100	100	100	100	100	100
Pass rate of ex-factory product quality inspection (%)	100	100	100	100	100	100	100
Ex-factory batches of products subject to quality and safety monitoring (%)	100	100	100	100	100	100	100
Percentage of products recycled due to safety and health factors during product transportation and sales (%)	0	0	0	0	0	0	0
TMP and silage coverage (%)	100	100	100	100	100	100	100
Mechanized milking ratio (%)	100	100	100	100	100	100	100
Raw milk random sampling pass rate (%)	100	100	100	100	100	100	100
Ratio of large-scale intensive ranch milk sources (%)	100	100	100	100	100	100	100

### Social Performance

Indicator	2015	2016	2017	2018	2019	2020	2021
Labor contract signing rate (%)	100	100	100	100	100	100	100
Social insurance coverage (%)	100	100	100	100	100	100	100
Medical examination and health record coverage (%)	100	100	100	100	100	100	100
Response rate to employee requests (%)	100	100	100	100	100	100	100
Total number of employees	39,683	41,600	41,141	41,031	37,894	40,626	44,629
Training time per employee per year (hours)	36.50	36.70	36.92	41.97	66.30	87.26	87.31
Completion rate of procurement contracts (%)	100	100	100	100	100	100	100
Response rate to consumer complaints and recommendations (%)	100	100	100	100	100	100	100
Total expenditure on Charity (RMB10,000)	510	1,050	1,969.90	2,500	4,000	76,000	4,584.50
Total tax paid (RMB100 million)	29.50	29.20	36.66	41.11	45.22	36.91	40.89

### Environmental Performance

Indicator	2015	2016	2017	2018	2019	2020	2021
Water saved (10,000 tonnes)	122.29	51.60	49.84	96.00	137.40	201.10	147.94
Reclaimed water rate (%)	10.55	11.38	9.85	7.18	7.99	7.63	9.68
COD reduction (tonne)	29,088.26	30,701.89	34,102.95	47,095.70	49,575.42	44,710.65	41,227.21
Compliant treatment rate of solid waste (%)	100	100	100	100	100	100	100

## Mengniu's Performance Data on Key Environmental Indicators from 2019 to 2021

	Index	Indicator Unit	2019 Data	2020 Data	2021 Data
Exhaust gas	Total exhaust emissions	Cubic metres	2,583,107,214.86	1,700,946,666.78	2,210,671,704.11
	SO <sub>2</sub> emissions	Tonne	123.20	35.90	150.30
	NOx emissions	Tonne	230.22	141.95	1,489.99
	Soot emissions	Tonne	121.91	25.96	238.57
Wastewater	Wastewater discharge	10,000 tonnes	2,647.97	2,863.80	2,718.32
	COD discharge	Tonne	1,284.63	1,063.87	893.81
	BOD discharge	Tonne	—	222.48	246.93
	Ammonia nitrogen	Tonne	185.16	154.40	204.24
Carbon dioxide emissions	10,000 tonnes	116.00	127.00	136.00	
-Scope 1 emissions	10,000 tonnes	21.00	21.00	26.00	
-Scope 2 emissions	10,000 tonnes	95.00	106.00	110.00	
Carbon dioxide emission per tonne of production	kg/Tonne	168.00	169.00	171.00	
Total hazardous waste	Tonne	247.92	242.23	382.81	
Total general waste	Tonne	5,386.00	28,912.44	40,200.24	
Grid electricity consumption across regions	kWh	799,627,013.44	848,749,516.09	816,797,963.40	
Coal consumption	Tonne	29,534.84	7502.82	0.00	
Petroleum consumption	Litre	13,855.00	15,101.86	11,196.38	
Diesel consumption	Litre	25,332.00	14,894.51	55,124.81	
Purchased steam	Tonne	779,065.81	880,833.12	859,756.92	
Natural gas consumption	10,000 standard cubic meters	5,546.14	6,811.11	7,188.65	
Generation of solar power	10,000 kWh	483.16	466.05	869.75	
Steam production from biomass energy	Tonne	320,200.00	309,541.33	289,575.22	

	Index	Indicator Unit	2019 Data	2020 Data	2021 Data
	Combined energy consumption	Tonnes of standard coal	293,368.07	316,061.06	290,017.39
	Total water consumption	Tonne	28,375,521.00	29,093,882.70	28,643,224.80
	Reduction of COD discharge	Tonne	49,575.42	44,710.65	41,227.21
	Water saved	10,000 tonnes	137.40 (including 357,000 tonnes of social water savings)	201.10 (including 468,000 tonnes of social water savings)	147.94 (including 890,800 tonnes of social water savings)
	Reclaimed water rate	(%)	7.99	7.63	9.68
Packaging material usage	Inner packaging materials	100 million packs	213.00	255.00	263.00
	External packaging materials	100 million packs	39.00	23.00	23.50
	Others	Tonne	17,663.35	14,029.66	12,332.50

### Note on calculation methodology:

1. For the conversion of air pollutants, reference is made to the calculation formula for sulphur dioxide emissions in the Emission Coefficients and Material Calculation Methods for Industries Not Included in the Emission Permit Management (for Trial Implementation) issued by the Ministry of Environmental Protection

$$\text{PSO}_2 = Q \times \eta \times 0.85 \times 2 \times 10$$

Where: PSO<sub>2</sub> is sulphur dioxide emissions (kg); Q is fuel consumption (tonne); η is sulphur content of fuel (%).

PNO<sub>x</sub> is NO<sub>x</sub> emissions (kg); Q is fuel consumption (tonne); μ is pollutant discharge coefficient.

2. Combined energy consumption is calculated according to the General Principles for Calculation of Combined Energy Consumption (GB/T2589-2020) based on the consumption of energy sources including gasoline, diesel, natural gas, electricity and externally purchased thermal power.

3. According to the internationally recognized WBCSD/WRI greenhouse gas accounting system, standard under the "IPCC 2006 National Greenhouse Gas Inventory Guidelines 2019 Revision" and the ISO 14064-1 standard, the emission amount is determined by calculating the active data and the corresponding emission factor. Scope 1 emissions refer to greenhouse gas emissions directly generated by burning fuels in factories, such as self-owned boilers, vehicles, and the direct energy involved includes natural gas, diesel, gasoline, liquefied petroleum gas, coal, biogas, etc.; Scope 2 emissions refer to greenhouse gas emissions from purchased electricity and steam, which cover the carbon dioxide, methane and nitrous oxide emissions involved in the actual production process of all Mengniu Group's normal temperature, low temperature, ice products, fresh milk, milk powder and cheese self-operated factories (\*Mengniu production process does not involve the other three types of greenhouse gases in the Kyoto Protocol: hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride). In particular, offices and some smaller sales/distribution centres are excluded from the calculation of scopes 1 and 2 due to their low energy consumption and emissions. The measurement complies with the Guidelines for Accounting Treatment and Reporting of Greenhouse Gas Emissions of Food, Tobacco, Alcohol, Beverage and Refined Tea Enterprises (Trial) (2015) of the PRC. The GWP (Global Warming Potential) and emission factor were selected with reference to the IPCC Fifth Assessment Report.

## The List of External Laws and Regulations and Internal Systems

ESG indicator	Internal system	Laws and regulations	ESG indicator	Internal system	Laws and regulations
A1 Emissions	<p>Mengniu Manual on Environmental Protection</p> <p>Procedures for Environmental Risk Assessment and Control Planning</p> <p>Mengniu Dairy Solid Waste Environmental Management System</p> <p>Administrative System for Environmental Management of Construction Projects</p>	<p><i>Environmental Protection Law of the People's Republic of China</i></p> <p><i>the Law on Prevention and Control of Environmental Pollution by Solid Waste</i></p> <p><i>the Law of the People's Republic of China on Environmental Impact Assessment</i></p> <p><i>the Law of the People's Republic of China on Prevention and Control of Soil Contamination</i></p> <p><i>the Water and Soil Conservation Law of the People's Republic of China</i></p> <p><i>the Forest Law of the People's Republic of China</i></p> <p><i>Regulations on the implementation of the Forest Law of the People's Republic of China</i></p> <p><i>Norm of Water Intake for Dairy Products</i></p>	B3 Development and Training	<i>Study Development Management System</i>	<p><i>Universal Declaration of Human Rights</i></p> <p><i>International Conventions on Human Rights</i></p> <p><i>the Labour Law of the People's Republic of China</i></p> <p><i>the Labour Contract Law of the People's Republic of China</i></p> <p><i>the Constitution of the All-China Federation of Trade Unions</i></p> <p><i>the Trade Union Law of the People's Republic of China</i></p>
A2 Use of Resources	<i>Biodiversity Report of China Mengniu Dairy Company Limited</i>		B4 Labour Standards	<i>Special Collective Contract on Protection of Rights and Interests of Female Employees</i>	
A3 The Environment and Natural Resources	<p>Mengniu Manual on Environmental Protection</p> <p>Biodiversity Report of China Mengniu Dairy Company Limited</p>	<p><i>the Environmental Protection Law of the People's Republic of China</i></p> <p><i>Opinions of the CPC Central Committee and the State Council on Completely, Accurately and Comprehensively Implementing the New Development Concept and Doing a Good Job in Peak Carbon Dioxide Emissions</i></p>	B5 Supply Chain Management	<p><i>Material Quality Procurement Management System of Mengniu Dairy</i></p> <p><i>Supplier Code of Conduct (COC)</i></p> <p><i>Product Traceability Management System</i></p> <p><i>ESG Risk List of Mengniu Responsible Supply Chain</i></p> <p><i>Supplier Blacklist Management System</i></p> <p><i>Ranch Quality and Safety Management System</i></p> <p><i>Mengniu Standard Operating Procedures (SOPs)</i></p> <p><i>Ranch Operation Technical Guidance Manual</i></p> <p><i>Dairy Cattle Welfare Promotion Implementation System</i></p> <p><i>Detailed Rules for Selection Review of Milk Suppliers</i></p> <p><i>Code of Conduct for Business Partner</i></p> <p><i>Anti-Commercial Bribery Compliance Commitment</i></p> <p><i>Sunshine Agreement</i></p> <p><i>Quality Safety Guarantee Statement</i></p> <p><i>Food Safety Commitment</i></p>	<p><i>the Bidding Law of the People's Republic of China</i></p> <p><i>the Civil Code of the People's Republic of China</i></p>
A4 Climate Change			B6 Product Responsibility		
B1 Employment	<p>Recruitment Management System</p> <p>Salary Management System</p> <p>Welfare Administration System</p> <p>Performance Management System Manual</p> <p>Study Development Management System</p> <p>Special Collective Contract on Protection of Rights and Interests of Female Employees</p>	<p><i>the Labour Law of the People's Republic of China</i></p> <p><i>the Labour Contract Law of the People's Republic of China</i></p>			
B2 Health and Safety	<p>Administrative System for Environmental Accident Reporting and Handling</p> <p>Administrative System for Environmental Management of Construction Projects</p>	<p><i>the Labour Law of the People's Republic of China</i></p> <p><i>the Labour Contract Law of the People's Republic of China</i></p> <p><i>the Production Safety Law of the People's Republic of China</i></p> <p><i>the Fire Prevention Law of the People's Republic of China</i></p>			

ESG indicator	Internal system	Laws and regulations
B6 Product Responsibility	Trademark Management System	
	Trade Secret Management System	
	Dispute Management System	
	Copyright Management System	Sales Administration Measures for Breast-milk Substitutes in China
	Overseas Intellectual Property Management System	the Law of the People's Republic of China on the Protection of Consumer Rights and Interests
	Brand Name Management System	
	Administrative Measures for Food Recalls of Mengniu Group	GB 28050-2011 National Food Safety Standard—Standards for Nutrition Labelling of Pre-packaged Foods
	Review and Filing System on Slogan and Trademarks	
	Product Claim Management System	the Outline for the "Healthy China 2030" Initiative
	Mengniu Group Business Principles	
	Customer Feedback Management System	
B7 Anti-corruption	Clean Plate Punching Mini-Program	
	Biodiversity Report of China Mengniu Dairy Company Limited	
	Compliance Management Provisions	
	Integrity Compliance Manual	the Anti-monopoly Law of the People's Republic of China
	Integrity Compliance Commitment	the Anti-Money Laundering Law of the People's Republic of China
	Code of Conduct for Business Partner	
	Anti-Commercial Bribery Compliance Commitment	the Anti-Unfair Competition Law of the People's Republic of China
B8 Community Investment	Sunshine Agreement	
	Anti-monopoly Compliance Commitment	
	Provisions on the Management of Reporting and Disposal of Questions and Clues	
	Rural Vitalization Programme of Mengniu Dairy	
	Public Donation Management System	
	Notice on Further Regulating the Volunteer Service	
Governance	Activities of Mengniu Group	
	the Assistance Scheme of the "Born for Greatness" Fund	
	Mengniu Group Sustainability System Management Approach	Civil Code of the People's Republic of China
	Mengniu Risk Management System	the Criminal Law of the People's Republic of China
	Mengniu Risk Management Framework	the Supervision Law of the People's Republic of China
	Manual for Risk Management of the Group	
	Mengniu Group's Anti-Food Waste Guidelines	the Company Law of the People's Republic of China